



PRESS RELEASE

**Quarter Ending
September 30, 2014**

1. Highlights for January-September 2014

- The company's results at the end of the third quarter of 2014 were positively influenced by the start of operations of the Mapocho Sewage Treatment Plant, the start of operations of potable water supply safety works, and the absence of negative effects generated by the water stoppages that occurred in the summer of 2013. Those interruptions resulted from summer rains and landslides into the Maipo River that increased the turbidity of the channel to extreme levels, preventing the production of water. It is also important to note that drought is still affecting the country which is reflected in a greater purchase of raw water in comparison to the previous year.
- At the end of the third quarter of 2014, the Company's revenue was Ch\$317,522 million, a 9.0% increase (Ch\$26,332 million) over revenue for the same period in 2013. This increase was mainly the result of higher sales volumes and the application of the tariff associated with the start of operations of the Mapocho Sewage Treatment Plant, as well as the increased rate resulting from the start of operations of the new potable water supply safety works and the tariff indexation which occurred at the end of September 2013 and the beginning of April 2014. The Mapocho Sewage Treatment Plant marks the completion of the Sanitation Plan of the Metropolitan Region of Santiago, with treatment of 100% of sewage. The potable water supply safety works have enhanced the autonomy of the Company by approximately 5 hours in the event of high turbidity in the Maipo River.
- Costs increased by 7.3% due to higher employee benefits (Ch\$3,946 million) associated with the application of consumer price index adjustments and extraordinary benefits to personnel associated with the collective bargaining with the syndicates of Aguas Andinas which occurred in the month of July. Additionally there was a Ch\$972 million increase in insolvency provision and there were increased costs for structure and external operation services for sewage treatment plants after the Mapocho Plant began operating. During this period, there was also an increase in the purchases of raw water for Ch\$1,027 million to increase raw water reserves to face drought and greater electricity consumption for Ch\$395 million. All of this was partially offset by the recording of Ch\$3,483 million in expenses in the 2013 fiscal year for the operational contingency that occurred in the summer of that year. As a result, EBITDA for the period reached Ch\$192,877 million, an increase of 10.2% over the same semester of the previous year.
- The financial result generated a loss of Ch\$42,305 million, Ch\$19,077 million lower than the previous year, mainly as a consequence of higher revaluation of adjustable debt in unidades de fomento (indexation units) and the recognition in results of the decrease in activated expenses due to the prepayment of the Series F Bond in August of this year.
- In addition to this, due to the Tax Reform, there has been an increase in the provision for corporate taxes due to the change in the tax rate for this fiscal year changing from 20% to 21% with an impact on results of Ch\$1,242 million.
- Net income as of September 30, 2014 was Ch\$81,401million, a Ch\$61 million (0.1%) increase from the same period in the previous year.

Events of the Quarter

- During the month of July, extraordinary benefits to personnel were paid associated with the collective bargaining with Syndicates 1, 2 and 3 of Aguas Andinas which originated an extraordinary payment of Ch\$1,355 million. In total, approximately 534 employees benefitted from this.
- During the month of August, the W Bond Series was issued. Its purpose was to pre-pay the F Bond Series and achieve favourable conditions for the Company with a better placement rate (3.16% in UF) and an improvement in duration from 5.7 years to 16 years. The prepayment of the F Bond Series had a negative effect on results of Ch\$2,042 million due to the application of capitalized expenses on its issuance.

- At the end of the third quarter, the Tax Reform was approved which generated provisions associated with the change of corporate tax rates in the present and upcoming years. The Company is subject to the Partially Integrated System until an Extraordinary Shareholders Meeting decides to change to the alternate system. Due to this, the change of tax rate from 20% to 21% has been considered in the financial statements for the third quarter of 2014 for the calculations of the provision for corporate income tax which has had an impact on results of Ch\$1,242 million and the successive rate increases until 2018 has been taken into account when determining deferred taxes. The impact of this change has been registered in Equity, not affecting the results of this period due to the instructions of the Chilean Superintendence of Securities and Insurance.

2. Operating Results

Income Statement (Ch\$ millions)

	Sept. 14	Sept. 13	% Var.	2014 / 2013
Revenues	317,522	291,190	9.0%	26,332
Operating Costs & Expenses	-124,645	-116,210	7.3%	-8,435
EBITDA	192,877	174,980	10.2%	17,897
D&A	-49,177	-48,746	0.9%	-431
Operating Income (EBIT)	143,700	126,234	13.8%	17,467
Financial Result*	-42,305	-23,228	82.1%	-19,077
Tax Expenses	-18,229	-20,903	-12.8%	2,674
Net Income	81,401	81,340	0.1%	61

*Includes financial revenue, financial costs, exchange rate differences and results due to indexation units.

2.1. Revenue Analysis

	Sept. 14		Sept. 13		Variation	
	Sales Ch\$ millions	% of Rev.	Sales Ch\$ millions	% of Rev.	Ch\$ millions	%
Potable Water	127,785	40.2%	116,426	40.0%	11,359	9.8%
Sewage	149,155	47.0%	134,720	46.3%	14,435	10.7%
Other Regulated Revenue	8,804	2.8%	8,232	2.8%	572	6.9%
Non-Regulated Revenue	31,778	10.0%	31,812	10.9%	-34	-0.1%
Total	317,522	100.0%	291,190	100.0%	26,332	9.0%

Sales Volume (Th. m ³)	Sept. 14	Sept. 13	% Var.	Difference
Potable Water	416,936	404,761	3.0%	12,175
Sewage Collection	403,417	394,421	2.3%	8,996
Sewage Treatment & Disposal	353,657	345,446	2.4%	8,211
Interconnections *	89,720	88,149	1.8%	1,571

Customers	Sept. 14	Sept. 13	% Var.	Difference
Potable Water	2,081,873	2,022,316	2.9%	59,557
Sewage Collection	2,030,580	1,982,730	2.4%	47,850

* Interconnections include the Treatment and Disposal of Sewage from other Sanitary Companies

Regulated Businesses

1. Potable Water

Potable water revenues during the first three quarters of 2014 totaled Ch\$127,785 million, an increase of Ch\$11,359 million compared to the same period last year. The increased revenue is due in part to increased sales volume of water billed during the first three quarters of 2014, which was 3.0% higher than during the same period last year. In addition to this, revenues increased in this segment due to higher average tariffs as a result of the application of the tariff associate with the new potable water supply safety works which

came into effect in March 2014 and tariff indexations which took place in September 2013 and April 2014. The latter is applied when the accumulated variation to inflation since the last adjustment is 3.0% or higher.

2. Sewage

Revenues from sewage services in the first three quarters of 2014 totaled Ch\$149,155 million, 10.7% higher compared to the Ch\$134,720 million registered in the same period of the previous year. The increase of Ch\$14,435 million is explained by:

- Sewage Collection
 - Higher sewage collection revenue of Ch\$4,045million (Ch\$68,452 million in the first three quarters of 2014 compared to Ch\$64,407 million in the same period in 2013), mainly as a result of a 8.9 million m³ increase in sales volumes and higher average tariffs due to the polynomial tariff adjustment at the end of September 2013 and beginning of April 2014 that was applied to incorporate the inflation that was accrued during the period of the existing tariffs. The latter is applied when there is a variation in accumulated inflation since the last adjustment of 3.0% or higher.
- Sewage Treatment
 - Higher sewage treatment revenues of Ch\$8,516 million (Ch\$64,854 million in the first three quarter of 2014, compared to Ch\$56,338 million in the period of the previous year), mainly as a result of an 8.2 million m³ increase in sales in addition to higher average tariffs due to the completion of the Mapocho Sewage Treatment Plant and the polynomial tariff adjustment at the end of September 2013 and the beginning of April 2014.
- Interconnections
 - Higher revenues from sewage interconnection services of Ch\$1,874 million (Ch\$15,849 million in the first three quarters of 2014 compared to Ch\$13,975 million in the same period of the previous year), mainly due to a higher average tariff and higher sales of 1.6 million m³.

3. Other Regulated Revenue

Revenues of other regulated businesses increased by Ch\$572 million mainly due to higher revenues from fixed/baseline charges due to the higher number of customers served.

Other Non-Regulated Revenue

Revenues of non-regulated businesses decreased by Ch\$34 million during the first three quarters of 2014 compared to the same period of 2013, due mainly to:

1. Sanitation Services

Revenues in this segment decreased by Ch\$130 million mainly due lower revenues coming from sanitary infrastructure modification due to road works or real estate projects. This was partially compensated by an increase in agreements with real estate developers.

2. Non-Sanitation Services

Revenues in this segment increased by Ch\$96 million mainly due to increased services provided by Análisis Ambientales S.A and a higher level of activity for EcoRiles S.A.

(Ch\$ millions)	Sept. 14	Sept. 13	Var. %
Gestión y Servicios S.A.	5,907	7,150	-17.4%
EcoRiles S.A.	9,117	8,169	11.6%
Anam S.A.	1,920	1,528	25.7%
Aguas del Maipo S.A.	569	570	-0.2%
Non-regulated, non-sanitation products	17,513	17,417	0.6%

2.2. Cost Analysis

Cost of Sales

As of September 30, 2014, costs of raw materials and supplies totaled Ch\$21,572 million, an increase of Ch\$1,080 million, compared to the same period of the previous year. This increase is mainly due to the purchase of raw water in the recent months and greater consumption of chemical supplies both by the EcoRiles affiliate and by the associated regulated companies, whose increased production volume also required greater consumption of chemical supplies.

The latter was partially offset by a lower cost of sales for Gestión y Servicios due to a lower level of activity, principally caused by the closing of operations during the period of collective bargaining.

Personnel Expenses

At the end of the first three quarters of 2014, personnel expenses totaled Ch\$33,304 million, an increase of Ch\$3,946 million compared to the same period of the previous year, mainly due to higher personnel compensation linked to inflation adjustments and extraordinary benefits to personnel associated with the collective bargaining with the syndicates of Aguas Andinas which occurred in the month of July.

Depreciation and Amortization

As of September 30, 2014, depreciation and amortization amounted to Ch\$49,177 million, Ch\$430 million higher than in the same period of 2013. This increase was mainly due to the addition of new investments incorporated in the period, like for example the potable water security works.

Other Expenses

At the end of the first three quarters of 2014, other expenses amounted to Ch\$69,769 million, Ch\$3,408 million higher than the same period of 2013. This increase is a result of higher costs of operation of the sewage treatment plants of Ch\$1,048 million due to higher treatment volumes, an increase in the Provision for Insolvency of Ch\$972 million, and higher costs of Network Maintenance and Repairs of Ch\$789 million. Additionally, there were higher costs of leasing machinery and vehicles of Ch\$707 million, higher Client Service costs of Ch\$509 million, greater cost of Municipal Licenses and Real Estate Charges of Ch\$247 million and Insurances of Ch\$374 million. In addition to this there was also Communications and Advertisement costs of Ch\$276 million, Board of Directors Expenses of Ch\$176 million, Rights, Fees, and Contributions of Ch\$128 million, Surveillance Services of Ch\$114 million and Cleaning Services for Ch\$82 million. These higher costs are evaluated against a higher basis of comparison in the first semester of 2013 when additional costs of Ch\$3,483 million, related to emergency water stoppages that occurred during the months of January and February 2013, were recorded.

2.3. Analysis of Financial and Other Results

Financial Income

As of September 30, 2014, financial income amounted to Ch\$4,062 million, Ch\$1,682 million lower than the figure registered last year, mainly due to lower financial interests collected due to a lower availability of temporary cash surpluses.

Financial Costs

As of September 30, 2014, financial costs totaled Ch\$23,526 million, an increase of Ch\$1,626 million compared to the same period of 2013. This increase is due mainly due to the prepayment of Series F Bond for Ch\$2,041 million, which was financed by the issuance of Series W Bond for UF 2.3 million in addition to a bank loan.

Results of Indexation

Results of indexation as of September 30, 2014, reached Ch\$22,815 million, Ch\$15,747 million higher compared to the same period of 2013, mainly explained by a greater appreciation of the debt due to the higher variation of the UF compared to the first three quarters of 2013.

Income Tax

The provision for income taxes at the end of first three quarters of 2014 reached Ch\$18,229 million, Ch\$2,674 million lower than the same period last year. This variation is mainly due to the permanent differences that the higher inflation produces in the tributary and financial statements of the company in addition to lower earnings before taxes of Ch\$2,019 million. The latter was compensated by the change in corporate tax rate from 20% to 21% due to the Tax Reform and its corresponding impact on results of Ch\$1.242 million.

Earnings

Earnings as of September 30, 2014 reached Ch\$81,401 million, Ch\$61 million (+0.1%) higher than the same period of 2013.

3. Quarterly Results

Income Statement (Ch\$ millions)	3Q14	3Q13	% Var.	3Q14 / 3Q13
Revenues	95,752	88,822	7.8%	6,930
Operating Costs & Expenses	-42,858	-37,262	15.0%	-5,596
EBITDA	52,894	51,560	2.6%	1,334
D&A	-17,585	-16,579	6.1%	-1,006
Operating Income (EBIT)	35,309	34,981	0.9%	328
Financial Result*	-12,194	-12,336	-1.2%	142
Tax Expenses	-5,224	-4,867	7.3%	-357
Net Income	17,234	17,991	-4.2%	-757

**Includes financial income, financial expenses, exchange differences and results of indexation units.*

3.1. Revenue Analysis

Operating Revenue

The ordinary revenues of the third quarter of 2014 increased to Ch\$95,752 million, Ch\$6,930 million higher (7.8%) to that obtained in the previous period. This variation was due mainly to a higher sales volume during the quarter in addition to higher average tariff as a result of tariff indexations due to inflation which took place in September 2013 and April 2014 and a tariff increase related to new infrastructure projects that came online in March 2014.

3.2. Cost Analysis

Cost of Sales

In the third quarter of 2014, costs of raw materials totaled Ch\$7,766 million, an increase of Ch\$1,131 million, compared to the same period of the previous year. This increase is a result of the purchase of raw water for Ch\$1,161 million compensated partially by lower cost of sales for Gestión y Servicios due to a lower level of activity, principally caused by the closing of operations during the period of collective bargaining.

Personnel Expenses

At the end of the third quarter of 2014, personnel expenses totaled Ch\$11,921 million, an increase of Ch\$2,354 million compared to the same period of the previous year, mainly due to higher personnel compensation linked to consumer price index adjustments in addition to compensations for years of service and extraordinary benefits to personnel associated with the collective bargaining with the syndicates of Aguas Andinas which occurred in the month of July.

Depreciation and Amortization

At the end of the third quarter of 2014, depreciation and amortization amounted to Ch\$17.585 million, Ch\$1,006 million higher than in the same quarter of 2013. This increase was mainly due to the addition of new investments incorporated in the period,

Other Expenses

At the end of the third quarter of 2014, other expenses amounted to Ch\$23,172 million, Ch\$2,111 million higher than the same quarter of 2013. This increase is a result of higher cost of operation of the sewage treatment plants of Ch\$251 million due to higher treatment volumes, Maintenance of Facilities and Equipment of Ch\$224 million, Network Maintenance and Repair costs of Ch\$199 million, Leasing Services of Ch\$221 million, greater Client Service costs of Ch\$182 million, an increase in the Provision for Insolvency of Ch\$118 million and Rights, Fees, and Contributions for Ch\$117 million.

3.3. Analysis of Financial and Other Results

Financial Income

For the third quarter of 2014, financial income amounted to Ch\$1,115 million, Ch\$282 million lower than the figure registered last year, mainly due to lower financial interests collected due to a lower availability of temporary cash surpluses.

Financial Costs

At the end of the third quarter of 2014, financial costs totaled Ch\$9,512 million, an increase of Ch\$2,366 million compared to the same quarter of 2013. This increase is due mainly due to the prepayment of Series F Bond for Ch\$2,041 million, which was financed by the issuance of Series W Bond for UF 2.3 million in addition to a bank loan.

Results of Indexation

At the end of the third quarter of 2014, the results of indexation reached losses of Ch\$3,794 million, determining a lower expense of Ch\$2,787 million compared to the same quarter of 2013, mainly explained by a lower revaluation of the debt due to the lower variation of the UF compared to the same quarter of 2013.

Income Tax

The provision for income taxes at the end of third quarter of 2014 reached Ch\$5,224 million, Ch\$357 million higher than the same period last year. This variation is mainly due to higher earnings before taxes in respect to the same period in 2013 and the increase to the corporate tax rate which increased from 20% to 21% due to the Tax Reform.

Earnings

The net income of the third quarter of 2014 reached Ch\$17,234 million, Ch\$ 757 million (-4.2%) lower than the third quarter of 2013.

4. Balance Sheet

	Sept. 14	Dec. 13	
	Ch\$ million	Ch\$ million	% Var.
Assets			
Current Assets	98,801	132,972	-25.7%
Long-Term Assets	1,454,579	1,444,739	0.7%
Total Assets	1,553,380	1,577,711	-1.5%
Liabilities & Shareholder's Equity			
Current Liabilities	120,407	220,195	-45.3%
Long-Term Liabilities	762,683	679,847	12.2%
Total Liabilities	883,090	900,042	-1.9%
Shareholder's Equity	613,285	616,541	-0.5%
Minority Interest	57,005	61,128	-6.7%
Total Shareholder's Equity	670,290	677,669	-1.1%
Total Liabilities & Shareholder's Equity	1,553,380	1,577,711	-1.5%

Assets

Total assets as of September 30, 2014, decreased 1.5% compared to December 31, 2013, from Ch\$1,577,711 million to Ch\$1,553,380 million.

As of September 30, 2014, current assets decreased by Ch\$34,171 million. This decrease was mainly due to the decrease in trade and other receivables for the amount of Ch\$7,158 million, explained by seasonality in the sale cycle, in addition to lower cash and cash equivalents of Ch\$27,355 million mainly explained by the payment of dividends in the first semester of 2014.

Long-term assets increased Ch\$9,840 million mainly due to increase in deferred taxes. This variation is justified by the variation of corporate taxes and their effects on deferred taxes. Additionally, there was an increase in Property, Plant and Equipment mainly due to a decrease construction fixed assets.

The following were the main investments during the period:

Investments (Ch\$ millions)	Sept.14
Minor Corrective Renovations	4,564
Potable Water Works at Chamisero and Valle Grande	3,875
Potable Water Safety Works	2,970

Liabilities & Shareholder's Equity

As of September 30, 2014, total liabilities decreased 1.9% (Ch\$16,952 million) compared to December 31, 2013.

Current liabilities decreased Ch\$99,788 million. This variation is mainly due to a decrease in Other Financial Liabilities of Ch\$42,102 million associated to the payment of the Series G Bond of UF 2.5 million. Additionally, there was a decrease in Other Accounts Payable of Ch\$33,566 million in addition to a decrease in Accounts Payable to Related Companies of Ch\$22.095 million, both associated to the payment of interim dividends registered at the end of December 2013.

Long-term liabilities increased by Ch\$82,836 million (12.2%). The main variations were a result of the issuance of the Series V and W Bonds for UF 2.0 million and 2.3 million respectively and increased bank loans of Ch\$20,000 million by the subsidiary Aguas Cordillera S.A. and a bank loan of Ch\$19,270 million by Aguas Andinas. In addition to this, there were increased promissory notes of Ch\$20,234 million. All of this was partially compensated by the prepayment of Series F Bond for UF 3.3 million.

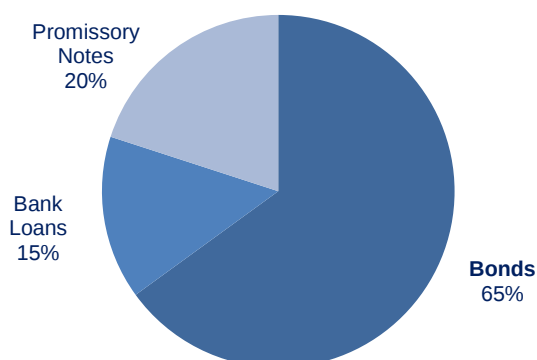
Total shareholder's equity decreased Ch\$7,379 million, and net equity attributable to the controllers decreased by Ch\$3,256 million, mainly due to the payment of dividends corresponding to the 2013 financial year, in addition to the impact of deferred taxes of Ch\$4,981 million due to the change in corporate tax rate from 20% to 27% due to the Tax Reform, all of which is partially compensated by the earnings generated in the first three quarters of 2014.

The table below outlines the amortization profile of consolidated debt as of September 30, 2014 (figures include only capital in millions of Ch\$):

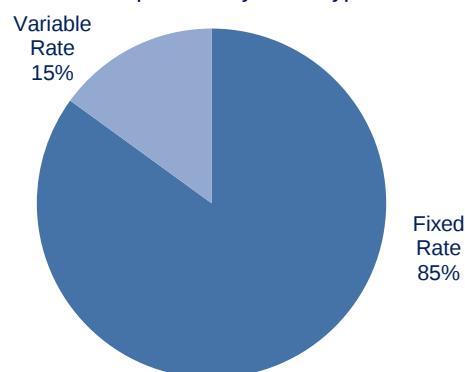
	Currency	Total	1 - 12 months	1 - 3 years	3 - 5 years	more than 5 years
Bonds	UF	479,761	21,918	65,883	40,506	351,454
Bank Debt	\$	109,774	19,251	51,253	20,000	19,270
Promissory Notes	UF	146,252	2,085	24,684	27,337	92,146
Total		735,787	43,254	141,820	87,843	462,870

Financial Liabilities Structure

Composition By Instrument Type



Composition By Rate Type



5. Consolidated Cash Flows

Cash Flow Statement (Ch\$ millions)	Sept. 14	Sept. 13	% Var.
Net Cash Flow from Operating Activities	162,565	153,492	5.9%
Net Cash Flow from Investing Activities	-60,922	-86,963	-29.9%
Net Cash Flow from Financing Activities	-128,998	-71,785	79.7%
Total Net Cash Flow for the Period	-27,355	-5,256	420.5%
Closing Balance of Cash & Cash Equivalents	11,304	30,389	-62.8%

The net cash flow from operating activities increased Ch\$9,073 million in as of September 30, 2014, compared to the same period of the previous year.

The main variations was:

- An increase in cash receipts from the sale of goods and services of Ch\$41,526 million, mainly due to higher sales volume and increased tariffs associated with the start-up of the Mapocho Sewage Treatment Plant.

These variations were partially offset by:

- Increased payments to suppliers for Ch\$17,598 million, associated with increased costs from increased volume treated, due to the startup of the Mapocho Sewage Treatment Plant and maintenance and repairs of drinking water network.
- An increase in other payments for operating activities of Ch\$6,820 million, mainly due to a higher amount of value added tax as a result of increased revenue, compared to the same semester in the previous year and a lower amount of acquisitions of property, plant, and equipment.
- An increase in the benefit payments to employees for Ch\$3,796 million due to higher wages and bonus payments associated to consumer price index readjustments.
- An increase of Ch\$2,389 million in the payment of insurance of physical assets for a period of 15 months.
- An increase of Ch\$2,228 million in other cash flows for concepts of guarantee payments and severance payments for trials.

Disbursements from investing activities decreased by Ch\$26,041 million, due to lower incorporation of property, plant and equipment. This is explained by the payments made in the previous period for the construction of the Mapocho Sewage Treatment Plant.

Financing activities generated a net variation (higher payments) of Ch\$57,213 million, mainly due to the payment of Series G and F bonds for UF 2.5 million and UF 3.3 million respectively, along with an increased dividend payments for Ch\$31,554 million, all partially offset by an increase in financial debt of Ch\$135,606 million.

6. Financial Ratios

		Sept. 14	Dec. 13
Liquidity			
Current Ratio	times	0.82	0.60
Acid Test Ratio	times	0.09	0.18
Leverage			
Total Leverage	times	1.32	1.33
Current Leverage	times	0.14	0.24
Long-term Leverage	times	0.86	0.76
Interest Coverage Ratio	times	5.82	6.16
Return			
ROE	%	18.96	18.84
ROA	%	7.54	7.47
Earnings Per Share	Ch\$	19.08	19.07
Dividend Yield*	%	5.51	5.91

Current ratio: $\text{current assets} / \text{current liabilities}$.

Acid test ratio: $\text{cash and cash equivalents} / \text{current liabilities}$.

Total leverage: $\text{total liabilities} / \text{total shareholders' equity}$.

Current leverage: $\text{current liabilities} / \text{total liabilities}$.

Long-term leverage: $\text{long-term liabilities} / \text{total liabilities}$.

Interest rate coverage: $\text{net income before taxes} / \text{financial costs}$.

ROE: $\text{net income} / \text{average assets}$.

ROA: $\text{net income} / \text{average assets}$.

Earnings per share: $\text{Net income} / \text{total shares}$.

Dividend Yield: $\text{Dividends paid} / \text{share price}$.

*Share price as of September 30, 2014 was \$346.18. As of December 31, 2013 the share price was \$339.38.

In the first three quarters of 2014, the current ratio increased 36.7% due to a decrease in current liabilities of Ch\$99,788 million (45.3%), compensated by a decrease in current assets of Ch\$34,171 million (25.7%), in comparison to December 2013. The main variations in the current assets and liabilities are related to principal and interest payments on bonds and a decrease in commercial accounts payable for Ch\$33,566 million and accounts payable to related companies for Ch\$22,095 million, primarily related to the payment of interim dividends in the first quarter of 2014.

The acid test ratio decreased significantly, mainly due to the aforementioned decrease in cash and cash equivalents, product of the payment of interim and definitive dividends which happened during the first semester of 2014.

Total leverage decreased by 0.8% due to a decrease in total liabilities of Ch\$16,952 million explained by the payment of interim dividends during the first quarter of 2013 of Ch\$37,000 million and the payment of Series G and F Bonds for UF 2.5 million and UF 3.3 million respectively. All of this was partially compensated by the issuance of Series V and W Bonds for UF 2.0 and UF 2.3 million respectively and bank loans for Ch\$39,270 million. Additionally, total assets decreased by Ch\$16,952 million, explained by the payment of definitive dividends for the earnings of 2013 which was partially compensated by the earnings generated during the first semester of 2014.

The annualized return on equity attributable to the controlling group increased by 0.6% due to a decrease in the average annualized equity of Ch\$3,402 million and an increase of Ch\$61 million in the earnings of the annualized period for 2014 in comparison to 2013.

7. Other Information

Tariffs

The most important factor that determines the Company's results of operations and financial condition are the tariffs set for regulated services. As a water utility, the Company is regulated by the SISS, and our tariffs are set in accordance with the tariff law DFL No. 70 of 1988.

Tariffs are reviewed and set every five years and are adjusted in the interim period based on a polynomial index. The accumulated variation of the polynomial index must reach 3.0% or higher to produce a tariff adjustment. The polynomial index includes various inflation indices, specifically the Consumer Price Index (IPC), the Imported Goods of the Manufacturing Sector Price Index (IPBIM) and the Manufacturing Producers Price Index (IPPIM). These indices are all published by the National Institute of Statistics (INE).

The latest adjustments for tariff indexations for each group/company were applied on the following dates:

Aguas Andinas S.A.:

Group 1	September 2013, March 2014 (tariff adjustment for new security works), and April 2014
Group 2	September 2013 and April 2014
Rinconada de Maipú	July 2012

Aguas Cordillera S.A.: August 2013 and April 2014

Aguas Manquehue S.A.:

Santa María	July 2013, January 2014, and July 2014
Chicureo	August 2013, March 2014 and September 2014
Chamisero	July 2012 and March 2014
Valle Grande 3	July 2012 and March 2014

Essal S.A.:

Group 1	December 2013 and April 2014
Group 2	December 2013 and April 2014
Group 3	December 2013 and April 2014
Chinquihue	August 2013 and February 2014
Los Alerces	Abril 2013 and January 2014

In addition, tariffs may also be adjusted when additional services/investments become operational. These adjustments are previously authorized by the SISS. Tariffs may also be adjusted if changes in tax rates are made.

Current tariffs for Aguas Andinas S.A. for the 2010-2015 period were approved by Decree No. 60 dated February 2, 2010 by the Ministry of Economy, Development and Reconstruction and were applied beginning March 1, 2010. Current tariffs for Aguas Cordillera S.A. and Aguas Manquehue S.A. were approved by Decrees No. 176, on June 8, 2010, and No. 170, on May 20, 2010, respectively. Essal S.A. concluded its last tariff negotiation process in 2011 for the 2011-2016 period, and new rates were approved by Decree No. 116, on August 31, 2011.

Market Risk

Due to the stable nature of the water utility industry, there is low market risk. Operational results follow a seasonal pattern and may vary from quarter to quarter. The highest levels of demand and revenues are registered during the summer months (December to March) and lower levels of demand and revenues during the winter months (June to September). In general, demand for water is higher in warmer months, mainly due to the additional water needs caused by irrigation and other outdoor water uses.

Adverse weather conditions could potentially affect optimal delivery of services, because the processes of extracting and producing drinking water depend largely on weather conditions that develop in watersheds. Climate factors such as rainfall, snow, hail, temperature and moisture as well as other factors such as sediment and water levels in rivers determine not only the quantity, quality and continuity of raw water available at each intake point, but also determine the probability that water is properly treated in the water treatment plants. During the months of January and February 2013, mudslides in the Cajón del Maipo area significantly increased the level of sediment in the Maipo river, forcing the Company to shut down its main water treatment plants which resulted in water stoppages for a significant number of customers.

In the event of prolonged drought, the Company has significant reserves of water that in the El Yeso, Laguna Negra and Lo Encañado reservoirs. Additionally the Company has developed contingency plans to mitigate the effects from adverse climate conditions that could affect our operations. The Metropolitan Region has been affected by drought conditions since 2010. The Company has implemented several contingency plans such as the purchase raw water, increase use of wells and the lease and purchase of water rights, among other measures to reduce the impact of the drought and provide continue to provide quality, timely services.

Market Analysis

The market in which the Company participates has not varied given that by the nature of its services and under current legislation it has no competition in its concession area.

Aguas Andinas S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Cordillera S.A. has 100% service coverage in drinking water, 98.7% service coverage in sewage collection and 100% service coverage in sewage treatment.

Aguas Manquehue S.A. has 100% service coverage in drinking water, 99.3% service coverage in sewage collection and 100% service coverage in sewage treatment.

Essal S.A. has 100% service coverage in drinking water, 95.4% service coverage in the X Region and 91.1% in the XIV Region of sewage collection and 100% service coverage in sewage treatment.

Capital Investments

One of the variables that impact the results of the operations and the financial condition of the Company are capital investments. There are two types:

Committed Investments: The Company has the obligation to agree on an investment plan with the industry regulator (S.I.S.S). The investment plan outlines investments that will be made in the subsequent 15 year period. Specifically, the plan includes certain projects related to maintaining certain quality standards and service coverage. The investment plan is subject to review every five years, and amendments may be made given certain circumstances.

Committed investments include several projects related to sewage treatment such as the construction of the Mapocho Urban Treatment Plan (MUL), in operation since 2010, the Mapocho Sewage Treatment Plant and the La Farfana-El Trebal Connector. These investments were important milestones in achieving the goal of 100% sewage coverage treatment, which was reached in 2013. There are additional important committed investments developed to increase network autonomy such as: additional storage tanks, with the most relevant tank being one built at the Las Vizcachas plant which will have a capacity of 160,000 m³; the CAYA project which will connect the El Yeso reservoir with the Azulillos sector (capacity of 4.0 m³/s; length of connection is 5km); and additional drilling in the Cerro Negro area to increase capacity (500 l/s). These investments aimed to improve the quality and availability of water, especially in emergency situations.

Dates of approval and dates of updates to the investment plan for the Aguas Group:

Aguas Andinas S.A.

Greater Santiago: 16 May 2011

Other Areas: 13 October 2011, 12 September 2012, 5 April 2013, 3 July 2013

Aguas Cordillera S.A.

Aguas Cordillera and Villa Los Dominicos: 18 October 2011

Aguas Manquehue S.A.

Santa María and Los Trapenses: 28 December 2010

Chicureo, Chamisero and Valle Grande III: 29 December 2011

Alto Lampa: 22 November 2013

Essal S.A.

X and XIV Regions: 30 December 2010

Uncommitted Investments: Uncommitted investments are those which are those investments that are not included in the committed investment plan that the Company chooses to carry out voluntarily to ensure the quality of services and to replace obsolete assets. These investments are generally related to the replacement of network infrastructure and other assets, the acquisition of certain water rights and investments in unregulated businesses, among others.

According to IAS 23 of the International Financial Reporting Standards (IFRS), the current accounting standard in Chile, interest on capital investments is capitalized during the construction phase. IAS 23 outlines that when a company acquires debt in order to finance investments, the interest on that debt must be subtracted from financial expenses and incorporated into the financed construction project, for up to the full amount of interest. Consequently, the financial costs associated with our capital investment plan affects the amount of financial expenses recorded in the income statement. These financial costs are recorded along with ongoing works in the line item Property, Plant and Equipment of the balance sheet.

Financial Aspects

Currency risks:

Revenues are largely linked to the evolution of the local currency (Chilean peso). Because of this factor, the Company's debt is mainly denominated in Chilean pesos or financial instruments linked to the Chilean peso, specifically the UF. As a result, the Company does not significant risk of foreign currency transactions.

Interest rate risk:

As of September 30, 2014, the Company's interest rate profile consisted of 84.2% fixed rate and 15.8% variable rate. The fixed rate debt includes short-term and long-term bonds (75.9%) and promissory notes (24.1%), while the variable rate debt includes bank debt with local financial institutions

As of December 31, 2013, the Company's interest rate profile consisted of 89.2% fixed rate and 10.8% variable rate. The fixed rate debt includes short-term and long-term bonds (79.8%) and promissory notes (20.2%), while the variable rate debt includes bank debt with local financial institutions.

The company has a policy of monitoring and managing its interest rate, with the aim of optimizing the cost of financing. It continuously evaluates available hedging instruments in the financial market.

This favourable situation has meant that the local rating agencies have assigned the Company a solvency rating of AA+. In the case of our stocks, Fitch and ICR have assigned us a rating of first class Level 1 for series A and first class series 4 for series B.