

## **S.A.C.I. Falabella Annual General Meeting Information**

Pursuant to article 59 of Law Number 18.046 on Corporations, the shareholders are hereby informed of the different matters that shall be submitted to their consideration in the Annual General Meeting of S.A.C.I. Falabella, to be held on April 24, 2018, at 3:00 p.m., in the Álamo BC Room of the Courtyard Hotel located on Av. Kennedy 5601, Level 7, Las Condes, Santiago.

Such Annual General Meeting is called upon to know of all the matters within its purview in accordance with the law, including the following:

**i) Determination on the annual report, balance sheet and consolidated and audited statement of income for the year ended as of December 31, 2017.**

The Company's Board resolved to propose to the Annual General Meeting the approval of the annual report, balance sheet and consolidated and audited statement of income for the year ended as of December 31, 2017 (the "Financial Statements").

Such information will be available for the shareholders on the website <http://www.falabella.cl/inversionistas/juntaaccionistas-EN> as of April 6, 2018.

**ii) Determination on the opinion of the external auditors for the year ended as of December 31, 2017.**

The Company's Board resolved to propose to the Annual General Meeting the approval of the opinion of the external auditors for the year ended as of December 31, 2017 regarding the Financial Statements.

Such information will be available for the shareholders on the website <http://www.falabella.cl/inversionistas/juntaaccionistas-EN> as of April 6, 2018.

**iii) Payment of dividends and distribution of earnings from business year 2017.**

The net distributable earnings of the business year ended on December 31st, 2017 amounted to CLP\$ 509,593,497,169.

In relation to the distribution of earnings, the Board resolved the following:

- a) Report to the Annual General Meeting on: i) the effectiveness of the policy to determine the net distributable earnings approved by the Board of Directors at its 912th meeting held on December 27, 2016; ii) the fact that said policy governs for the determination of net distributable earnings for business year 2017; and iii) that no adjustments were introduced to the earnings of the Company for business year 2017 for the determination of the net distributable earnings thereof;
- b) Propose to the Annual General Meeting the following in relation to the ultimate use of the earnings from business year 2017:
  - i) Payment of a definitive, final dividend out of net distributable earnings from business year 2017 (the "2017 Earnings") of CLP 54 per share, which, added to the interim dividend of CLP 26 per share approved by the Board of Directors on November 14, 2017, and paid on November 28, 2017, yields a total of CLP 80 per share out of 2017 Earnings; and,
  - ii) That the remaining balance of 2017 Earnings, be used to increase the fund of accumulated earnings of the Company;
- c) That the proposed dividend be paid on May 8, 2018, to the shareholders of record appearing as such in the shareholders' registry as of May 2nd of this year, at Huérfanos 770, Level 22, district of Santiago, as well as through the various customary payment modalities, including bank deposits, certified dispatches and direct withdrawal from the branch offices of Banco de Crédito Inversiones, BCI.

**iv) Dividend policy for business year 2018.**

The Company's Board resolved to propose to the Annual General Meeting that the dividend policy of the Company, which consists in the annual distribution of at least 30% of the earnings from each year be maintained for business year 2018, and that it should apply on the net distributable earnings thereof.

**v) Determination on directors' fees.**

In relation to the fees payable to the Board of Directors, the Company's Board resolved to propose to the Annual General Meeting that the fees payable to the Board of Directors for business year 2018, which replicates that established for 2017, consist of:

- i) A flat monthly fee in the equivalent in Chilean pesos of 55 Unidades de Fomento ("UF"), gross, per month or fraction of a month, for as long as the relevant director remains in office as from the Annual General Meeting; and in the case of the Chairman of the Board of Directors, his flat monthly fee shall be the equivalent in Chilean pesos of 615 UF per month or fraction of a month for the duration of his tenure; plus,
- ii) In addition to the flat monthly fees described in the preceding paragraph, that the directors likewise receive an annual variable fee in the amount in Chilean pesos equivalent to 0.35% of the net distributable earnings from the preceding business year, to be governed by the following: i) it shall be paid in equal parts among all the directors, except for the Chairman, who shall receive double of what is due to each director; ii) it shall be paid immediately upon the holding of the shareholders' meeting that shall have approved the results from the business year out of which said variable fee is to be paid; and iii) it shall be paid on a prorated basis to those directors who shall not have exercised their directorships for the entire business year out of the results of which said variable remuneration is to be paid.

**vi) Designation of external auditors for business year 2018.**

Following with the motion filed by the Directors' Committee, the Board resolved to propose to the Annual General Meeting that it designate, as external auditors of the Company and its subsidiaries for business year 2018, first, Ernst & Young Servicios Profesionales de Auditoria y Asesorías Limitada ("EY"); and, second, Deloitte Auditores y Consultores Limitada, for the following reasons: i) quality of the profession team in charge of the audit of the Company; ii) work experience the Company has had with EY in the past; iii) international presence of EY in the countries where the Company and its subsidiaries are present; iv) financial proposal for the audit services; and v) recent inclusion of new countries and businesses requiring adequate incorporation in the auditing process.

**vii) Designation of rating agencies for business year 2018.**

Also following with the motion filed by the Directors' Committee, the Board resolved, in relation to the designation of rating agencies for the publicly-offered securities issued by the Company, to propose to the Annual General Meeting:

- i) maintaining Fitch Chile Clasificadora de Riesgo Limitada and Feller-Rate Clasificadora de Riesgo Limitada as the rating agencies for the stocks, bonds and commercial paper issued in Chile by the Company;
- ii) maintaining rating agencies Standard & Poor's and Fitch Ratings for the rating of securities issued abroad.

**viii) Designation of newspaper to publish statutory advertisements of the Company.**

In relation to the newspaper for the publication of corporate advertisements, the Board resolved to propose to the Annual General Meeting to continue publishing them in the El Mercurio de Santiago newspaper, given the adequate distribution and readership levels it has at a national level.

**ix) Report on the operations with related parties performed during 2017.**

During business year 2017 no transactions of the kind regulated in articles 146 and following of the Corporations Act were celebrated that: i) considering their amount; ii) due to their being exceptions under the Company's habituality policy for such types of transactions; or, iii) for having been celebrated between related parties regarding which the Company were direct or indirect owner of at least 95% of its shares or capital; would have required the special approval by the Board or an Extraordinary Shareholders Meeting. Neither were there any Board resolutions adopted during business year 2017 for the approval of related party transactions that would have needed to be individually and specifically informed to the Shareholders Meeting. Notwithstanding this, the list of related party transactions celebrated during business year 2017 shall be displayed.

**x) Report on the activities of the Directors' Committee during business year 2017.**

The activities of the Directors' Committee corresponding to business year 2017 shall be reported. Such report is also included in the Annual Report of the Company, that shall be available for the shareholders on the website <http://www.falabella.cl/inversionistas/juntaaccionistas-EN> as of April 6, 2018.

**xi) Determination on the fees of the members of the Directors' Committee.**

In relation to the fees payable to the Directors' Committee for business year 2018, the Board resolved to propose to the Annual General Meeting the following:

- a) That a flat monthly fee be paid in the equivalent in Chilean pesos of one third of the flat monthly fee established for a director of the Company, per meeting of the Directors' Committee attended by the respective member; and in the case of the Chairman of the Directors' Committee, he shall additionally receive a flat monthly fee in the equivalent in Chilean pesos of 100 UF per month or fraction of a month for the duration of his tenure, starting with his election; plus,
- b) In addition to the flat monthly fees described in the preceding paragraph, that the members of the Directors' Committee likewise receive an annual variable fee in the amount in Chilean pesos equivalent to one third of the variable annual fee contemplated for the directors of the Company; and,
- c) That all the aforementioned amounts be in addition to those that the members of the Directors' Committee are entitled to receive in their capacities as directors of the Company.

**xii) Determination on the expense budget of the Directors' Committee.**

In relation to the expense budget of the Directors' Committee, the Board resolved to propose to the Annual General Meeting maintain its current budget, which consists of an amount equivalent to the summation of the annual compensation received by its members.