

BYLAWS
AGUAS MANQUEHUE S.A.

TITLE I

Name, Address, Duration and Objective

ARTICLE ONE: The name of the company is "Aguas Manquehue S.A.", and the invented name "Aguas Manquehue" can also be used for purposes of advertising, propaganda and banking.

ARTICLE TWO: The address of the company is the city of Santiago, Metropolitan Region, notwithstanding, the Board can decide to open agencies or branches elsewhere in the country or abroad.

ARTICLE THREE: The duration of the company shall be indefinite.

ARTICLE FOUR: The objective of the company is the development, construction and operation of public services production and distribution of drinking water and the collection and disposal of waste and other benefits related to these activities, in the manner and conditions authorized by the Decree with Force of Law No. 382 of 1988 and other applicable provisions.

TITLE II

Capital and Shares

ARTICLE FIVE: The capital of the company is \$7,558,390,878 pesos, divided into 233,249 ordinary, registered shares, each of equal value without par value, subject to the modifications of capital and shareholder value occurring in accordance with the law.

ARTICLE SIX: The registration and transfer of shares shall be in accordance with the rules laid down in the Regulations of the Law on Corporations, of which it does not correspond to the company to rule on the transfer and it being forced to enroll without further process that the transfers present, provided they meet the minimum requirements established by that Regulation.

ARTICLE SEVEN: Shareholders are only responsible for paying their shares and are not required to repay to the social housing amounts they would have received by way of profit.

TITLE III

The Administration of the Company

ARTICLE EIGHT: The company shall be managed and administered by a Board of Directors, subject to the powers that correspond to the Board of Shareholders. The Board shall consist of five members who shall be shareholders or not, and will last for two years in office, after which should be preceded by renovating all of its members, where one or more directors may be re-elected indefinitely. Among its members, the Board shall appoint a President who shall be so of the Company. It shall also elect a Vice President who will replace the President in case of absence or temporary disability.

ARTICLE NINE: For the performance of their duties, each Director may receive as compensation, the amounts set by the Ordinary Shareholders

ARTICLE TEN: If for any reason the Board meeting to elect the Directors is not held during the stipulated time by the Shareholders' meeting, the directors which have completed their period pending the appointment of a replacement, shall hold extended functions, and the Board is obliged to convene within thirty days in an assembly to make the appointment.

ARTICLE ELEVEN: The Board will only be completely renovated by the Ordinary and Extraordinary Shareholders' meeting not proceeding accordingly to individual or collective revocation of one or more of its members.

ARTICLE TWELVE: The duties of Director of the company cannot be delegated, and they are exercised collectively in a legally constituted room.

ARTICLE THIRTEEN: Pursuant to Article Forty of Corporations Law, the Board has the judicial and extrajudicial representation of the company and must fulfill the social order, and it will not be necessary to be proven to others. It is vested with all the powers of administration and provision of the law or bylaws and does not establish an exclusive of the general meeting of shareholders, without having to give any special power, including contracts for those acts for which the law requires in this circumstance. This does not preclude the representation established by the manager as provided in the Article Forty Nine of the same Law .

ARTICLE FOURTEEN: The meetings of the Board will be held by an absolute majority of the Directors set forth in these bylaws, and all resolutions shall be adopted by the affirmative vote of at least 3 directors with the right to vote.

ARTICLE FIFTEEN: The Board will meet in ordinary and extraordinary sessions. The first will be held a minimum of once per month on fixed dates and the purpose will be agreed upon by the Board itself. The second will be held when specially called by the President, by the Board or to be indicated by one or more Directors, with prior evaluation on behalf of the President to establish a need for the meeting, unless it is requested by an absolute majority of the Directors, in which case the meeting must necessarily be held without qualification. At special meetings, the matters specifically indicated in the summons to the directors are the only ones that may be discussed. Regular sessions do not require prior subpoena; and overtime shall be called by written notice to each of the Directors, by fax or registered letter, which must be released at least three days prior to the meeting. This period may be reduced to twenty-four hours in advance, if communication, regardless, is personally delivered to the Directors by a Notary. The summons to extraordinary sessions may be omitted if the Directors unanimously concur to hold the meeting.

ARTICLE SIXTEEN: The deliberations and resolutions of the Board will be registered in a Book of Acts by any reliable means, to be signed by the Directors who have attended the meeting. The transcript is approved from the time of signing and since that date the agreements which it refers to may be carried

into effect. If any director wants to save his responsibility for any act or agreement of the Board, his opposition must be stated on the record, and a note must be made of it at the next ordinary shareholders meeting by the presiding officer. If any Director considers that a record suffers from inaccuracies or omissions, he/she has the right to stamp it before signing the corresponding qualifications.

ARTICLE SEVENTEEN: The company shall have a General Manager appointed by the Board, with all the powers relating to commerce and all those expressly delegated by the Board, without prejudice to those referred to in the Act of Corporations and Regulations. It especially confers to the General Manager to:

- a. Enforce and carry out the agreements and resolutions of the Board, and adopt within its powers all measures required for the proper running of corporate affairs;
- b. Legally represent the company, being legally vested with the powers set out in both subsections of the seventh article of the Code of Civil Procedure;
- c. Issue appropriate orders and instructions necessary for the proper performance of the employees of the company and the achievement of social objectives;
- d. Send communications, correspondence, and make entries, records and publications ordered by the laws, regulations and these Bylaws;
- e. Keep and guard the books and Social records, and to see that they are brought to the regularity required by law and related legislation;
- f. The others that the Board will confer.

The General Manager may speak at meetings of the Board, and will respond with the members of the board to all agreements that result disadvantageous to the company and shareholders, when he/she has not registered his/her dissenting opinion in the acts.

TITLE IV **Shareholders**

ARTICLE EIGHTEEN: Shareholders will meet in Ordinary and Extraordinary Meetings. The resolutions adopted, pursuant to these statutes, oblige the Board and the shareholders of the company.

ARTICLE NINETEEN: Shareholders will meet once a year in Ordinary Meetings within one semester of the balance sheet date in order to deal with matters that the law provides for such Boards, in accordance with the provisions of Article Fifty-six of the Corporations Law, and any other matter that has not been reserved for the Extraordinary meeting.

ARTICLE TWENTY: The Extraordinary Meetings may be held at any time, when required by social needs to decide on any matter of law or the statutes delivered to the knowledge of shareholder meetings and provided that such matters are indicated in the corresponding summons. In accordance with Article Fifty-seven of the Law on Corporations, the matters for Extraordinary Meetings are the following :

- a) The dissolution of the Company;
- b) The transformation, merger or division of the company and the reform of its statutes;
- c) The issuance of bonds or debentures convertible into shares;
- d) The sale of the assets of the company in the terms set out in No. 9 of Article 67 of the Law on Corporations, or 50% or more of the liability;
- e) The granting of real or personal guarantees to secure obligations of third parties, unless these

are subsidiaries, in which case the approval of the Board shall be sufficient;

- f) All other matters required by law or these bylaws apply to your knowledge or competence of the shareholders' meetings .

The matters referred to in paragraphs a), b), c) , d) may only be agreed in the Meeting held before a notary, who must certify that the record is a true expression of what happened and what was agreed upon at the meeting .

ARTICLE TWENTY-ONE: The Meetings shall be called by the Board of the society. The Board shall convene:

- a. Ordinary meeting to be held within one semester following the date of the balance sheet, in order to meet all matters within its jurisdiction;
- b . Extraordinary meeting, provided that, in its opinion, the interests of the Company justify such meeting;
- c . Ordinary or extraordinary meeting, as appropriate, when requested by shareholders representing at least ten percent of the issued shares with voting rights, and the matter be specified in the summons notice;
- d. Ordinary or extraordinary meeting, as applicable, when required by the Superintendence of Securities and Insurance, notwithstanding its power to summon directly.

The summons to the shareholders shall be effected through a prominent notice that will be published at least three times on different days in one of Santiago's newspapers as determined by the shareholders at the time, manner and conditions determined by the Regulation on corporations. Also, summons will be sent by mail to each shareholder with a minimum of fifteen days, it must contain a reference to the matters to be discussed. Without limiting the foregoing, meetings may be validly held when all of the issued shares with voting rights attend, even if they haven't complied with the formalities required for a summons.

ARTICLE TWENTY-TWO: The meetings shall be formed in the first summons, unless the law or these statutes provide for greater majorities, with an absolute majority of the outstanding shares entitled to vote, and in the second citation, with those present or represented whatever their number, and agreements by the absolute majority of the shares present or represented entitled to vote. Notices for the second summons may be published only after any failed celebration of a board meeting in the first call, and in any case, the new meeting should be cited to be held within forty- five days following the date fixed for the meeting that was not performed. The Meetings will be chaired by the President or by its stead, and the person designated for this purpose by the Board shall act as secretary.

ARTICLE TWENTY-THREE: Only holders of registered shares in the Share Register five days prior to the date of when the respective Meeting is held may participate in meetings and exercise their rights to speak and vote. The Directors and General manager that are not shareholders may participate in Meetings with voice rights.

In the elections that take place on meetings, shareholders may accumulate their votes for one person,

or distribute them in the form of their own choosing and will be proclaimed elected the ones that in a single and same voting have the highest amount of votes until the number of seats are filled. Notwithstanding the foregoing, with the unanimous agreement of the shareholders present, the vote may be omitted and an election by acclamation may be held.

ARTICLE TWENTY-FOUR: Extraordinary meeting agreements involving reforms of the bylaws or sanitation of the invalidity of modifications of them caused by procedural defects, should be adopted by an absolute majority of the outstanding shares entitled to vote. They require the vote of two- thirds of the outstanding shares entitled to vote, resolutions relating to the following matters:

- 1) The transformation of the company, splitting it and its merger with another company;
- 2) The modification of the duration of the company;
- 3) The early dissolution of the company;
- 4) The change of registered office;
- 5) The reduction of social capital;
- 6) Approval of contributions and inconsistent estimates of assets into cash;
- 7) The modification of the powers reserved to the shareholders or limitations on the powers of the board;
- 8) The decrease in the number of board members;
- 9) The sale of 50% or more of its assets, whether or not including liabilities; as also the formulation or modification of any business plan which contemplates the disposition of assets in an amount that exceeds the above percentage. To this effect is presumed to constitute a single operation of disposal, those that are perfected by one or more acts relating to any social good, during any period of 12 consecutive months;
- 10) The way of distributing social benefits;
- 11) The granting of real or personal guarantees to secure third party's obligations exceeding 50% of assets, except when subsidiaries, case in which board approval is sufficient.
- 12) The acquisition of shares of its own issue, under the conditions laid down in Articles 27A and 27B of the Companies Law;
- 13) Other points in the statutes, and
- 14) The reorganization of invalidity caused by procedural defects, allegedly vitiating the incorporation or an amendment to its bylaws comprising one or more subjects from those in the previous numbers.

Statutes reforms aimed at creating, modifying or deleting preferences, must be approved by a vote of two- thirds of the shares of series or series affected.

ARTICLE TWENTY-FIVE: All the deliberations and decisions of the meetings shall be registered and kept in an acts book, which will be led by the General Manager. The transcripts shall be signed by those who acted as President and Secretary of the Board, and three shareholders elected in it, or by all attendees if they were less than three. The transcript shall be considered approved from the time of its signing by the persons mentioned, and since that date the agreements which it refers to may be carried into effect.

TITLE V

Balance of other States and Financial Records and Distribution of Utilities

ARTICLE TWENTY-SIX: The Company shall annually prepare the General Balance for the thirty -first of December of each year. The accounting records of the company shall be made in permanent records, in accordance with the applicable laws, they must be in accordance with accounting principles of general acceptance. The Board shall submit to the consideration of the ordinary meetings a reasoned report on the state of the society in the last financial year, together with the balance sheet, the profit and loss account and the report thereon submitted by the external auditors. All these documents must clearly reflect the financial position of the company at the year's end and profits or losses incurred during the year.

ARTICLE TWENTY-SEVEN: Unless otherwise agreed upon in the respective meeting, by unanimous vote of the issued shares, the company must distribute at least thirty percent of the net profits of each year annually as a cash dividend to its shareholders in proportion to their shares.

TITLE VI

Dissolution and Liquidation

ARTICLE TWENTY-EIGHT: The company dissolves in all cases set out in Article 103 of the Corporations Act, and for other legal causes that can cause such result.

ARTICLE TWENTY-NINE: When the company is dissolved a liquidation commission consisting of three persons, who may be shareholders or not, and that will be armed with all the powers that these statutes give to the Board, those of which are conferred exclusively and be appointed only to carry out the liquidation process. The commission will meet with the assistance of at least two of its members and its resolutions require the affirmative vote of two of them. The President shall have a casting vote. It is for the shareholders to appoint liquidators and determine if they are entitled to a compensation and the amount of it.

TITLE VII

Arbitration

ARTICLE THIRTY: Any arising dispute between the shareholders as such or between them and the company or its directors, either during the term of the Company or during its liquidation, shall be resolved each time by an arbitrator to designate the parties by agreement, against whose decisions there was no appeal whatsoever. If there is no agreement for the appointment, the arbitrator shall be appointed by the regular courts and have the quality of mixed arbitrator, to be arbitrator regarding the procedure and in law regarding the merits, and must have been exercising for more than three years the post of lecturer in the Department of Business Law in any of the Universities recognized by the State.

TITLE VIII

Transitional Provisions

TRANSITIONAL ARTICLE ONE: The capital of the company ascended up to \$7,558,390,878 pesos, divided into 233,249 ordinary, registered shares of equal value each without par value, subscribe, whole and pay as follows: (1) with 228,744 shares for a value of \$7,548,490,878 pesos, under the provisions of the second paragraph of Article Ten in the Corporations Act fully subscribed and paid; (2) with 4505 shares, worth \$ 9.9 million pesos, issued by the Board of the company pursuant to the authorization granted by the Extraordinary Shareholders' Meeting held on November 10, 2006, fully subscribed and paid as a result of the merger by incorporation of Hidráulica Manquehue Limitada in Aguas Manquehue S.A. by resolution of the Extraordinary Shareholders' Meeting of Aguas Manquehue S.A. and the merger agreement partners Hidraulica Manquehue Limitada dated 10 November 2006 ".

These items correspond to the consolidated statutes of Aguas Manquehue S.A. according to the Extraordinary Shareholders meeting dated April 20, 2007, taken to public deed dated May 8, 2007 at Mr. Raul Undurraga Laso, Notary of Santiago. An abstract was registered in the Commercial Register at page 19051 number 13912 2007 and published in the Official Journal on May 22, 2007 .

Victor de la Barra Fuenzalida
General Manager
Aguas Manquehue S.A.

Notes:

1. By the deed of November 25, 1982 before the Notary of Santiago, Mr. Raul Ivan Perry, the company of Agua Potable Manquehue Limitada, which was entered in the Commercial Register of Santiago, on page 21002, number 11896 of the year 1983 and an extract was published in the Official Journal on the 11th of December, 1982.
2. By the deed dated April 8, 1983, notarized in Santiago by Don Mario Farren Cornejo, the society Agua Potable Manquehue Limitada was restated; which is registered in the Commercial Register of Santiago in 5850 folio, number 3212 of 1983 and an excerpt was published in the Official Journal on April 26, 1983.
3. By the deed dated January 16, 1990, signed before the Public Notary of Santiago, Mr. Mario Farren Cornejo, the society Agua Potable Manquehue Limitada became Agua Potable Manquehue S.A. And an extract of which is registered in the Commercial Register of Santiago, on page 6301, number 3260 of 1990 and published in the Official Journal of March 9, 1990.
4. By the Extraordinary Shareholders Meeting that was taken to public deed dated January 2, 1996, signed before the notary of Santiago, Mr. Roberto Bennett Urzua, substitute for Mr. René Benavente Cash, the capital of the company Manquehue S.A. was increased, modifying the transitory Articles One and Five. An extract of the deed is registered in the Commercial Register of Santiago, on page 3656 , number 2984 of 1996 and published in the Official Journal of 22

February 1996.

5. By the Extraordinary Shareholders Meeting that was taken to public deed dated January 30, 1997, signed before the notary of Santiago, Mr. Roberto Bennett Urzua, substitute for Mr. René Benavente Cash, the capital of the company Manquehue S.A. was increased, modifying the transitory articles one and five. An extract of the deed is registered in the Commercial Register of Santiago, on page 6680, number 5228 of 1997 and published in the Official Journal of 26 March 1997 .
6. By the Extraordinary Shareholders Meeting that was taken to public deed, dated February 26, 1998, signed before the notary of Santiago Mr. René Benavente Cash, the deadline to subscribe and pay the shares corresponding to the capital raise, increased. Modifying the transitory Article number One. An extract of the deed is registered in the Commercial Register of Santiago, on page 5589, number 4484 of 1998 and published in the Official Journal of 19 March 1998.
7. By the Extraordinary Shareholders Meeting that was taken to public deed, dated May 5, 1998, signed before the notary of Santiago, Mr. Fernando Alzate Claro, alternate to Mr. Kamel Saquel Zaror the social reason of Manquehue S.A. Was changed. Modifying the First article of the bylaws. An extract of the deed is registered in the Commercial Register of Santiago, on page 12736, 10297 number 1998; and published in the Official Journal of 23 May 1998.
8. By the deed dated March 24, 2000, signed by the General Manager of the company, at that time Mr. Carlos Alberto Rabat Vilaplana, before the notary of Santiago, Mr. Raúl Undurraga Laso, it was stated that by December 30, 1998, of capital referred to in the fifth article of this statutes, only had it been subscribed and paid the sum of \$5,272,327,403 pesos, divided into 228,744 shares with no par value, reducing full-fledged capital to such amount. The deed was registered outside the social inscription dated March 28, 2000.
9. By the Extraordinary Shareholders Meeting that was taken to public deed, dated April 26, 2000, signed before the notary of Santiago, Mr. Juan Ricardo San Martín Urrejola, the fantasy name of the company was changed to Aguas Manquehue, and increased the number of directors, modifying Articles one, eight, fourteen and twentyseven of the bylaws. An extract of the deed is registered in the Commercial Register of Santiago, on page 13879, 11286 number 2000 and published in the Official Journal of June 6, 2000.
10. By the Extraordinary Shareholders Meeting that was taken to public deed, dated May 7, 2002, signed before the notary of Santiago, Mr. Mario Farren Cornejo, the number of directors was decreased, and was adjusted, the quorum for decision making in the Board, modifying the eighth and fourteenth article of the bylaws . An extract of the deed is registered in the Commercial Register of Santiago, on page 12438, 10268 number 2002 and published in the Official Journal of 17 May 2002 .
11. By the Extraordinary Shareholders Meeting that was taken to public deed, dated November 10, 2006, signed before the notary of Santiago, Mr. Ivan Torrealba Acevedo, the merger was agreed

by incorporating Hidráulica Manquehue Limitada to Aguas Manquehue S.A., modifying the transitory Articles one and five of the social statutes. An extract of the deed is registered in the Commercial Register of Santiago, on page 49054, 35019 number 2006 and published in the Official Journal of 30 November 2006.