

FELLER RATE IMPROVED ENDESA CHILE'S OUTLOOK

The risk rating agency ratified the "A+" Category of the Company's solvency and bonds, assigning them a "Positive" outlook. This means that, in the long term, Endesa will continue to improve its financial coverage ratios.

Feller Rate, the risk rating agency, ratified the "A+" Category of the solvency and bonds of Endesa Chile and improved the outlook on the Company with a jump from "Stable" to "Positive", which means that in the long term, it will continue to present a significant improvement in its financial coverage ratios. Meanwhile the Company's shares remained at "First Class Level 2".

Reasons for this? They are the Company's solid position, the evolution of its financial situation and the higher relative risk of its investments outside Chile, especially in Argentina and Brazil. Added to this is the leadership the Company has in other markets in Latin America such as, Colombia and Peru.

ENDESA CHILE

One of the aspects that triggered this advance was its strong business position in the electricity generating market in our country, becoming the principal generating company with nearly 40% of the energy sales. Meanwhile, with the introduction of the Short Law II in June, 2005, the company has benefited from higher values regulated for generation, which led to a rise of 30% in the knot prices energy, expressed in US Dollars, when compared to the prices set for 2005.

The rating agency explained that another important aspect was that Endesa Chile has managed to soften the conditions in its contracts with unregulated clients, adapting them to the current situation of the industry.

Financial strengthening

Nothing seems to threaten the company's favorable moment. Although the report suggests that the electricity system in Chile could face cuts in the natural gas supply coming from Argentina, "under a scenario of normal hydrology and with the price conditions incorporated into the Short Law II, the Company has the sufficient capacity to cover its supply contracts, for both regulated and unregulated clients", which, in the opinion of Feller Rate, will permit it to sell at the spot market at growing average prices in view of the fuel shortage and the growing demand.

The above is explained by the strengthening of its financial situation, which has shown an improvement in the last two years of the consolidated coverage Ebitda ratios over interests and debts. Finally, it added, its open access to the financial markets and the availability of significant committed credit lines that favor its liquidity position.

OUTLOOK

The rating agency maintained that the “Positive” outlook of the rating reflects the prospects that Endesa Chile, in the future, will continue improving its consolidated financial coverage ratios as a result of an improved performance and a strengthening of its investments, including a growth in cash flows from its businesses – especially in Chile – and a reduction in its level of consolidated debts.