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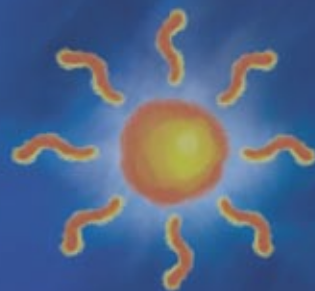
ANNUAL REPORT



enersis
E endesa

Santiago Stock Exchange: ENERSIS
New York Stock Exchange: ENI
Madrid Stock Exchange: XENI

Enersis S.A. was constituted with the name of Compañía Chilena Metropolitana de Distribución Eléctrica S.A., and on August 1, 1988, the company became known as Enersis S.A. The capital of the company amounts to Th.Ch\$2,594,015,458, divided into 32,651,166,465 shares. Enersis shares are traded in Chilean Stock Exchanges, New York Stock Exchange in the form of American Depositary Receipts (ADR) and in the Latin American stock exchange of Madrid Stock Exchange (Latibex). The objects of the company are to explore, develop, operate, generate, distribute, transmit, transform and/or sell energy in any of its forms or nature, in Chile or abroad, either directly or through other companies, and activities in telecommunications and the provision of engineering in Chile or abroad, and also has the object of investing and managing its investments in subsidiary and associate companies. Its total assets were Th.Ch\$11,437,766,644 at December 31, 2007. Enersis controls a group who operate in the electricity market on five countries in Latin America. In the year 2007 obtained a net income of Th.Ch\$188,376,410 and an operating income of Th.Ch\$1,255,566,693. Employees: at the end of 2007 it gave direct occupation to 12,129 people, through its subsidiaries companies over Latin America.





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LETTER FROM THE CHAIRMAN



Dear Shareholder:

It is with great pleasure that I present you our Annual Report summarizing not only financial and management indicators, but also the main activities developed by Enersis during 2007.

Before breaking down to details regarding the results of the previous years and the highlights of our business, I would like to extend - in my role as President of Enersis and head of the ENDESA's businesses in Latin America- a special greeting to all of you, our shareholders, while emphasizing the leading position that we currently hold in the Chilean energy market and in the entire Latin American region.

Likewise, allow me to mention our strong commitment, as a Group, to provide the best electricity services in the region. All of this with the clear objective of growing as a company and continuing to retribute, in the best manner possible, all of those who have trusted our corporate project.

PERFORMANCE

In relation to our business, net profit after taxes amounted to Ch\$ 188,376 million. If this result is compared to the previous year in homogenous terms -namely, isolating the effect of the Chilectra and Elesur merger in 2006- Enersis' 2007 profits increased by 13.3%.

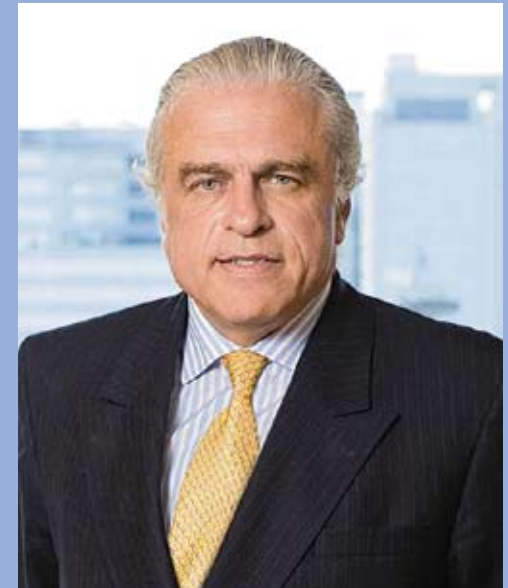
Along these lines, we should mention the 11% growth rate shown by the company's operating results amounting to Ch\$ 1,255,567 million, an indicator that reflects the good performance of our electric generation, transmission and distribution activities in Argentina, Brazil, Chile, Colombia and Peru.

Our operating income, this increased by 12,8%, amounting to Ch\$ 4,686,676 million. When analyzed by lines of business line, the 24.2% growth reported by the Generation and Transmission Businesses and the 3.9% increase experienced by the Distribution Business should both be pointed out.

All these indicators clearly confirm the company's and its subsidiaries healthy and solid financial position.

LEADERSHIP

In the Distribution Business, our companies continue to obtain significant increases in physical sales and in number of clients. For this reason, as of year-end 2007 our physical sales totaled 61,610 GWh, a figure that represents an increase of 5.7% compared to the previous year. Likewise the number of customers increased by more than 390 thousand, reflecting a rise of 3.4% and reaching almost 12 million users at the end of the fiscal year.



Pablo Yrarrázaval
Chairman

However, in order to show our corporate growth, we should point out that in the Distribution Business, the energy sales during the 1997-2007 period increased by 65% while the number of clients rose by 67%. This is equivalent to incorporation of 3 Chilectra sized distributors over a 10 year period.

Furthermore, the energy production in the Generation Business has increased 90% over the last decade, while installed capacity rose by 34 %, totaling 13,707 MW. The latter is equivalent to 5 Ralco (690 MW) sized generator start-ups during said period.

At this point, let me highlight the entrance on duty of Plant San Isidro II, with 248 MW of installed capacity, as of April, 2007. Such said power increased to 353 MW as of January, 2007, when it started operating by combined cycle.

Adding to the above mentioned, we have the started works for Plant Bocamina II and approval of Thermal Plant Quintero, all of them projects driven by our subsidiary Endesa Chile.

With this financial background, and based on a unique portfolio, we can remark our leading position in the Latin American energy market. Our assets in the region have risen 11 % over the past 10 years, totaling to date more than Ch\$ 11,400 billion.

STABILITY

Based on this scenario, in a year epitomized by a significant increase in fuel prices, one of the driest rain seasons in the last 50 years and a considerable increase in Argentine natural gas restrictions, the Enersis profits reflected the benefits arising from appropriate asset diversification, both in the terms of generation and in distribution. Likewise, operations in the five countries stabilizes the company's operational flows strengthens the company's foundations, enabling us to solidly face the daily challenges presented in the energy market where we supply power to some 45 million inhabitants.

The healthy position of the company and its subsidiary, Endesa Chile, has been acknowledged by Standard / Poor's, the credit rating agency, who raised the rating of both companies to BBB (stable). Today, both Enersis and Endesa Chile have been granted an investment grade by the three international agencies, that is to say Standard & Poor's, Moody's and Fitch.

Likewise, the domestic agencies Feller Rate and Fitch Chile raised their local classification to AA- (stable) which confirmed the operating and financial strengthening of the Enersis Group.

Enersis, together with its subsidiaries Endesa Chile and Chilectra, will continue to play a major role in finding solutions to the energy problem currently being experienced by the countries in the region.

There is no doubt that this situation will generate challenges and, why not, new growth opportunities, which we will evaluate seriously and responsibly as we have done in each opportunity.

We should also mention the trust that the market and the shareholders have in the company's administration. Even though the share value dropped 6% during 2007, it should not be forgotten that the previous financial period was impacted with external instability which hit stock markets throughout the world, and the Chilean market was no exception. However, it should be pointed out that, measured in dollars, the Enersis value in the last 10 years has increased by 179% measured in historical US\$ dollars reaching to US\$ 10,504 million as of December 31.

INVESTMENTS

Before going into details about our main plans in investments, I would like to emphasize the start-up, last December, of the first wind farm on the Central Interconnected System (SIC) in Canela by the Endesa Chile subsidiary, Endesa Eco.

This 18 MW capacity project is only the first of many future proposals under development within the Non Conventional Renewable Energies framework (ERNC). Within this scenario we can also include the start-up of the Palmucho Power Plant operation in the Alto Bio Bio area. This 32 MW capacity unit, that uses the ecological flow from the Ralco Power Plant unit, started its operation in November 2007.

As a corporate group we support and contribute to the development of this type of energy with the objective to becoming a regional benchmark and leader. This type of projects confirms our commitment to the diversification of the power grid and the use of autochthonous, renewable and clean resources from an environmental viewpoint, such as water, wind and geothermal energy.

In order to deliver the best electrical service in the region, we at Enersis Group understand that to do this, we must perform permanent investments of the highest quality standards, in terms both of energy distribution and energy generation.

In the first of these fields, and aiming at satisfying the higher demand in our markets demands namely customer satisfaction and improve operating margin and loss reduction, we will provide resources in excess of US\$ 500 million per year.

In the generation business the plan consists on the input of 2,200 MW of new capacity in the five countries we operate in; that is to say, 70% of the total.

This new capacity plan over the next five years include the following: San Isidro II, Los Cóndores, Bocamina II, Neltume, Choshuenco, Quintero, the Ojos de Agua mini hydro unit, Piruquina and Puelo, and Phase III of the Canela Wind Park.

In addition, the Aysén Project continues to advance, a venture that was implemented by Endesa Chile through its affiliate HidroAysén, and that covers a 2,750 MW capacity installation with an approximate investment of US\$ 2,800 million in the 11th Region.

Chile is a country that has almost no fossil fuels, thus it cannot afford not to take advantage of its natural clean, renewable and autochthonous resources such as water, wind and geothermal energy.

At the Enersis Group we are convinced that Chile urgently needs an independent and diversified power grid that will permit self-sustaining development.

Consequently with this line of development, we commit our support, through Endesa Chile, for the LNG Project, which becomes fundamental for our energy self-sufficiency.

COMMITMENT

In this brief summary the takeover of our ENDESA, in October 2007, by a joint venture of the Spanish firm ACCIONA and the Italian firm ENEL, following three Public Tender Offer (OPA) processes over a period of more than two years.

In view of the above, I would like to extend the peace of mind expressed by ENDESA's President, Mr. José Manuel Entrecañales, on his first visit to our country and to the region acting in that capacity.

I would therefore like to repeat his words by pointing out that one of the reasons for his commitment to our grid lies in the leading position held by ENDESA S.A. in Latin America through Enersis.

This is due to the fact that our Group has a unique asset platform which is the basis for improving the current world energy model and helps in facing diverse future challenges.

The concentration of fossil fuel producing regions and their social-political instability, and the more than probable shortfall in said resources, turns our company into a decisive component of the energy challenge solution.

Enersis together with its affiliates, Endesa Chile and Chilectra confirm their commitment with Latin America, and in particular with Chile, the country from where we manage our businesses in the Region. We thereby face the future challenges of the energy business with determination, maintaining our position as a leading company in the sector.

SUSTAINABILITY

In the field of Corporate Social Responsibility, and within a policy of common sustainability, the companies of the Enersis Group implement specific programs with the clear objective to adjust to local realities and providing answers to the particular needs of the different countries in which they operate.

We carry out actions and activities within this framework that are linked to the three basic CSR dimensions: economic, social and environmental.

In the case of Enersis, we can mention three relevant highlights:

The first is the program to Illuminate Monuments in the South. This is an initiative to equip religious temples in Chile, Colombia and Peru with modern electric systems. In our country the project involved the signing of an agreement with the Episcopal Conference in October 2000 which has been renewed twice: in 2004 and at the beginning of 2007. On the latter occasion, the Enersis Group commitment was extended until 2011.

In Chile 46 religious temples and other buildings had already benefited from this project as of the end of the previous period. Furthermore, these significant endeavors lead to the company being awarded the National Monuments Conservation Prize in 2005.

The second highlight is related to the CIEL Educational Portal (Electric Energy Information Center), focused to primary and middle school students throughout the country.

The objective of this web site (www.enersis.cl/ciel) is to broaden and reinforce the topics related to the generation, transmission and distribution of electric energy, emphasizing the efficient use of energy and the preservation of the environment; issues which are, at the same time, aligned with the current education programs.

Finally, within its usual cultural support policy, Enersis has prepared a book called "Chile, Sustainable Energy", that shows a country of unequalled natural beauty and with a clear energy vocation. Furthermore, in December, the Enersis Group donated a book called "Los Ultimos Senderos del Huemul" (The Last Tracks of the Huemul) to rural schools and public libraries throughout Chile. This document, prepared by the Fundacion San Ignacio del Huinay, whose partners are Endesa Chile and the Pontificia Universidad Católica de Valparaíso, summarizes 30 years of research by a group of Conaf and Codeff professionals, conservationists and park rangers motivated in preventing the extinction of this emblematic species.

ACKNOWLEDGEMENTS

I would like to share with you the prizes we have received for Social Responsibility, awards that confirm that our actions are not only focused on obtaining good and better results from a financial point of view and thereby satisfying our shareholders, but also that we develop and implement our activity – of generating, transmitting and distributing electrical power - while we preserve and respect the environment as well as the communities that surround our installations.

Amongst the acknowledgements received during 2007, the following stand out:

- Diario Financiero Prize to the 50 Companies Super Sales of 2006
- The prize to the 10 most important Latin American Electric energy Companies in the Decade, from Business News Americas.

- Acknowledgement of two Enersis workers for their work on the “Un Mejor Empleo para Chile” program (The Best Job for Chile) sponsored by the Corporacion Simón de Cirene.

We can add to these awards the distinctions obtained by our subsidiaries Endesa Chile and Chilectra, namely:

- The CIGRÉ Prize for Corporate Social Responsibility (CSR) and Technological Innovation awarded to Endesa Chile.
- The AmCham Prize to the Good Corporate Citizen, awarded to Fundación Pehuén, entity sponsored by Endesa Chile.
- The prize for the 2007 Best Sustainability Report awarded to Endesa Chile by Accion RSE.
- The Avonni Pro Innovation Forum Prize, that together with the CPC -Confederación de la Producción y del Comercio (Production and Trade Confederation) - and the Ministry of Economy, distinguished Chilectra as the most innovative company in the country.
- First place, at a national level and in the Metropolitan Region, to Chilectra in the survey “Chile opina: ¿Somos responsables socialmente?” (Chile answers: Are we sociably responsible?), implemented by Fundación PROhumana.

HUMAN RESOURCES

All of this has been achieved thanks to the contribution received from each one of our company workers, a team of unique human capital.

For this reason, I want particularly to acknowledge the performance of thousands of Enersis Group employees and collaborators who, day by day, contribute each in their own way to this great corporate project.

In a year that has not been exempt from certain labor agitation triggering strike development in industries as diverse as mining and forestry affecting both their production and their image, I am proud

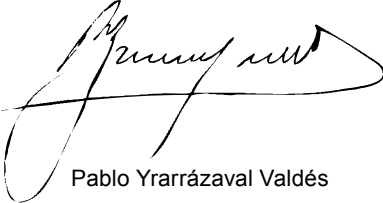
to be able to say that Enersis, within a climate of cordiality and trust, has negotiated the execution of a collective bargaining agreement with its Professional University Workers Union and the N°1 Workers Union confirming that within our corporate action we are concerned about addressing the professional and personal improvement of our workers, ensuring their safety, health and working environment.

To sum up, I would like to thank all the employees and executives of the different companies for their performance during 2007 and for the strong commitment from each one with their respective company, the same commitment that we as a Group have with Chile and the remainder of the region.

Ladies and Gentlemen Shareholders, I am sure that the future holds a number of corporate growth opportunities. We have the foundation and the necessary financial stability to face the challenges and tests imposed on us by the energy sector.

Once again I thank you for your trust, and I reiterate our commitment to improve, day by day, our company’s performance aimed at satisfying not only yourselves, our shareholders, but also our customers, collaborators, communities, and of course, our workers.

Please receive my warmest greetings,



Pablo Yrarrázaval Valdés
Chairman

2007 HIGHLIGHTS



ON APRIL the first stage of the San Isidro II plant was commissioned, whereby a maximum capacity of 248 MW was added to the main electricity network in Chile. This plant's in combined cycle went into commercial operations on January, 2008 increasing capacity to 353 MW.



AT THE END OF APRIL, Enersis delivered the new lighting to the Catedral Castrense Señora del Rosario church, located in the

Municipality of Providencia. This initiative is part of program for Illuminating Monuments in the South.

IN JUNE, the Business News Americas news agency – through its magazine TEN – distinguished Enersis as one of the 10 most outstanding Latin American energy companies of the decade.

TOWARDS THE END OF JULY, Enersis modified its Board of Directors and the current Chief Executive Officer of ENDESA for Latin America, Mr. Pedro Larrea Paguaga, took over as the company's new Director.

IN JULY, the International ratings agency Standard & Poor's raised the Enersis and Endesa Chile international rating to BBB (stable), both of which were granted an investment grade.

ON SEPTEMBER, the merger of the Colombian generating subsidiaries Emgesa and Betania took place.



IN MID SEPTEMBER, Endesa Chile started the construction of the Bocamina II thermo-electrical plant. This unit will have an installed capacity of 350 MW and would start operating in 2010.

ON SEPTEMBER, the Board of Directors of Endesa Chile approved the construction of the 240 MW Quintero Thermal Plant, which would start operations in 2009.



SINCE OCTOBER 10, 2007 the final control of ENDESA, S.A. and Endesa Internacional S.A. was taken over by ENEL S.p.A and ACCIONA S.A.



IN OCTOBER, the Enersis Group launched the CIEL Educational Portal (Electric Energy Information Center).

IN OCTOBER, Enersis organized the Third International Convention for Chilean ISSUERS, an event attended to by more than 200 local and international executives related to the local and international financial areas.

IN NOVEMBER, Enersis formally delivered the new lighting system for the Rancagua cathedral, which that is part of the Illuminating Monuments in the South program.



DURING THAT SAME MONTH, Endesa Chile's new Palmucho hydro-electric plant started its commercial operations. This plant is located at the foot of the Ralco dam in the Alto Bio Bio area, and will contribute with 32 MW to the Central Interconnected System (SIC).



ON DECEMBER, the Chief Executive Officer of ENDESA, José Manuel Entrecanales, met with Mrs. Michelle Bachelet, the President of the Republic of Chile.



ON DECEMBER 6, Endesa Chile inaugurated Canela, the first Wind Farm of the Central Interconnected System (SIC). Canela contributes a capacity of 18 MW to the country's main electricity system.

IN DECEMBER, the Enersis Group donated to rural schools and public libraries throughout Chile a book entitled "Los Ultimos Senderos del Huemul", (The Final Tracks of the Huemul) that summarizes 30 years of research.

THE CONSULTING AGENCY BUREAU VERITAS CHILE, specialists in auditing services, certified the declared gross capacity of the Endesa Chile power generating plants in Latin America that amounted to 13,707 MW.



IN MID DECEMBER, Enersis launched a book entitled "Chile Energia Sostenible" (Chile, Sustainable Energy), that describes the main characteristics of the environment in which we are involved.

IN DECEMBER, the Enersis Group, through its distributing companies, supplied electricity to almost 12 million customers in Latin America.

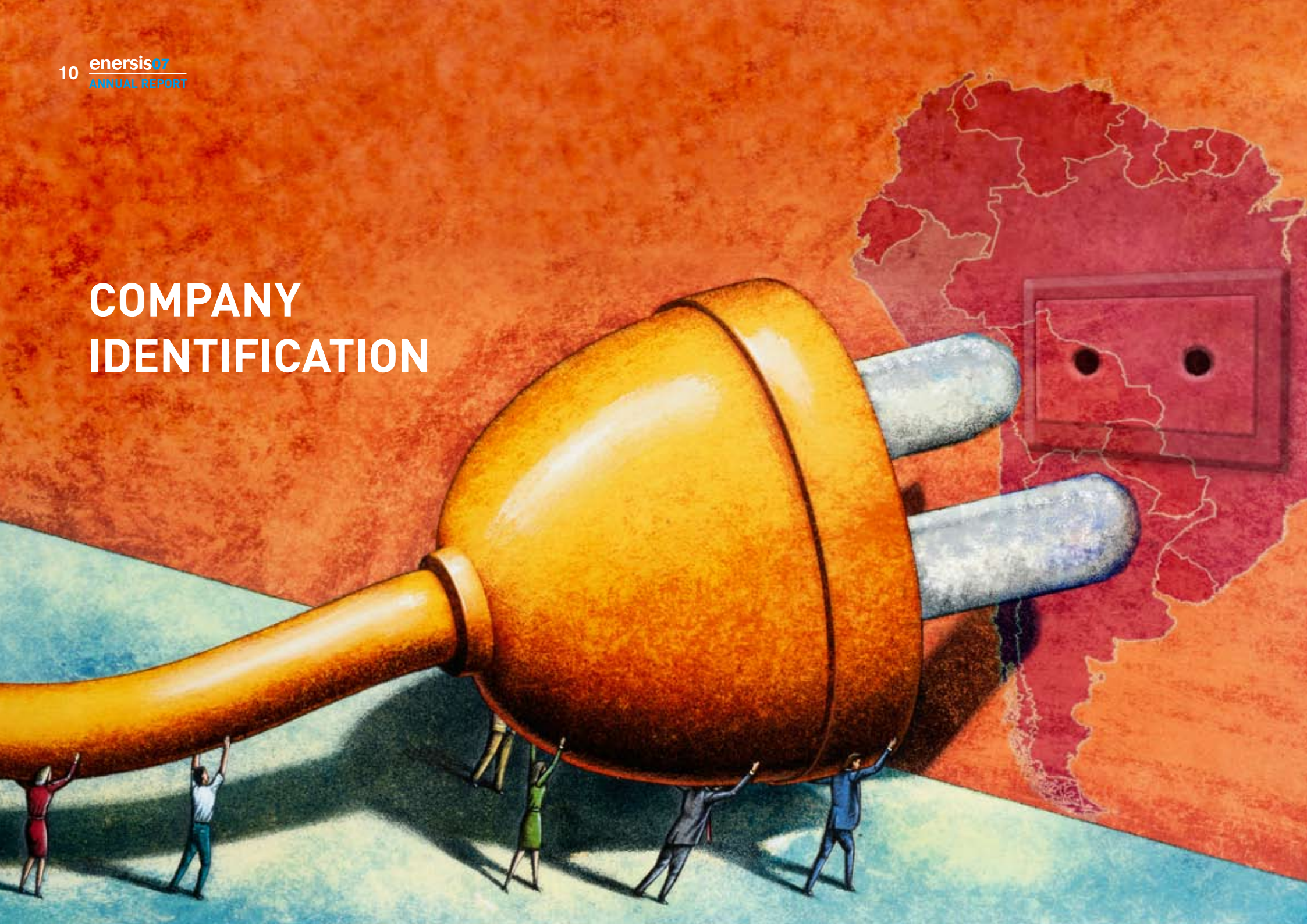
THE ENERGY DEMAND continued to grow in the countries where we operate at almost 6%, which confirms the high consumption potential in the region.

OPERATING REVENUES increased by 12.8% to 4,686,676 million, which is explained by 24.2% increased in revenues in the generation and transmission businesses, and by 3.9% in the distribution business.

THE SHARE VALUE closed at Ch\$ 159.85 while the value of the American Depositary Share (ADS) amounted to US\$ 16.03.



COMPANY IDENTIFICATION





Name	Enersis S.A.
Location	Santiago, being able to establish agencies or branches in other parts of the country or abroad
Kind of Company	Publicly held limited liability stock company
Tax N°	94,271,000 - 3
Address	Santa Rosa N° 76, Santiago, Chile
Telephones	(56-2) 353 4400 - (56-2) 378 4400
Fax	(56-2) 378 4788
P.O. Box	1557, Santiago
Web Site	www.enersis.cl
Electronic Mail	informaciones@e.enersis.cl
Securities Registry N°	N° 175
External Auditors	Deloitte & Touche
Subscribed and Paid Capital (ThCh\$)	2.594.015.458
Chilean Stock Exchanges Nick Name	ENERSIS
New York Stock Exchange Nick Name	ENI
Madrid Stock Exchange Nick Name	XENI
ADR Program Custodian Bank	Banco de Chile
ADR Program Depository Bank	Citibank N. A.
Latibex Custodian Bank	Banco Santander
Latibex Link Entity	Santander Central Hispano Investment S.A.
Chilean Credit Rating Agencies	Feller Rate and Fitch
International Credit Rating Agencies	Fitch, Moody's and Standard & Poor's



01. CORPORATE BACKGROUND

The company that originated to Enersis S.A. was initially formed under the name of Compañía Chilena Metropolitana de Distribucion Electrica S.A. according to the public deed dated June 19, 1981 granted by the Public Notary's Office of Patricio Zaldívar Mackenna in Santiago and it was modified by public deed dated July 13 of the same year, issued by

the same Public Notary. The company's incorporation was authorized and its corporate by-laws were approved through Resolution N° 409-S dated July 17, 1981 by the Securities and Insurance Commission. The excerpt of the articles of incorporation and the approved by-laws were registered in the Santiago Real Estate Registrar on page 13,099 N° 7,269 corresponding to the year 1981, and were published in the Official Gazette of July 23, 1981. To date, the Enersis corporate by-laws have undergone a number of amendments. On August 1,

1988, the company's name was changed to Enersis S.A. The latest amendment is set out in the public deed dated April 13, 2006, certified by the Santiago Public Notary Patricio Zaldívar Mackenna, and its excerpt was registered in the Santiago Real Estate Registrar, on page 15,343, N° 10,611 of the 2006 Business Register and subsequently published in the Official Gazette on April 22, 2006.

02. BUSINESS PURPOSE

The company's purpose is to explore, develop, operate, generate, distribute, transmit, transform and sell energy in any of its forms or types, in the country or abroad, directly or through other companies, in addition to telecommunications activities and the provision of engineering consulting. Part of its objective is to invest and manage its subsidiaries and associate companies, generators, transmitters, distributors or traders of electric energy and whose line of business is any of the following: (i) energy, in any of its forms or types, (ii) the supply of public services or whose main raw material is energy, (iii) telecommunications and IT, and (iv) the intermediary business through the Internet.

In line with this main objective, the company developed the following functions: a) promote, organize, build, modify, dissolve or liquidate companies of any nature who have a similar corporate purpose as its own; b) propose investment, financing and business policies to affiliate companies, as well as the accounting criteria and systems that these should follow; c) supervise subsidiary company management; d) supply subsidiary or associate companies with the necessary financing for their business development, and also, provide management services, financial, technical and legal assessment, auditing services to subsidiary companies and, in general, any type of service that may be necessary for their best performance.

In addition to its main objective and acting under the limits established by the Investments and Financing Policy approved by the General Shareholders Meeting, the Company may invest in:

i) The acquisition, operation, construction, rental, administration, intermediation, trading and disposal of all kinds of movable and immovable goods, either directly or through subsidiary or affiliate companies; ii) All kinds of financial assets, including shares, bonds and debentures, tradable items and, in general, all kinds of titles or securities and company contributions, be this either directly or through subsidiary or affiliate companies.



OWNERSHIP AND CONTROL



01. PROPERTY OWNERSHIP STRUCTURE

The company's capital is divided into 32,651,166,465 no par value stock, pertaining to one same and unique series.

As of December 31, 2007, the total number of shares have been fully subscribed and paid-in and ownership was distributed in the following manner:

SHAREHOLDER	NUMBER OF SHARES	%
Endesa Internacional, S.A.	19,794,583,473	60.62%
Pension Funds	5,747,547,720	17.60%
ADR's (Citibank N.A.)	2,890,139,300	8.85%
Stock Brokers, Insurance Companies and Mutual Funds	2,425,193,061	7.43%
Citibank Chile (Chapter XIV)	471,646,933	1.44%
Foreign Investment Funds	137,341,006	0.42%
Retail Holders	1,184,714,972	3.64%
Total	32,651,166,465	100%

02. HOLDING COMPANY IDENTIFICATION

According to what is established by Title XV of Law N° 18,045, the direct holding company is Endesa Internacional, S.A., a Spanish corporation that holds 60.62% of the Enersis group.

Endesa Internacional, S.A., in turn is controlled 100% by ENDESA, S.A., a corporation incorporated in the Kingdom of Spain and whose main shareholders as of December 31, 2007, and pursuant to that published by the CNMV (Spanish Securities and Investments Board) are: ENEL ENERGY EUROPE S.r.L. with a 67.053% share

(ENEL ENERGY EUROPE S.r.L in turn is controlled 100% by ENEL S.p.A); ACCIONA, S.A., with a 5.01% share and FINANZAS DOS, S.A., with a 20.0% share (FINANZAS DOS, S.A. in turn is controlled 100% by ACCIONA, S.A.). The ENDESA, S.A. free float as of December 31, 2007 was 7.937%.

On March 26, 2007, ACCIONA, S.A., and ENEL ENERGY EUROPE S.r.L., signed an agreement for the shared management of ENDESA, S.A. The mentioned agreement was reported to the CNMV as a relevant fact on the same day it was signed and it can be viewed on the Securities Board's web site (www.cnmv.es).

03. LIST OF THE 12 MAJOR COMPANY SHAREHOLDERS:

As of December 31, 2007, Enersis was owned by 8,455 shareholders. The 12 major shareholders were:

NAME	TAX NO.	NUMBER OF SHARES	(%)
Endesa Internacional,S.A.	59,072,610-9	19,794,583,473	60.62%
Citibank N.A. (in compliance with circular 1375 SVS)	97,008,000-7	2,890,139,300	8.85%
AFP Provida S.A.*	98,000,400-7	1,790,291,654	5.48%
AFP Habitat S.A.*	98,000,100-8	1,513,040,675	4.63%
AFP Cuprum S.A.*	98,001,000-7	949,141,449	2.91%
AFP Santa María S.A. *	98,000,000-1	648,693,522	1.99%
AFP Bansander S.A.*	98,000,600-K	635,653,034	1.95%
Banchile Corredores de Bolsa S.A.	96,571,220-8	522,653,676	1.60%
Citibank Chile Cta. de Terceros Cap. XIV Res	97,008,000-7	471,646,933	1.44%
AFP Planvital S.A.*	98,001,200-K	210,727,386	0.65%
Larraín Vial S.A. Corredora de Bolsa	80,537,000-9	172,599,915	0.53%
Santander Investment S.A. Corredores de Bolsa	96,683,200-2	168,196,303	0.52%
Subtotal 12 shareholders		29,767,367,320	91.17%
Other 8,443 shareholders		2,883,799,145	8.83%
TOTAL 8,455 shareholders		32,651,166,465	100.00%

* Pension Funds

04. MAJOR OWNERSHIP CHANGES

During 2007, the major changes in Enersis' property ownership were the following:

NAME	TAX NO.	SHARES AT 31/12/2006	SHARES AT 31/12/2007	% CHANGE
Citibank N.A. (Per circular 1375 SVS)	97,008,000-7	2,791,284,650	2,890,139,300	3.54%
AFP Provida S.A.*	98,000,400-7	1,952,198,706	1,790,291,654	(8.29%)
AFP Habitat S.A.*	98,000,100-8	1,518,357,657	1,513,040,675	(0.35%)
AFP Cuprum S.A.*	98,001,000-7	863,954,735	949,141,449	9.86%
AFP Santa María S.A. *	98,000,000-1	690,445,050	648,693,522	(6.05%)
AFP Bansander S.A.*	98,000,600-K	848,566,411	635,653,034	(25.09%)
Banchile Corredores de Bolsa S.A.	96,571,220-8	429,730,676	522,653,676	21.62%
Citibank Chile Cta. de Terceros Cap. XIV Res	97,008,000-7	611,256,799	471,646,933	(22.84%)
AFP Planvital S.A.*	98,001,200-K	214,565,536	210,727,386	(1.79%)
Larraín Vial S.A. Corredora de Bolsa	80,537,000-9	185,024,008	172,599,915	(6.71%)
Santander Investment S.A. Corredores de Bolsa	96,683,200-2	74,894,288	168,196,303	124.58%
Celfin Capital S.A. Corredores de Bolsa	84,177,300-4	120,245,556	165,360,280	37.52%

* Pension Funds

SHARE TRANSACTIONS



01. STOCK TRADING AT STOCK EXCHANGES

The quarterly transactions of the last 3 years in stock exchanges where Enersis shares are traded, both in Chile, through the Santiago Stock Exchange (Bolsa de Comercio de Santiago), and through the Chilean Electronic Stock Exchange (Bolsa Electronica de Chile), and the Valparaiso Stock Exchange (Bolsa de Valores de Valparaíso), as in the United States of America and Spain through the New York Stock Exchange (NYSE) and the Latin-American Securities Exchange, on the Madrid Stock Exchange (Latibex) (Bolsa de Valores Latinoamericanos de la Bolsa de Madrid (Latibex), respectively, are detailed below:

SANTIAGO STOCK EXCHANGE (BOLSA DE COMERCIO DE SANTIAGO)

During 2007, 10,336 million shares were traded at the Santiago Stock Exchange, equivalent to Ch\$ 1,881,234 million. As of December, the closing price per share was Ch\$ 159.85.

SANTIAGO STOCK EXCHANGE	UNITS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2005	1,348,339,507	129,184,082,805	95.81
2nd Quarter 2005	2,112,530,098	229,190,716,985	108.49
3rd Quarter 2005	1,840,936,792	215,658,892,589	117.15
4th Quarter 2005	2,212,992,708	265,485,390,022	119.97
1st Quarter 2006	1,963,504,194	241,782,332,100	123.14
2nd Quarter 2006	1,391,561,107	170,737,146,206	122.69
3rd Quarter 2006	1,424,604,249	185,750,114,705	130.39
4th Quarter 2006	2,935,194,633	471,034,884,328	160.48
1st Quarter 2007	2,326,545,937	403,238,785,712	173.32
2nd Quarter 2007	2,281,519,210	448,872,471,686	196.74
3rd Quarter 2007	2,623,759,573	482,941,651,473	184.06
4th Quarter 2007	3,104,262,960	546,181,448,622	175.95

CHILEAN ELECTRONIC STOCK EXCHANGE (BOLSA ELECTRÓNICA DE CHILE)

1,749 million shares were traded at the Chile Electronic Stock Exchange during the year, the equivalent of Ch\$ 314,869 million; as of December the share closed at Ch\$ 159.50.

CHILEAN ELECTRONIC STOCK EXCHANGE	UNITS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2005	254,172,086	24,362,432,413	95.85
2nd Quarter 2005	476,168,653	51,910,060,501	109.02
3rd Quarter 2005	498,204,288	58,397,117,390	117.22
4th Quarter 2005	569,457,331	68,028,424,373	119.46
1st Quarter 2006	363,061,858	44,427,922,583	122.37
2nd Quarter 2006	280,361,371	34,161,027,229	121.85
3rd Quarter 2006	278,723,806	36,216,066,265	129.94
4th Quarter 2006	551,462,369	88,445,858,217	160.38
1st Quarter 2007	482,727,433	83,082,386,777	172.11
2nd Quarter 2007	327,721,596	64,327,071,276	196.29
3rd Quarter 2007	433,727,621	79,890,053,929	184.19
4th Quarter 2007	504,779,498	87,569,943,661	173.48



**VALPARAISO STOCK EXCHANGE
(BOLSA DE VALORES DE VALPARAÍSO)**

On the Valparaiso Stock Exchange 42 million shares were traded, amounting to Ch\$ 7,671 million; as of December, the share closed at Ch\$ 161.11.

VALPARAISO STOCK EXCHANGE	UNITS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2005	21.367.282	2.057.215.407	96.28
2nd Quarter 2005	12.853.040	1.427.487.132	111.06
3rd Quarter 2005	9.405.452	1.107.429.833	117.74
4th Quarter 2005	21.499.005	2.591.673.759	120.55
1st Quarter 2006	11.090.794	1.365.417.295	123.11
2nd Quarter 2006	7.727.889	938.354.614	121.42
3rd Quarter 2006	8.279.320	1.049.392.923	126.75
4th Quarter 2006	16.427.067	2.582.363.519	157.20
1st Quarter 2007	8.364.095	1.446.466.587	172.94
2nd Quarter 2007	9.737.577	1.914.700.194	196.63
3rd Quarter 2007	7.417.521	1.362.390.508	183.67
4th Quarter 2007	16.507.087	2.947.390.529	178.55

NEW YORK STOCK EXCHANGE (NYSE)

The Enersis stock started trading on the New York Stock Exchange (NYSE) on October 20, 1993. An Enersis ADS consists of 50 shares and its mnemonic name is ENI. Citibank N.A. acts as an escrow bank and the Banco de Chile as the custodian in our country.

During 2007, 84 million American Depositary Receipts (ADS) were traded in the United States of America amounting to US\$1,478 million. The December ADS closing price was US\$ 16.03.

NEW YORK STOCK EXCHANGE	ADS	AMOUNT (US\$)	AVERAGE PRICE
1st Quarter 2005	19.729.400	162.167.776	8.22
2nd Quarter 2005	24.619.700	232.313.951	9.44
3rd Quarter 2005	28.894.300	307.507.588	10.64
4th Quarter 2005	27.267.100	309.549.753	11.35
1st Quarter 2006	24.652.200	290.316.633	11.78
2nd Quarter 2006	20.778.900	242.325.610	11.66
3rd Quarter 2006	13.510.900	161.661.972	11.97
4th Quarter 2006	20.414.300	299.702.338	14.68
1st Quarter 2007	19.608.400	314.610.895	16.04
2nd Quarter 2007	19.283.100	358.148.873	18.57
3rd Quarter 2007	22.964.900	411.880.074	17.94
4th Quarter 2007	21.992.500	393.529.397	17.89

LATIN AMERICAN SECURITIES EXCHANGE OF THE MADRID STOCK EXCHANGE (LATIBEX) (BOLSA DE VALORES LATINOAMERICANOS DE LA BOLSA DE MADRID)

The Enersis shares started trading on the Latin American Securities Exchange of the Madrid Stock Exchange (Latibex) on December 17, 2001. The company's contracting unit is 50 shares and its mnemonic name is XENI. The Santander Central Hispano Bolsa S.A. S.V.B. acts as the linking agents and the Banco Santander is the custodian in Chile.

During 2007, 1.3 million shares were traded, the equivalent of €17 million. The closing share price as of December was € 11.01.

LATIBEX	BLOCKS	AMOUNT(€\$)	AVERAGE PRICE
1st Quarter 2005	590,534	3,711,369	6.28
2nd Quarter 2005	559,731	4,172,973	7.46
3rd Quarter 2005	449,276	3,916,131	8.72
4th Quarter 2005	499,837	4,829,056	9.66
1st Quarter 2006	472,690	4,652,963	9.84
2nd Quarter 2006	479,532	4,411,956	9.20
3rd Quarter 2006	433,281	4,059,131	9.37
4th Quarter 2006	475,391	5,367,646	11.29
1st Quarter 2007	468,101	5,720,875	12.22
2nd Quarter 2007	426,654	5,826,061	13.66
3rd Quarter 2007	206,383	2,701,883	13.09
4th Quarter 2007	250,092	3,023,238	12.09

02. STOCK TRADING BY BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

SHAREHOLDER	TAX N°	BUYER/SELLER	TRANSACTION DATE	NUMBER OF SHARES TRADED	TRANSACTION UNIT PRICE	TRANSACTION TOTAL AMOUNT	PURPOSE OF THE TRANSACTION	RELATIONSHIP WITH THE COMPANY
Ricardo Alvial Muñoz	7,330,389-3	Buyer	30/07/07	21,860	183.00	4,000,380	Financial Investment	Risks and Investments Director
Inversiones Santa Verónica Ltda.	79,880,230-5	Buyer	16/08/07	500,000	160.50	80,250,000	Financial Investment	Related to Hernán Somerville, Director
Martín Serrano Spoerer	13,039,523-6	Buyer	19/12/07	31,050	159.50	4,952,475	Financial Investment	Chief of International Finance

2008 DIVIDEND POLICY



01. DISTRIBUTABLE PROFIT

The distributable profit for the 2007 period is indicated below:

	THOUSAND CH\$
Net income for the year	188,376,410
Amortization of negative goodwill	4,421,859
Net income	183,954,551

02. DIVIDEND POLICY FOR THE YEAR 2008

The Board is willing to propose to the Ordinary Shareholders Meeting of Enersis, which will be celebrated within the first four months of 2009, a distribution of an amount equivalent to 70% of the net income for 2008.

In addition, the Board has the intention of distribute interim dividends against net income for the year 2008 to 15% of net income as of September 30, 2008, according to the financial statements at that date, being payable as of December, 2008.

The definitive dividend will correspond of the amount approved by the General Ordinary Shareholders Meeting that will take place on first four months of 2009.

The compliance of this program will keep conditioned, in terms of dividends, to the effective income, as well as the results of projections periodically made by the company or the existence of certain conditions.

The following table shows dividends by share paid over recent years.

DIVIDEND N°	KIND OF DIVIDEND	DATE OF CLOSING	PAID DATE	CH\$ PER SHARE	YEAR CHARGED TO
71	Definitive	04/19/01	04/25/01	1.806391	2000
72	Definitive	04/14/05	04/20/05	0.416540	2004
73	Definitive	03/28/06	04/03/06	1.000000	2005
74	Interim	12/19/06	12/26/06	1.110000	2006
75	Definitive	05/16/07	05/23/07	4.890330	2006
76	Interim	12/20/07	12/27/07	0.531190	2007

03. SUMMARY OF SHAREHOLDERS' COMMENTS AND PROPOSALS

No comments were received in Enersis with respect to the business between January 1 and December 31, 2007 from the majority shareholders or groups of shareholders representing 10% or more of the issued shares with voting rights, in accordance with provisions of clause 74 of Law 18,046 and clauses 82 and 83 of the regulations of the Corporations Law.



INVESTMENT AND FINANCING POLICY 2007



P. M. ANDERSON

The General Ordinary Shareholders Meeting held on April 24, 2007, approved the Investment and Financial Policy indicated below:

01. INVESTMENTS

A) INVESTMENT AREAS

Enerjis will invest, as authorized by its by-laws, in the following areas:

- Contributions for investment in or for the formation of subsidiary or affiliate companies, whose activities are aligned, related or linked to any forms or types of energy or the supply of public services or whose main raw material is energy.
- Investments consistent with the acquisition, construction, rental, administration, trading and disposal of any class of immovable goods, be this directly or through subsidiary companies.
- Other investments in every type of financial asset, deed or security.

B) MAXIMUM INVESTMENT LIMITS

The maximum investment limits for each investment area are the following:

- Investments in electric sector affiliates, those needed for these affiliates to fulfill their respective social obligations.
- Investments in other affiliate companies, in such a way that the sum of the proportions of the corresponding fixed assets of the participation of each one of these affiliate companies does not surpass the proportion of the fixed assets corresponding to the participation of the affiliates in the electricity sector, and of Enerjis S.A.



C) PARTICIPATION IN THE CONTROL OF INVESTMENT AREAS

In order to control the investment areas and pursuant to that established by Enersis' corporate purpose, the following procedure will be pursued, wherever possible:

- At the General Shareholders Meetings of the subsidiary and affiliate corporations, the appointment of directors consistent with the Enersis holding in said company shall be proposed; these individuals should preferably stem from company directors or executive officers or its subsidiaries.
- Investment, financial and business policies will be proposed to the subsidiary companies, as well as the accounting criteria and the systems that they should abide by.
- The management of the subsidiaries and affiliates will be supervised.
- Permanent control of the debt limits will be maintained, to the point that the investments or contributions implemented or that are planned for implementation do not represent a non-standard variation from the parameters defined by the maximum investment limits.



02. FINANCING

A) MAXIMUM LEVEL OF DEBT

The maximum level of debt at Enersis is established by a total debt/ assets plus minority interest ratio equalite 1.75 times the consolidated balance.

B) ADMINISTRATION ATTRIBUTES FOR AGREEING WITH CREDITORS ON DIVIDEND ALLOCATION RESTRICTIONS

Restrictions regarding the distribution of dividends may be agreed to only if such restrictions have been previously approved of by the General Shareholders Meeting (Common and Extraordinary).

C) ADMINISTRATION ATTRIBUTES FOR AGREEING WITH CREDITORS ON THE GRANTING OF GUARANTEES

The administration of the Company may agree with creditors to grant real or personal pledges, in conformity with the law and social statutes.

D) ESSENTIAL ASSETS FOR COMPANY PERFORMANCE

The shares that represent the contribution that Enersis does to the subsidiary Chilectra S.A. are considered essential assets for Enersis' operation.



ADMINISTRATION AND PERSONNEL



01. BOARD OF DIRECTORS



CHAIRMAN

Pablo Yrarrázaval
President, of the
Santiago Stock
Exchange
Tax No. 5,710,967-K



VICECHAIRMAN

Rafael Miranda
Industrial Engineer
Instituto Católico de Artes
e Industrias de Madrid
Tax No. 48,070,966-7



DIRECTOR

Pedro Larrea
Mining Engineer
Universidad
Politécnica de Madrid
Tax No: 48,077,275-k



DIRECTOR

Juan Ignacio de la Mata
Attorney at Law
Universidad de Madrid
Tax No. 48,101,910-9



DIRECTOR

Hernán Somerville
Universidad de Chile
Tax No. 4,132,185-7



DIRECTOR

Patricio Claro
Industrial Civil Engineer
Universidad de Chile
Tax No. 5,206,994-7



DIRECTOR

Eugenio Tironi
Sociologist
École des Hautes Études
en Sciences Sociales,
Paris, France
Tax No. 5,715,860-3

SECRETARY TO THE
BOARD

Domingo Valdés
Lawyer
Universidad de Chile
Tax No. 6,973,465-0

Enersis is managed by a 7-member Board of Directors each of whom remains in office for a period of 3 years and can be reelected. The Board of Directors was appointed at the General Ordinary Shareholders Meeting held on March 21, 2006. The Chairman, the Vice-President and the Board Secretary were appointed at a Board of Directors Meeting held on March 29, 2006. At a Board of Directors Meeting held on July 27, 2007, Mr. Pedro Larrea Paguaga was appointed director to replace Mr. Rafael Español Navarro. Pursuant to article 32 of Corporations Law N° 18,046, the full Board of Directors will be renewed at the next General Ordinary Shareholders Meeting.

DIRECTORS' REMUNERATION

Pursuant to article 33 of the Corporations Law N° 18,046 and the XVI Article of the Corporate By-Laws, the General Ordinary Shareholders Meeting held on April 24, 2007 approved the fees to be paid to the members of the Enersis Board of Directors for the 2007 period.



The amounts paid out as of December 31, 2007 to the Directors of Enersis as members of the Board of Directors Committee and the Auditing Committee, and to those company directors who are acting or acted during the 2007 period as Directors in subsidiaries, are detailed below:

AS OF DECEMBER 2007, AMOUNTS IN CHILEAN PESOS							
DIRECTOR	TITLE	EXERCISE PERIOD	ENERSIS BOARD (*)	SUBSIDIARIES BOARD	BOARD COMMITTEE (*)	AUDITING COMMITTEE (*)	VARIABLE ON CHARGE TO 2006 PROFITS (**)
Pablo Yrarrázaval	Chairman	01.01.07 to 12.31.07	50,481,122	-	8,216,331	-	16,893,904
Rafael Miranda	Vicechairman	01.01.07 to 12.31.07	36,859,172	-	-	-	12,670,428
Pedro Larrea	Director	08.01.07 to 12.31.07	10,484,235	-	-	-	-
Juan Ignacio de la Mata	Director	01.01.07 to 12.31.07	25,240,561	-	-	2,723,245	8,446,952
Hernán Somerville	Director	01.01.07 to 12.31.07	25,240,561	-	8,216,331	2,723,245	8,446,952
Patricio Claro	Director	01.01.07 to 12.31.07	25,240,561	-	8,216,331	705,038	6,618,708
Eugenio Tironi	Director	01.01.07 to 12.31.07	25,240,561	-	-	-	8,446,952
Rafael Español	Director	01.01.07 to 07.31.07	14,756,327	-	-	2,018,207	8,446,952
Ernesto Silva	Director	(***)	-	-	-	-	1,828,244
TOTAL			213,543,100	-	24,648,993	8,169,735	71,799,092

(*) Gross Amounts

(**) Includes variable remunerations on charge to 2006 profits paid in and registered as of May, 2007

(***) Ernesto Silva Bafalluy was Director until March 21, 2006. Variable remuneration correspond to year 2006

BOARD OF DIRECTORS CONSULTANCY EXPENSES

The Board of Directors incurred no consultancy expenses during the 2007 period.

Enersis Board of Directors' Committee. Subsequently, the Enersis Board of Directors' Committee, at its third session on March 29, 2006 agreed to appoint Mr. Pablo Yrarrázaval as Chairman of before mentioned committee and Mr. Domingo Valdés as its Secretary.

02. BOARD OF DIRECTORS' COMMITTEE

Pursuant to article 50 bis of the Corporations Law 18,046, Enersis formed a 3-member Board of Directors' Committee whose faculties and duties are established by the mentioned article. On March 29, 2006 the Company Board of Directors appointed, Mr. Pablo Yrarrázaval (associated to the controller), Mr. Hernán Somerville (associated to the controller) and Mr. Patricio Claro (independent director) as members of the

ACTIVITIES OF THE ENERSIS BOARD OF DIRECTORS' COMMITTEE

The Board of Directors' Committee met 12 times during the year 2007. It examined and approved the data regarding the operations stated in article 89 of the Corporations Law N° 18,046 reporting on the mentioned transactions. In addition, specific issues were dealt with in these sessions, as detailed below:

During the first session of the period, held on January 24, 2007, the Board of Directors' Committee examined the Company's Individual and Consolidated Financial Statements as of December 31, 2006, its Notes, its Income Statement and Relevant Facts, as well as the External Auditors' and Account Inspector Reports. Furthermore, the Board of Directors' Committee took formal notice of the report prepared by the External Auditors regarding wire transfers and money brokering, pursuant to that established by Joint Circular N° 960 of the Superintendence of Banks and Financial Institutions and the Securities and Insurance Commission. In addition, the Board Committee made a proposal to the Company's Board to appoint as Independent External Auditing the firm Deloitte & Touche for the 2007 period; they also agreed on a proposal to the Board to appoint the firms Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo

Limitada as private national risk classifiers, and the firms Fitch Ratings, Moody's Investors Service and Standard & Poor's International Ratings Services as private classifiers of international risk for Enersis during the 2007 period. The Board of Directors' Committee also approved the text to be presented to the Company's General Ordinary Shareholders Meeting regarding the activities developed by the Committee during the 2006 period, as well as the expenses incurred, including consultancy expenses during said period. It also declared having reviewed the SAP software service provider and license usage agreement, to be signed by the Enersis subsidiary, Synapsis Soluciones y Servicios IT Limitada (Synapsis) and Endesa Servicios S.L. (Endesa Servicios), subsidiary of Endesa, S.A. (Enersis' parent company) finding it bidding to normal market equity principles.

At its second session held on February 28 2007, the Board of Directors Committee declared it had reviewed the remunerations systems and compensation plans for Company managers and main executives and decided that a retention policy for key executives and for hiring young executives should be designed and implemented.

In its third session dated March 28, 2007, the Committee declared it had reviewed the transfer to Enersis of 22,767 quotas currently the property of Synapsis, Soluciones y Servicios IT Limitada in Synapsis Argentina SRL, stating that the transfer be carried out under similar normal market equity conditions.

In its fourth session on April 25, 2007, the Company's Individual and Consolidated Financial Statements as of March 31, 2007, its Notes, Income Statement and Relevant Facts were reviewed.

At their fifth session of the period, dated May 29, 2007, the Board of Directors' Committee agreed to adopt an understanding regarding the ordinary operations that the Company and/or its affiliates carry out with Corpbanca

and Banco Bice and/or its subsidiaries during the course of ordinary placements of cash surplus and other normal financial operations executed by the Enersis Treasury Department, taking into account the fact that the director Mr. Hernán Somerville is also a director of Corpbanca, and that the director Mr. Patricio Claro is also a director of Banco Bice.

At its sixth session on June 28, 2007, the Board Committee declared it had reviewed operations between Enersis and related persons during the month of May, 2007.

At the seventh session held on July 27, 2007, the Board of Directors' Committee reviewed the Individual and Consolidated Financial Statements as of June 30, 2007 a well as the external auditors' report.

At the eighth session held on August 30, 2007, the Board of Directors' Committee declared it had reviewed the service provider contract and the assignment of usage license rights on software for the development of a equity risk information system that will help control and manage the information and the documents administered by the Investments and Risk Management at Enersis, finding it abiding to normal market principles of equity. Furthermore, it declared having reviewed the service provider contract and the waiver of software usage license rights that the Company will soon be signing with its subsidiary "Synapsis Soluciones y Servicios IT Limitada" (Synapsis), in order to implement at Enersis the Procurement Management solution called "SAGA" as well as the supply and installation of the certificates required to encrypt the pertinent information, finding it abiding to normal market principles of equity.

At the ninth session held on September 28, 2007, the Board of Directors' Committee the Committee Chairman made reference to the Strategic Alliance executed by Endesa S.A. (the Enersis parent company) and Enersis, its main contents matter and a proposed modification to the advance notice period. The Board of Directors' Committee agreed that, on

review of background data received and in light of preserving the Strategic Alliance, it is reasonable to agree to the proposed modification. Consequently, for the better social interest of Enersis and abiding to normal market principles of equity, the Enersis Board of Directors' Committee considered it proper to rate as suitable the requested modification consisting of replacing the advance notice period foreseen in the fourth clause, item one of the Strategic Alliance that is currently set at three months, by a one month period.

At the tenth session held on October 30, 2007, the Board of Directors' Committee reviewed the Individual and Consolidated Financial Statements as of September 30, 2007, its Notes, and Income Statement and Relevant Facts.

At the eleventh session dated November 28, 2007, the Board of Directors' Committee agreed to put on record that it had taken formal and express notice of the Enersis Letter of Internal Control, dated November 15, 2007, prepared by the Company's External Auditors, Deloitte & Touche referred to by Circular N° 980 of the Securities and Insurance Commission. Furthermore, the Committee Chairman made reference to the Strategic Alliance signed by Endesa S.A. (the Enersis head-office) and Enersis, its main content material and a proposed modification to the automatic renewal period. Consequently, the Enersis Board of Directors' Committee considered it proper to rate the requested modification consisting in replacing the automatic renewal period foreseen in the fourth clause of the Strategic Alliance that is currently set at one year by a three month period as appropriate for the better social interest of Enersis and abiding to normal market principles of equity.

At the twelfth session held on December 12, 2007, the Board of Directors' Committee agreed to approve the schedule of ordinary sessions for the period 2008.

In conclusion, the Board of Directors' Committee of Enersis has been very thorough, during the 2007 period, in its attention to the issues mentioned in article 5° bis of the Corporations

Law 18,046 and has analyzed and contributed to the better development of the operations reviewed above.

BOARD OF DIRECTORS' COMMITTEE EXPENSES IN 2007

During the year 2007, the Board of Directors' Committee did not make use of the operating expense budget approved by the company's General Ordinary Shareholders Meeting held on April 24, 2007. Said Committee did not need to hire the services of professional consultants for the performance of their duties.

03. AUDITING COMMITTEE'S

The formation of the Auditing Committee was approved by the Enersis Board of Directors, at a session held on June 29, 2005. The Auditing Committee is separate from the Board of Directors and from the Board of Directors' Committee required by Corporations Law 18,046. The Auditing Committee is a requirement of the United States of America Sarbanes Oxley Act and the complementary regulation issued by the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE), addressing the fact that Enersis is an issuer of American Depositary Receipts (ADRs) that are duly registered with the NYSE, and is also an issuer of United States of America registered bonds. Amongst its duties are the following: i) to be one of the advocates to the general shareholders meeting of the external auditors' appointment; ii) to be responsible for certifying the performance of the Company's external auditors; iii) prior approval of external auditing services and the diverse services provided by the external auditors; and iv) establish procedures for the reception and management of claims in the accounting, internal control or auditing sectors. The Enersis General

Extraordinary Shareholders Meeting held on March 21, 2006 reformed the latter's by-laws with the purpose of regulating the formation, integration, performance and attributes of the Auditing Committee.

On March 29, 2006, the Company Board of Directors designated, as Messrs. Juan Ignacio de la Mata, Rafael Español and Hernán Somerville members of the Auditing Committee of Enersis, all of whom comply and declared that they comply with the level of independence expected of members of the Auditing Committee by the Sarbanes Oxley Act of the United States of America, the Securities and Exchange Commission and the New York Stock Exchange, in that their respective provisions are applicable to Enersis. Likewise, the Enersis Auditing Committee, at its session N°2/2006 dated April 26, 2006, unanimously agreed to appoint Mr. Juan Ignacio de la Mata as Committee Chairman and Mr. Domingo Valdés as its Secretary. On July 27, 2007 Mr. Rafael Español tendered his resignation to his position as Director, to his position as member of the Enersis Auditing Committee and to his role as Financial Expert on the latter. On the same date, the Company Board of Directors appointed Mr. Patricio Claro as the new member to the Auditing Committee. In turn, the Board of Directors appointed Mr. Hernán Somerville as the new Financial Expert on the Auditing Committee.

ENERSIS AUDITING COMMITTEE ACTIVITIES

The Auditing Committee held four sessions during the year 2007, at which the specific issues expressed below were addressed:

At its first session during the 2007 period, held on January 24, 2007, the Auditing Committee reviewed the Individual and Consolidated Financial Statements as of December 31, 2006, its Notes, and its Income Statement and Relevant Facts, as well as the Enersis External Auditors reports. In addition, the Auditing Committee took formal notice of the Deloitte & Touche

report issued on January 22, 2007 regarding wire transfer and money brokering for the 2006 period in accordance with that established by the Superintendence of Banks and Financial Institutions and the Securities and Insurance Commissions Joint Circular N° 960. Furthermore, the Auditing Committee agreed to put on record that it had taken formal and express notice of the Enersis Letter of Internal Control, dated November 27, 2006, prepared by the Company's External Auditors, Deloitte & Touche referred to in Circular N° 980 of the Securities and Insurance Commission. On the other hand, and in accordance with the Procedural Rules of the Auditing Committee and the Statement on Accounting Standards N° 61, the Auditing Committee reviewed and discussed with the external auditors Deloitte & Touche the scope of their professional services, their auditing coverage, their independence status, administration criteria and accounting estimates, critical accountancy policies and sensitive areas, analyzed significant transactions, significant changes in accountancy policies, proposed auditing adjustments processed or unprocessed, written communications such as representation letters and reports to the administration, requests and main issues discussed throughout the year, disagreements with administration, fraud considerations, status on the SOX 404 Auditing progress and convergence of the Chilean accounting principles with the IFRS. At the same session, the Committee approved the fees paid by the Enersis Group during the 2006 period to the different external auditing firms it hires, these being Deloitte & Touche, Ernst and Young and KPMG, as well as the proposed fee estimate for the 2007 period. It also reviewed and favorably rated the performance of the Company's external auditors during the 2006 period and proposed the Independent External Auditing firm Deloitte & Touche for the year 2007. Furthermore, the Committee approved policies for hiring external auditing firms' ex-employees, reserving their right to establish special terms for the eventual hiring of certain employees or special category

employees, to be determined case by case. In addition and according to the approved procedure regarding the Ethics Channel and Claims Treatment as indicated in the Sarbanes Oxley Law, the Committee expressed its thoughts on each of the claims presented, issued instructions for each one of these and confirmed that it is the responsibility of the Auditing Committee Chairman to determine the appropriateness of calling an extraordinary session of this organism in the event that the size of the claim so justifies it in the judgment of the Chairman. In addition, and in accordance with that established by Section 202 of the Sarbanes Oxley Law, the Auditing Committee unanimously agreed through all the members present, to pre-approve the contracting of external auditing services as well as those services not related to the external audit to be provided by the external auditors and that were presented in that session for prior approval. Likewise, the Committee prepared an Auditing Committee Expense Budget proposal for the Period 2007 and agreed to submit said Budget proposal to the Board of Directors and the Enersis General Ordinary Shareholders Meeting, so that the latter can rule definitively on the issue. The Committee also approved the text of the report that to be presented to the General Ordinary Shareholders Meeting and included in the Annual Report of Enersis S.A. regarding the activities carried out by the Committee during the 2006 period, as well as the expenses it had incurred, including those of their assessors during said period. Lastly, the Committee approved the schedule of ordinary sessions for the 2007 period.

In the second session, dated April 25, 2007, the Auditing Committee reviewed the Individual and Consolidated Financial Statements as of March 31, 2007, its Notes, and Income Statement and Relevant Facts. In addition, and in compliance with Section 404 of the Sarbanes Oxley Act, the Committee approved the Enersis S.A. internal control structures and procedures required for its financial report. The Committee also declared having reviewed a draft of Form 20-F, in terms of

the reconciliation of the Company Financial Statements to US GAAP, as well as the remaining related information required by the Securities and Exchange Commission of the United States of America (SEC). In addition and following the approved procedure regarding the Ethics Channel and Claims Treatment as indicated in the Sarbanes Oxley Law, the Committee expressed its thoughts on each of the claims presented, issued instructions on each one of these and confirmed that it is the responsibility of the Auditing Committee Chairman to determine the appropriateness of calling an extraordinary session of this organism in the event that the size of the claim so justifies it in the judgment of the Chairman. Furthermore and in compliance with that established by Section 202 of the Sarbanes Oxley Law, the Committee agreed to pre-approve the hiring of determined auditing services as well as those services not related to the audit and to be provided by the external auditors.

In its third session, dated July 26, 2007, the Auditing Committee reviewed the Individual and Consolidated Financial Statements as of June 30, 2007, its Notes, and Income Statement and Relevant Facts and the report from the external auditors. In addition, the Committee reviewed and approved the external auditor's annual audit plan and the means with which it will be implemented, thereby complying with the respective requirement of the Internal Rules of the Auditing Committee. Likewise, and following the approved procedure regarding the Ethics Channel and Claims Treatment as indicated in the Sarbanes Oxley Law, the Committee expressed its thoughts on each of the claims presented, issued instructions on each one of these and confirmed that it is the responsibility of the Auditing Committee Chairman to determine the appropriateness of calling an extraordinary session of this organism in the event that the size of the claim so justifies it in the judgment of the Chairman. Furthermore and in compliance with that established by Section 202 of the Sarbanes Oxley Law, the Committee agreed to pre-approve

the contracting of determined auditing services as well as those services not related to the audit and to be provided by the external auditors. Finally, the Committee accepted Mr. Rafael Español Navarro's resignation as a member of the Auditing Committee as well as in his role as Financial Expert to the committee.

In the fourth session, held on October 30, 2007, the members of the Auditing Committee were informed that the Company Board of Directors, at their session held on July 27, 2007 agreed to appoint Mr. Patricio Claro as a member of the Auditing Committee of Enersis, effective August 1, 2007, replacing Mr. Rafael Español. Likewise, they were informed that the Board of Directors, in the aforementioned session, appointed Mr. Hernán Somerville as Financial Expert to the Auditing Committee. The Auditing Committee also reviewed the Individual and Consolidated Financial Statements of Enersis as of September 30, 2007, its Notes, and Income Statement and Relevant Facts. Furthermore and in compliance with that established by the Sarbanes Oxley Law, the Committee agreed to pre-approve the hiring of determined auditing services as well as those services not related to the audit and to be provided by the external auditors.

AUDITING COMMITTEE EXPENSES DURING YEAR 2007

During the year 2007, the Auditing Committee did not make use of the operating expense budget approved by the company's General Ordinary Shareholders Meeting held on April 24, 2007. Said Committee did not need to hire the services of professional consultants for the performance of its duties.

04. SENIOR EXECUTIVES



CHIEF EXECUTIVE OFFICER

Ignacio Antoñanzas
Mining Engineer
Universidad Politécnica de
Madrid
Tax No. 22,298,662-1

REGIONAL CHIEF FINANCIAL OFFICER

Alfredo Ergas
B.A. in Business
Universidad de Chile
Tax No. 9,574,296-3

REGIONAL CHIEF PLANNING AND CONTROL OFFICER

Ramiro Alfonsín
B.A. in Business Administration
Pontificia Universidad Católica
de Argentina
Tax No. 22,357,225-1

REGIONAL CHIEF ACCOUNTING OFFICER

Fernando Isac
Economist
Universidad de Zaragoza
Tax No. 14,733,649-7

FISCAL

Domingo Valdés
Lawyer
Universidad de Chile
Tax No. 6,973,465-0

CHIEF COMMUNICATIONS OFFICER

José Luis Domínguez
Civil Engineer
Pontificia Universidad
Católica de Chile
Tax No. 6,372,293-6

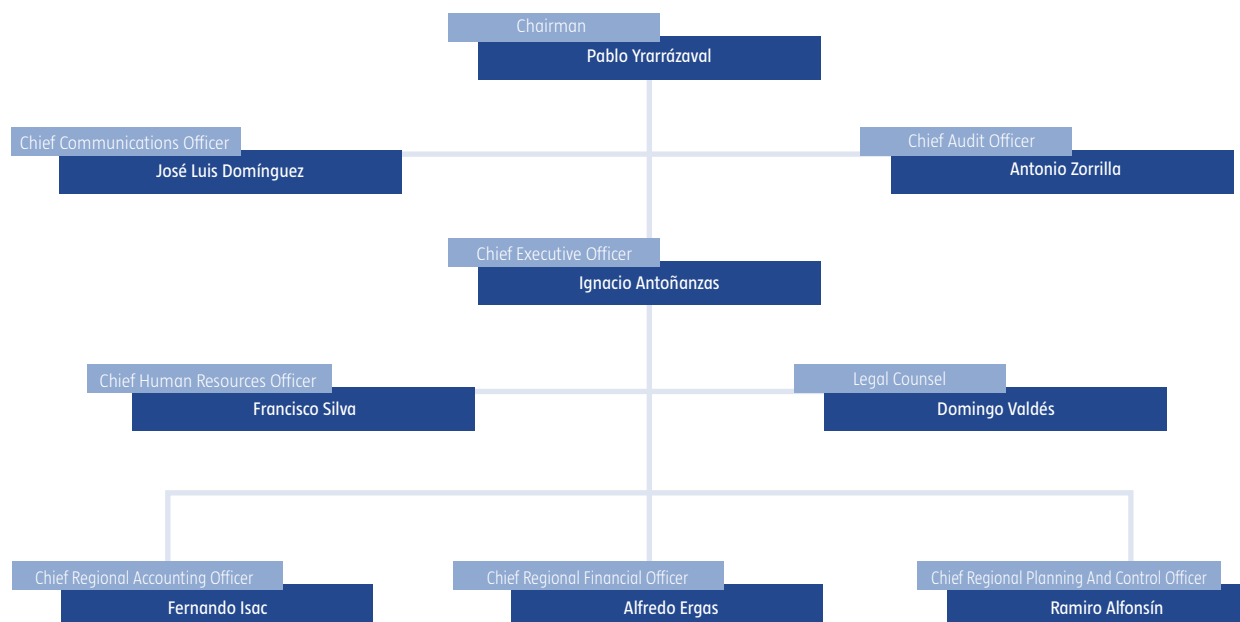
CHIEF AUDITING OFFICER

Antonio Zorrilla
Mining Engineer
Universidad Politécnica de
Madrid
Tax No. 22,551,385-6

CHIEF HUMAN RESOURCES OFFICER

Francisco Silva
Public Administrator
Universidad de Chile
Tax No. 7,006,337-9

05. STRUCTURAL ORGANIZATION



SENIOR EXECUTIVE AND MANAGEMENT FEES

The total gross remuneration received during the 2007 period by the abovementioned senior executives and the remaining officers of Enersis that do not report directly either to the President or to the Chief Executive Officer, totaled Ch\$ 2,550 million.

SENIOR EXECUTIVES AND MANAGEMENT INCENTIVE PLANS

Enersis has annual bonus plans for executives based on objectives and an individual level of contribution to the company results. This plan includes a definition of the bonus range according to levels of executive hierarchy. The bonuses ultimately granted to the executives consist of a determined number of gross monthly salaries.

SEVERANCE PAID TO SENIOR EXECUTIVES AND MANAGEMENT

During the year 2007, Ch\$ 192 million was paid out in severance pay.

06. HUMAN RESOURCES COMPOSITION

The composition of Enersis personnel, including information related to subsidiaries in the five countries where the Group operates in Latin America as of December 31, 2007, is the following:

COMPANY	EXECUTIVES	PROFESSIONALS AND TECHNICIANS	WORKERS AND OTHERS	TOTAL
Enersis	25	116	81	222
Endesa Brasil (1)	52	2,098	755	2,905
Endesa Chile (2)	62	1,972	196	2,230
Chilectra (3)	28	527	173	728
Edesur	36	1,853	645	2,534
Edelnor	15	330	199	544
Codensa	18	910	3	931
Synapsis (4)	13	613	145	771
CAM (5)	14	835	380	1,229
Inm. Manso de Velasco (6)	4	13	18	35
TOTAL	267	9,267	2,595	12,129

(1) Includes: Ampla, Coelce, CIEN, Cachoeira Dourada, Fortaleza, CTM and TESA.
 (2) Includes: Ingendesa, Pangué, Pehuenche, Celta, San Isidro, Endesa Costanera, El Chocón, Edegel, Emgesa, Enigesa, Endesa Argentina, Fundación Endesa Colombia, EEPESA, CEMSA, Docksud and Túnel el Melón.
 (3) Includes: Empresa Eléctrica de Colina and Luz Andes.
 (4) Includes: Synapsis Chile, Synapsis Argentina, Synapsis Colombia, Synapsis Brasil and Synapsis Perú.
 (5) Includes: CAM Chile, CAM Argentina, CAM Brasil, CAM Colombia and CAM Perú.
 (6) Includes: Soc. Agrícola de Cameros, Aguas Santiago Poniente, Const. y Proyecto Los Maitenes and Agrícola e Inmobiliaria Pastos Verdes.



COMPANY BUSINESSES

01. HISTORICAL BACKGROUND

On June 19, 1981, the Compañía Chilena de Electricidad S.A. formed a new corporate structure, which gave rise to a parent company and three subsidiary companies. One of these was Compañía Chilena Metropolitana de Distribucion Electrica S.A. In 1985, as a result of the privatization policy enforced by the Government of Chile, the shareholding transfer from the Compañía Chilena Metropolitana de Distribucion Electrica S.A. to the private sector was initiated, a process which in fact ended on August 10, 1987. Through this process Pension Funds Administrators (AFPs), company workers, institutional investors and thousands of small shareholders joined the corporation. Its organizational structure was based on activities or operating functions whose achievements were evaluated from a performance viewpoint and its profit was conditioned by a tariff scheme as a result of the company's full-time commitment to the business of the distribution of electricity.

In 1987, the company's Board of Directors proposed forming a division for each one of the different activities of the parent company. Thus four subsidiaries were formed, administered as business units each one with its own objectives, and thereby expanding the company's activities towards other non regulated activities but linked to the main line of business. This division was approved by the General Extraordinary Shareholders Meeting of November 25, 1987 that defined its new corporate purpose. Through the above, the Compañía Chilena Metropolitana de Distribucion Electrica S.A. became an investment trust.

On August 1, 1988, by virtue of a General Extraordinary Shareholders Meeting approval dated April 12, 1988, one of the companies that emerged from the division changed its name to Enersis S.A. At the General Extraordinary Shareholders Meeting of April 11, 2002 the corporate purpose of the company was modified, introducing telecommunications activities and the investment and administration of companies whose business line was telecommunications and information technology as well as the internet intermediary business.

Today, Enersis is one of the biggest private electrical groups in Latin America in terms of consolidated assets and operational incomes, achieved through steady growth and a balance in its electrical businesses, generation and distribution, as well as other related activity businesses.

The development of the distribution of electric energy business abroad has been implemented jointly with its subsidiary Chilectra, a company committed to the distribution of electric energy in the Metropolitan Region of Santiago, Chile.

Investments in electric energy generation in the country and abroad have been developed through their subsidiary Empresa Nacional de Electricidad S.A. (Endesa Chile).

Moreover, its presence in businesses that complement its main activities through a majority holding is as follows:

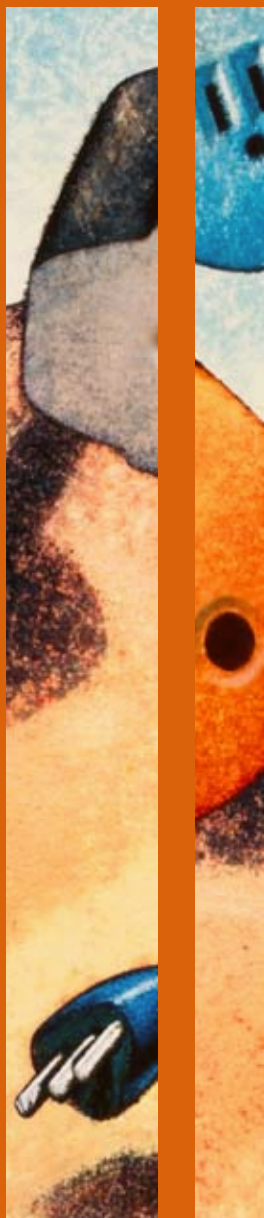
Synapsis Soluciones y Servicios IT Ltda. aimed to providing services and equipment related to the computer industry and to data processing.

Inmobiliaria Manso de Velasco Ltda., committed to the real estate business, through comprehensive development of real estate projects and the administration, rental, purchase and sale of the real property assets belonging to Enersis and its subsidiaries in Chile.

Compañía Americana de Multiservicios Ltda. (CAM), its field of action is related to trade and other networking operations for public service companies, preferably in utility measuring service systems and as a purchaser, importer and exporter as well as trader and supplier of materials for the Enersis subsidiaries and third parties.

02. EXPANSION AND DEVELOPMENT

Enersis started its international expansion process in 1992, through holdings in different privatization processes in neighboring countries on the continent, thereby developing a significant presence in the electric sectors in Argentina, Peru, Colombia and Brazil.



In July 1992, Distrilec Inversora S.A., a company in which Enersis has a holding, acquired Empresa Distribuidora Sur. S.A., **Edesur**, a company that distributes electric energy in the city of Buenos Aires, Argentina. Thereafter, in December 1995, Enersis acquired an additional 39% of the mentioned company, becoming its majority shareholder.

Between July 1994 and December 1995, Enersis, through its company called Inversiones Distrilima S.A., acquired 60% of the shareholding package of the Empresa de Distribucion Electrica de Lima Norte S.A., **Edelnor**, in Peru. In addition, that same year, it acquired Edechancay, another Peruvian electricity distribution company.

During 1996, Enersis ventured for the first time into the Brazilian market, acquiring together with other partners a significant portion of the shares of the previously called Companhia de Eletricidade do Rio de Janeiro S.A., **Cerj** that distributes electric energy to the city of Rio de Janeiro and Niteroi, Brazil, and whose current name is **Ampla Energia e Serviços S.A.**

In 1997, Enersis successfully participated, through a consortium, in the capitalization process and subsequent takeover of **Codensa S.A.** ESP, Codensa, a company that developed the electricity distribution business in the city of Bogotá and in the municipality of Cundinamarca, Colombia.

At the beginning of 1998, Enersis once again ventured into the Brazilian market; this time through a consortium that acquired control of Companhia Energetica de Ceara S.A., **Coelce**, a company that distributes electricity in Northeastern Brazil, in the Estado de Ceara.

During 1999, **ENDESA, S.A.**, the Spanish corporation, became the majority shareholder of Enersis. Through a Takeover Bid (OAA) in which it offered Ch\$ 320 per share, the multinational corporation acquired 32% of Enersis, which, added to the 32% it had purchased in August 1997, placed its holding at 64%. The operation, completed on April 7, 1999, involved an investment of US\$ 1,450 million.

On May 11, 1999, Enersis acquired an additional 35% of **Endesa Chile** where it already held a 25%. With this acquisition it obtained practically a 60% holding in the generating company, becoming the parent company of that firm and consolidating one of the first privately owned electrical groups in Latin America.

In the year 2000 significant operations were carried out which can be summarized as follows: a US\$ 520 million **corporate capital increase**; additionally, as part of strategic framework established by the Genesis Plan, US\$ 1,400 million was incorporated, resulting from the **sale of the subsidiaries** Transelec, Esval, Aguas Cordillera and real estate divestitures.

Throughout 2001, significant investments were made: US\$ 364 million to increase the company's holding in Chilectra's capital stock; US\$ 150 million in the acquisition of 10% of the capital stock of Edesur, in Argentina which was in the hands of company employees; US\$ 132 million to increase holding in the Brazilian company Ampla; and US\$ 23 million for a 15% increase in the Enersis holding in Río Maipo.

During the year 2002, construction continued in Chile on the Ralco hydro-electric plant, located in the 8th Region and in Brazil on the Fortaleza thermo-electrical Plant in the state of Ceara. Furthermore, commercial operation of the second phase of the electrical interconnection between Argentina and Brazil, CIEN, was initiated completing a transmission capacity of 2,100 MW between these countries.

Enersis also strengthened the financial position of Ampla in Brazil through the capital conversion of US\$ 100 million in convertible bonds and through a capital increase of US\$ 100 million, and it invested US\$ 1.6 million to increase its holding by a 1.73%, in the corporate capital of Distrilima en Peru, the company through which is controlled the distributor Edelnor.

During 2003, Enersis implemented capital increase that enabled it to expand the company's equity by more than US\$ 2,104 million; with this operation the ENDESA, S.A. holding in Enersis dropped to 60.62%.

Additionally, **refinancing** operations to the value of US\$ 4,018 million were carried out through diverse instruments such as new syndicated loans, bond issues on the local and foreign markets, prepayment of the so-called "Jumbo II" loan and other minor operations. Finally, **assets amounting to US\$ 757 million were sold** that included the Canutillar generating plant and the Río Maipo electrical distribution plant.

In 2004, **liabilities amounting to US\$ 2,100 million were refinanced** through diverse instruments such as syndicated loans, bond issues on the local and foreign markets, and other minor operations.

In addition, the Endesa Chile subsidiary's **Ralco** Plant went into operation, with a 690 MW capacity contribution.

In 2005, a corporate "holding" company was formed in Brazil, a subsidiary of Enersis S.A., under the name **Endesa Brasil S.A.** The formation of this new company was based on all the assets the Enersis Group and Endesa Internacional hold in Brazil: CIEN, Fortaleza, Cachoeira Dourada, Ampla, Investluz and Coelce.

Furthermore, Endesa Chile started developing the feasibility pre-project for the implementation of the Baker and Pascua river projects that represent more than 2,750 MW of new installed capacity in Chile. In March, Endesa ECO S.A. was formed with the corporate purpose of developing renewable energy projects in Latin America. In addition, in August construction on the **San Isidro II** combined cycle thermal plant (377 MW) began and in October on the **Palmucho** Hydraulic Plant (32 MW).

In February 2006, Endesa Chile purchased, for approximately US\$ 17 million, the **TermoCartagena** plant (142 MW) in Colombia that operates on fuel oil or gas and which could possibly be converted to coal.

In March, Enersis reported the **Elesur and Chilectra merger** to the Superintendencia of Banks and Financial Institutions; in this fusion the latter was absorbed by the former. The full force of this merger was felt as from April 1, 2006.

In May, Endesa Chile started research on the environmental base line of the **Aysén Hydroelectric Project** in the country's 11th Region, which will continue through 2008, and later in August formed the Centrales Hidroeléctricas de Aysén S.A. company. In June, the **Edegel and Etevensa merger** took place, subsidiary of Endesa Internacional in Peru, and during September Endesa Chile together with ENAP, Metrogras and GNL Chile signed the agreement that defines the structure of the **Natural Liquid Gas Project (GNL)** which is part of the strategy in light of the lack of the gas supply from Argentina.

Another relevant operation in 2006 was the incorporation of a new shareholder in Endesa Brasil, this being the IFC (International Finance Corporation) that contributed US\$ 50 million to the Brazilian holding.

In October 2006, the **bidding process** for the energy supply covering the period 2010-2022 was closed. Chilectra contracted 49,720 GWh, sufficient energy to fulfill its contracts up to the year 2009. Endesa Chile and subsidiaries were awarded approximately 6,400 GWh/year, representing 100% of its own bids and a 59% of total bids presented, at a price in the area of US\$ 65 per MWh.

On April 23, 2007 Endesa Chile connected the first phase of the Extension Project of the **San Isidro Plant**, second unit to the Economic Load Dispatch Center of the Central Interconnected System (CDEC-SIC); this will inject a maximum capacity of 248 MW net.

During the year 2007, Chilectra initiated a new auction process for the supply of regulated customers, where a total 5,700 GWh per year were awarded as from the year 2011, at an average price of US\$ 73. In compliance with that established by article N° 135 of DFL N° 4, in March 2008 this process will continue with a call to tender for 1,800 GWh per year, also as from the year 2011.

On September 1 the **merger between the Colombian generating companies Emgesa and Betania took place.**

As from October 10, 2007, the final controlling shareholders of Enersis S.A. – through Endesa, S.A. and Endesa Internacional S.A. – became **ENEL S.p.A and ACCIONA, S.A.**

During November, the commercial operation of the new **Palmucho** hydro-electric plant located at the foot of the Central Ralco dam in the Alto Bío Bío area, 8th Region, was started up; this plant will contribute 32MW of installed capacity to the Central Interconnected System (SIC).

On December 6, **Canela** was inaugurated; the first Wind Farm on the Central Interconnected System, Canela is located in the municipality of Canela in the Coquimbo Region and contributes 18 MW to the Central Interconnected System (SIC).

GROWTH, RESEARCH & DEVELOPMENT

Enersis' principal objective is to maximize the economic value of its net worth through steady growth based on rigorously evaluated and administered electrical business. The fulfillment of this objective is founded on an investment strategy focused on increasing the economic value of subsidiary and affiliate companies as well as the acquisition of new ones.

In this context, Enersis has based its strategy on four fundamental pillars, namely:

- Increase business profitability
- Increase investment value for its shareholders
- Strengthen its balance sheet and financial position.
- Take advantage of the best investment opportunities

Regarding the **first developmental pillar**, our company, during 2007, continued improving the pay-back of its principal subsidiaries, both in the business of generating as well as distributing electric energy. Thus, for example, returns on operating incomes in both lines of business, reflect significant inclines resulting from constant improvements to the productive

processes as a consequence of permanent research implementation.

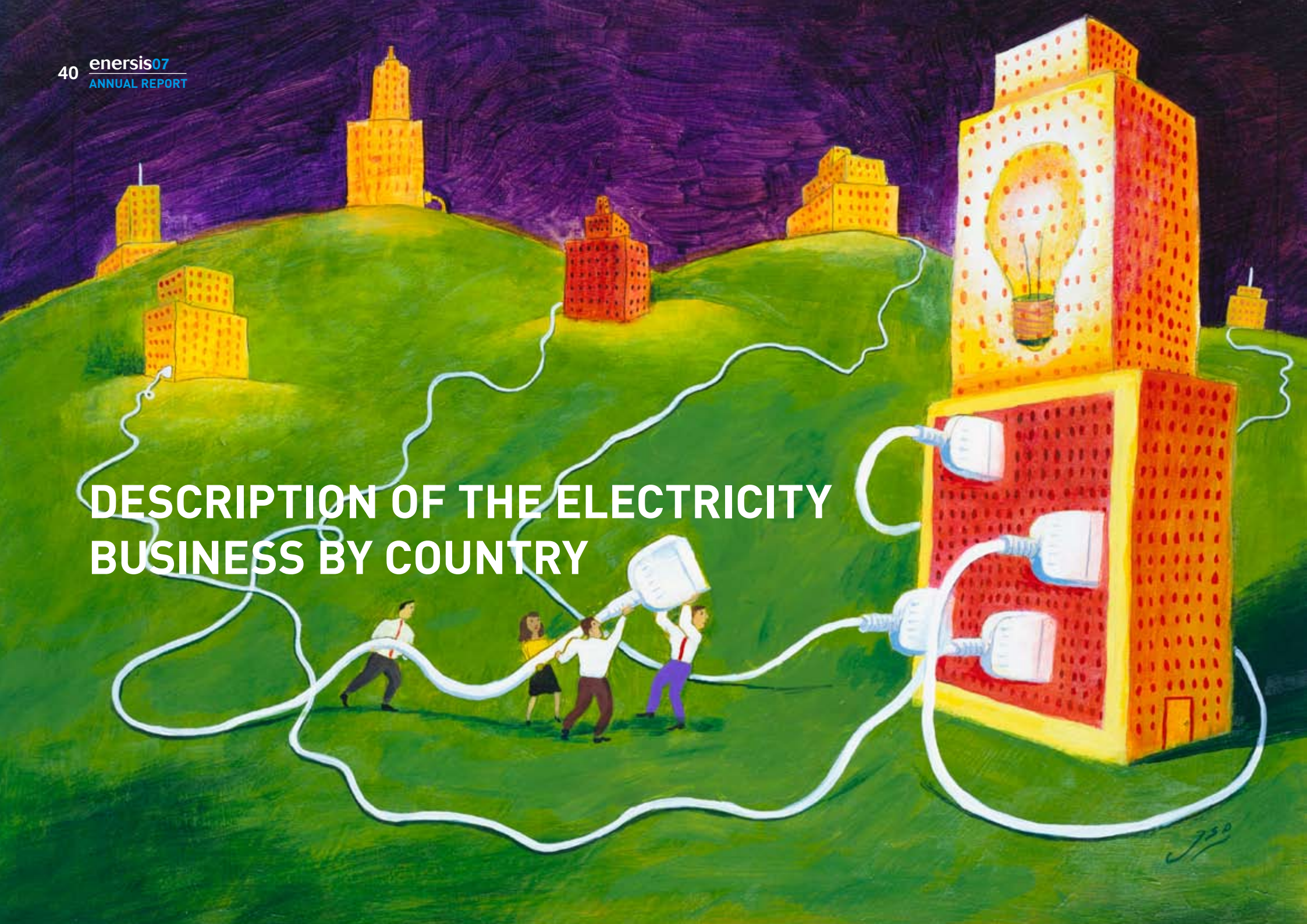
With reference to the **second pillar**, increase investment value for its shareholders, an increase of more than 291% in the value of the company's market capitalization over the past five years must be mentioned. This has emerged from the best and highly informed market perception of Enersis' business diversification. In fact, our group took fitting advantage of the growth experienced by the economies of the five countries where it operates, which impacts favorably on the energy demand, an essential raw material for development sustainability.

In terms of the **third pillar**, availability of a better and healthier financial structure, it should be mentioned that in July, the International Ratings Agency Standard & Poor's raised the international risk rating of Enersis and Endesa Chile to BBB (stable) where all agencies classified both companies with an investment grade rating. On these same lines, the national rating firms Feller Rate and Fitch raised their local rating to AA- (stable), also taking into account the financial improvements.

Finally, regarding the **fourth pillar**, investment opportunities, Enersis is permanently evaluating the best options for growth in both lines of business in current operating countries. In this context, the company rigorously analyzes different alternatives, bearing in mind that each can contribute to the three previously mentioned pillars.

A key factor on this subject takes into account the placement of investments that exact the significant experience, the management abilities and the operating capabilities of Enersis and its subsidiaries. This requirement calls for making investments in companies where there is definitive involvement in their management and operation, as well as the faculty to approve and reject investment projects.

DESCRIPTION OF THE ELECTRICITY BUSINESS BY COUNTRY



01. ELECTRICITY GENERATION

The business of electrical generation is carried out mainly by our subsidiary Endesa Chile. In this line of business, the Group has operating subsidiaries in Chile, Argentina, Brazil, Colombia and Peru.

In total, as of December 2007, the installed capacity reached 13,707 MW and our consolidated electrical production amounted to 54,434 GWh, and energy sales reached 62,574 GWh.

In the electricity industry, the business segmentation between hydro-electric power and thermal generation is natural, as the variable costs of the generation of electricity are different for each production type. Thermal generation requires purchasing of fossil fuels while hydro-electric plants use water from rivers and dams.

67% of our consolidated generation capacity comes from hydro-electric sources and 33% from thermal sources.

02. ELECTRICITY TRANSMISSION

For the Enersis Group, the business of transmitting electric energy is implemented through the interconnection line between Argentina and Brazil, CIEN, a subsidiary of Endesa Brasil.

03. ELECTRICITY DISTRIBUTION

Our electric energy distribution business is carried out by Chilectra in Chile, Edesur in Argentina, Ampla and Coece (property of Endesa Brasil) in Brazil, Codensa in Colombia and Edelnor in Peru. For the year 2007, our main subsidiaries and distribution related companies sold 61,610 GWh.

As of today, Chilectra, Edesur, Edelnor, Ampla, Coece and Codensa supply the principal cities in Latin America delivering electrical service to 12 million customers. These companies face an increasing electricity demand in the area of 6% per year, which drives constant investment, both in expansion as well as in the maintenance of facilities.



Argentina

01. INDUSTRY STRUCTURE

The Argentine Electricity Law (N° 24,065, January 1992) divides the electric sector in three parts. The generation segment is organized on a competitive base of independent generating companies that sell their production on the Wholesale Electricity Market (Mercado Electrico Mayorista), MEM or through private contracts with other members of MEM future markets.

The transmission of electricity in Argentina is regulated. These companies must operate, maintain and provide third parties with access to their transmission systems and they are authorized to charge a toll, but they are forbidden to generate or distribute electricity.

The distribution covers the transfer of electricity from the point of transmission supply to the users. The distribution companies operate as geographical monopolies, delivering the service to almost all users within a specific region. Consequently, the distributors' tariffs respond to regulations and the companies are subject to service specifications. Although the distributing companies can purchase -the electricity that they require in order to meet their demand- at the MEM at seasonal prices or through contracts with generating companies, they all prefer to buy electricity at the MEM as they are only allowed to transfer those seasonal prices that reflect the average spot price.

The Argentine dispatch system, as well as the Chilean, is designed to ensure that the less expensive electricity reaches the consumer. The generating companies sell their electricity to the distribution companies, to the energy traders and to the large scale users on the competitive MEM by means of freely negotiated supply contracts or on the spot market at prices established by the Compañía Administradora del Mercado Mayorista Electrico S.A., or CAMMESA which is responsible for the MEM operation.

The energy price consists of a value called System Marginal Price or Market Price and it represents the economic cost of generating the next KWh. All the generating companies in the system charge their energy at a marginal price affected by a factor that takes into account payment of losses and the transport service. Additionally, they receive payment for capacity availability.

All generating companies that belong to the National Interconnected System (SIN) common pool operate on the MEM. The distributing companies, the energy traders and the large scale users who have undersigned supply contracts with the generating companies pay a contracted price. Large scale users that buy directly from the generating companies, pay a toll to the distributing companies for the use of their distribution network.

The average spot price is the price paid by distributors for the electricity obtained from the common pool and it is a fixed price that CAMMESA updates every six months and adjusts every three months, and is approved by the Ministry of Energy according to supply, demand, available capacity and other factors. The spot rate is the price paid to the generating companies, or paid by the energy traders that sell generating capacity, for the energy shipped under CAMMESA's administration and for the capacity that it needs to maintain appropriate reserves. This hourly spot price paid reflects the generating marginal cost.

As of 2007, the Argentine National Interconnected System or SIN has an installed capacity of 24,406 MW, mostly thermal. The Systems annual generation reached 108,467 GWh and sales totaled 102,950 GWh.



02. ELECTRICITY GENERATION

Enersis participates in the generation of electric energy in Argentina through Endesa Costanera and El Chocon of which it has, directly or indirectly a 41.8% and 39.2% ownership share holding.

These companies operate five plants, two of which are hydro-electric and three are thermo-electric with a total installed capacity of 3,644 MW and represented, as of year-end 2007, a 15% of the installed capacity of electricity generation on the Argentine Interconnected System.

The Group's total electricity generation in Argentina amounted to 12,117 GWh as of 2007, an 11% of the total generated in that country. Of this total, the hydro-electric power represented a 31%, a lower percentage than in 2006 due to the fact that this was a relatively dry year. Physical energy sales amounted to 12,406 GWh in 2007.

Enersis and Endesa Chile also participated in the transmission and trading of electricity in Argentina by means of their related companies, Compañía de Transmision del Mercosur S.A. ("CTM"), owner of the Argentine side of the transmission line interconnecting with Brazil, CIEN and CEMSA, a trading company that has signed contracts with generating companies in Argentina for exporting electricity from that point to Brazil and Uruguay.

In Argentina, other generating companies connected to SIN are: Piedra del Aguila, Puerto, San Nicolás, Paraná, Alicura, Genelba, Pichi Picún Leufú and TermoAndes.



ENDESA COSTANERA

Is located in the city of Buenos Aires. Its installed capacity is 2,324 MW, it is a steam-gas thermal unit, and it uses natural gas, fuel oil and diesel oil as generating fuel. Its capacity accounts for close to 10% of the total installed capacity on the MEM as of December 2007.

Endesa Costanera operates a 1,138 MW steam plant that can run either on natural gas or fuel oil, the largest of its kind in Argentina, as well as two combined cycle plants of 327 MW and 859 MW.

Net generation amounted to 8,421 GWh and total sales amounted to 8,450 GWh, both declining in terms of the previous year.

CHOCÓN

Is located in the provinces of Neuquén and Rio Negro. Its installed capacity is 1,320 MW, it is a hydraulic, high head storage plant and for generation it uses water from the Limay and Collón Cura rivers. Its capacity represented close to 5% of the total installed capacity on the MEM as of December 2007.

This year and due to hydrological conditions, the company's net generation and sales dropped, 3,696 GWh and 3,956 GWh respectively.

03. ELECTRICITY DISTRIBUTION

Enersis operates in the distribution of electric energy in Argentina through its subsidiary Edesur, in which it holds, directly or indirectly, a 65.4% share.

Edesur has an exclusive concession for the distribution of electric energy within the concession area for a period of 95 years starting August 31, 1992. This concession consists of an initial 15 year period and eight additional 10 year periods. It is important to point out that as of February 5, 2007, the National Electricity Regulating Entity (Ente Nacional Regulador de Electricidad (ENRE) published in the Official Bulletin its Resolution ENRE N° 566/2007 announcing that the initial period would be extended by an additional five years, effective the termination of the Integral Tariff Renegotiation (RTI) (Renegociacion Tarifaria Integral) process.

The concession contract established Edesur's obligation of supplying electricity upon request of the proprietors or inhabitants of properties within the concession area, of

complying with certain quality standards related to the electricity supplied, of complying with certain operational demands in respect of maintenance of the distribution assets and invoicing customers based on effective measurement.

In Argentina, other electric system distributors are: Empresa Jujefia de Energia (EJESA), Empresa de Distribucion de Energia de Tucumán (EDET), Empresa Distribuidora de Energía de Santiago del Estero (EDESE), Empresa Distribuidora y Comercializadora Norte (EDENOR), Empresa de Distribución de la Plata (EDELAP).

EDESUR

Edesur's main objective is the distribution and marketing of electric energy in the southern area of the city of Buenos Aires, covering two thirds of the Federal Capital and twelve municipalities of the Province of Buenos Aires. Its concession area covers 3,309 km².

It delivered electric energy to 2,227,742 customers, a 1.4% more than the previous year. Of this total, 86.9% represents residential customers, 11.6% are commercial, 1.1% is industrial and 0.4% represents other clients.

During year 2007, energy sales reached 15,833 GWh to end customers, which represents an increase of 6.7% in respect of 2006. This was distributed in 40.4% to the residential sector, 26.3% to the commercial sector, 10.4% to the industrial sector and 22.8% to others.

The energy loss index reached 10.7% during 2007.

In regards to the tariff situation, with the publication in the Official Bulletin of the Argentine Republic of the National Electricity Regulating Entity's (ENRE) Resolution 50/2007, the first rate increase for Edesur since the 2002 devaluation came into effect. This was a 28% increase in remuneration

(Distribution Added Value) applied on all tariff categories with the exception of Tariff 1 Residential.

As part of the renegotiation process of the concession contract foreseen by Law N° 25,561 and its complementary ruling, on August 29, 2005 Edesur signed the Renegotiation Agreement Memorandum of the above mentioned Concession Contract, which was ratified by Presidential Decree N° 1,959 in January 2007.

Likewise, the ENRE, through its Resolution N° 50/2007 of February 2007, enforced the rates that transpired from the Agreement Memorandum as from February 1, 2007, and established that the retroactive collection, corresponding to the November 2005 – January 2007 period, be executed in 55 monthly and successive installments.

It should be pointed out that, in accordance with the Cost Monitoring Mechanism (Mecanismo de Monitoreo de Costos (MMC) established by the Agreement Memorandum that activates the tariff re-determination process due to

distributor cost variation every six months, the ENRE stipulated a 9.962% increase over own distribution costs for the period May 2005-April 2006, to be included in the February 2007 tariff, and a 9.75% for the period May 2006-April 2007 which has not yet been transferred to the tariff, but rather it is compensated with the PUREE surplus (Rational Use of Electric energy Program) by Resolution N° 1838/07 of the Ministry of Energy. Although as yet without a reply, there has also been a request made to the ENRE to apply a 7.76% increase on own distribution costs equivalent to the output of the MMC formula for the period May-October 2007.

While this has meant significant progress, in this period Edesur has still not been able to recover from its economic-financial crisis caused by the devaluation and dollar deposit conversion into pesos of January 2002, thus, its governance was focused on trying to minimize the effects emerging from the situation.



Brazil

01. INDUSTRY STRUCTURE

The electric industry in Brazil is organized under a large interconnected electric system that is called National Interconnected System or the Brazilian SIN, that embraces the electrical companies in the Southern, Southeastern, Western, Central, Northeastern zones and parts of the regions to the North of Brazil, as well as other small and isolated systems.

The SIN has an installed capacity of 100,352 MW in 2007, mostly hydraulic. The system's annual generation reached 437,560 GWh and sales totaled 367,550 GWh.

By virtue of Brazilian law, the generation, transmission, distribution and supply activities are all separate.

Under the current regulations, the main regulatory entity of the electric industry in Brazil is the União that acts through the Ministry of Mines and Energy that has exclusive authority over the electrical sector by way of its concession and regulatory powers. The regulatory policies for the sector are implemented by the National Electric energy Agency (Agencia Nacional de Energia Electrica) or the ANEEL, which was established in compliance with Law N° 9,427/96.

Over recent years the Brazilian electric industry has been subject to changes and transformations. In March 2004, federal laws N° 10,847 and 10,848 established a new model for the electrical sector in Brazil. This new model expects to offer lower rates to the customer and guarantee system

expansion within EPE (Empresa Pesquisa Energetica), a state entity in charge of planning generation and transmission activities that defines two contracting field: the free contracting setting and the regulated setting.

As part of the rulings on the new model, the contracting of energy by distributors to supply their regulated customers must be carried out through a centralized auction process

The other significant change imposed on the electrical sector is the separation of what is called "existing energy" and "energy coming from new projects". Operating plants prior to the year 2000 are considered "existing energy" plants, while those developed after the year 2000 are "energy coming from new projects" plants.


The first auction for existing generators took place in December 2004, and the distributors contracted energy for a period of five to eight years and the first auction for future generators took place in December 2005. After this, various auctions took place for both new and future energy; particularly in 2007 there were two bids for new energy totaling 3,600 MW.


Moreover, the new model establishes the separation of sector activities that prevents the distribution companies from participating in generation, transmission activities as well as in other companies.

Finally, the concessions law establishes three types of modifications in relation to the supply of energy to end customers, namely: the annual tariff setting, the ordinary tariff correction and the extraordinary tariff correction.



Generation

	Plant Cachoeira Dourada	Type	Hydro
		Installed Capacity	665 MW


	Plant Fortaleza	Type	Thermal
		Installed Capacity	322 MW

Distribution

	Coelce	Energy Sales	7,227 GWh
		Clients	2,688,746
		Energy Losses	12.5%

	Ampla	Energy Sales	8,985 GWh
		Clients	2,378,590
		Energy Losses	21.4%

Transmission

	CIEN	Installed Capacity	2,100 MW
		Energy Sales	6,232 GWh

ENDESA BRASIL

Enersis operates in Brazil through Endesa Brasil. In October 2005, Enersis started consolidating Endesa Brasil through a direct and indirect holding of 53.6%.

The objective of re-organizing all assets in Brazil was to simplify the organizational structure, allowing thereby greater efficiency, flow transparency and stability of local cash flows when administered centrally, optimizing financing costs; additionally, to improve third party financing and finally to strengthen the Group's positioning in selecting new investment opportunities.

02. ELECTRICITY GENERATION

Enersis operates in the generation of electric energy in Brazil through Endesa Brasil and its subsidiaries Cachoeira Dourada and Endesa Fortaleza, in which it has, directly or indirectly, a 53.4% and 53.6% holding, respectively.

These two plants, one hydro-electric and the other thermal, have a total installed capacity of 987 MW, accounting approximately for 1% of the SIN installed capacity.

The Group's total electricity generation in Brazil during the year reached 3,954 GWh, 1% of the total generated in that country and physical energy sales totaled 7,348 GWh.

In Brazil, other generating units connected to the SIN are: CHESF, Furnas, Cemig, Electronorte, Cesp, Copel, Eletrobras, Eletropaulo.

Enersis also participates in the transmission and trading of electricity by way of the interconnection line between Argentina and Brazil through CIEN.

CACHOEIRA DOURADA

Is located in the State of Goias, 240 km south of Goiania. Its installed capacity of 665 MW is run-of-the river hydro-electric energy and it uses waters from the Paranaiba River to generate its energy. Its installed capacity represents approximately 1% of the total SIN capacity.

Net generation totaled 3,888 GWh, year and sales totaled 4,643 GWh, an increase of 11.2% over last year.

CENTRAL FORTALEZA

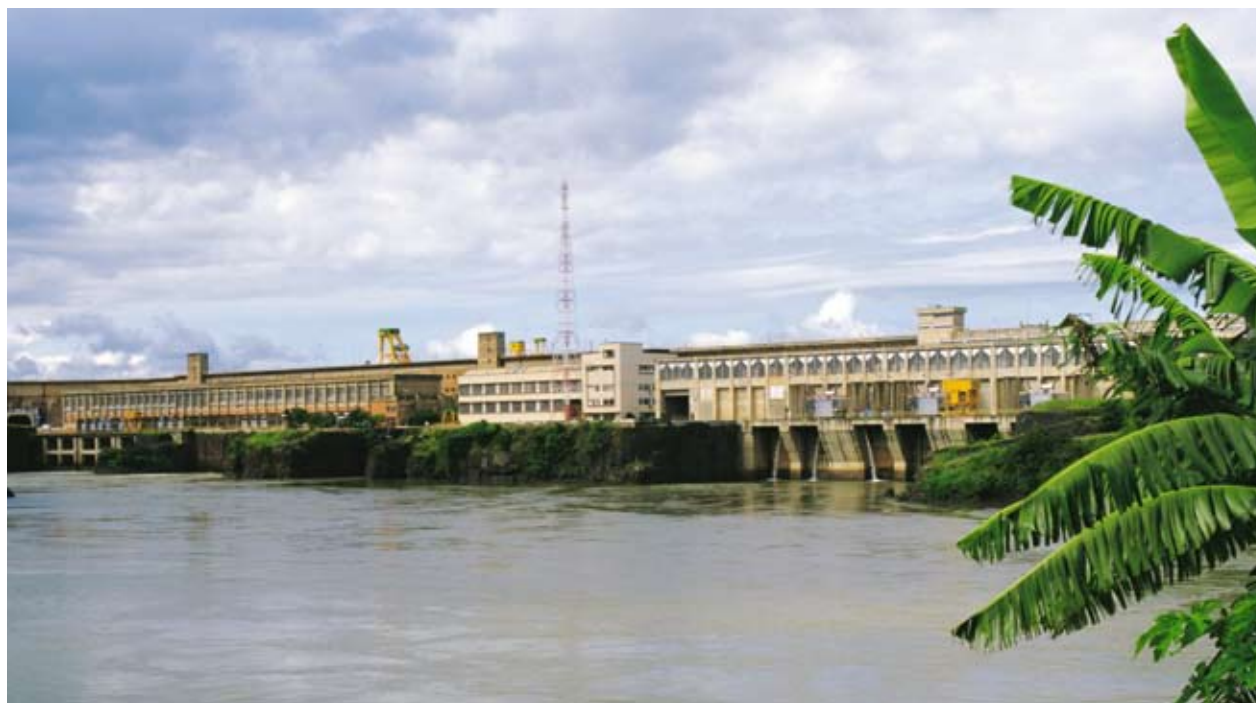
Is located in the municipality of Caucaia, 50 km from the capital of the State of Ceara. It is a 322 MW combined cycle thermal plant that uses natural gas for generation. Its installed capacity represents less than 1% of the total SIN capacity.

Net generation was 66 GWh, and its sales reached 2,705 GWh, a similar figure to the previous year.

CIEN

It facilitates the importation and exportation of electricity between Argentina and Brazil, in either direction. To this effect, it has two transmission lines with a total installed capacity of 2,100 MW that cover a distance of approximately 500 km. from Rincon Santa María in Argentina to Ita in the State of Santa Catarina in Brazil.

During 2007, the CIEN energy sales totaled 6,232 GWh.



03. ELECTRICITY DISTRIBUTION

Enersis operates in energy distribution in Brazil by way of Endesa Brasil and its subsidiaries Ampla and Coelce. Enersis, directly and indirectly, has a 69.9% and a 34.9% holding in Ampla and Coelce, respectively.

In Brazil, other electric system operators are: CPFL, Brasileira de Energia, AES Elpa, Cemig, Light, Coelba and Copel.

AMPLA

Is an electric energy distribution company that covers 73% of the territory of the State of Rio de Janeiro, extending over an area of 32,054 km². The area's population totals approximately eight million inhabitants in 66 municipalities. The main municipalities are; Niteroi, São Gonçalo, Petropolis, Campos and the coastal area of Los Lagos.

It delivers electric energy service to 2,378,590 customers, a 2.7% more than the previous year. Of this total, 89.7% represents residential customers, 7% are commercial, 0.2% is industrial and 3.1% are other clients.

During 2007, the company sold 8,985 GWh to its end customers, which represent an increase of 3.7% in respect of 2006. Of the total energy sold, 44.7% corresponds to residential customers, a 12.1% to industrial customers, 21.7% to commercial customers and a 21.5% to other clients.



In terms of energy losses, these declined 0.5%. The index closed at 21.4% in December 2007, a similar figure to the 21.9% reached in December 2006.

During this year, 89,176 customers connected to the Ampla network totaling, to date, 447,468 customers. This is in line with the company's defined strategy to annually reduce energy losses.

With respect to the tariff situation, on March 13, 2007 the tariff readjustment for Ampla was established, resulting in an average decline of total customers of 4.2%.

COELCE

Is the electric energy distribution company of the State of Ceara, in the Northeast of Brazil, and it covers a concession zone of 148,825 km². The company serves a population of more than seven million inhabitants

The number of Coelce customers reached 2,688,746, of which total a 75.8% represents the residential segment, a 5.5% the commercial sector, 0.2% to the industrial sector and 18.6% accounts for other sectors; in respect to last year the number of customers increased by 5.7%.

The energy sales totaled 7,227 GWh in December 2007, representing a 6.8% increase during the same period in 2006. Of total sales, 32.1% was sold to residential customers, 18.4% to commercial customers, 26.6% to industrial customers, and 22.5% to other clients.

Total energy losses diminished significantly; thus, the index declined from 13% to 12.5% in 2007.

In terms of the tariff situation, in 2007 Coelce went through its second tariff revision cycle and the revision resulted in a temporary average drop of 6.35% on tariffs.

Chile

01. INDUSTRY STRUCTURE

Chile's electric sector is regulated by 3 government entities that have the responsibility of applying and enforcing the Law: The National Energy Commission (Comision Nacional de Energia CNE) that has the authority to propose tariff regulations (node prices), as well as prepare indicative plans for the construction of new generation units; the Electricity and Fuel Commission (Superintendencia de Electricidad y Combustibles - SEC), that certifies and monitors the compliance of laws, regulations and technical standards for the generation, transmission and distribution of electricity, liquid fuels and gas; and lastly, the Ministry of Economy (Ministerio de Economia) that reviews and approves the rates proposed by the CNE and regulates the granting of concessions to electricity generating, transmitting and distributing companies, subject to a prior SEC report.

In light of Chile's Electric Law, the companies involved in the generation of electricity must coordinate their operations by way of the Economic Load Dispatch Centre (Centro de Despacho Economico de Carga (CDEC), with an aim to operating the system at a minimum cost, preserving system safety. For this, the CDEC plans and executes the system's operation, including the marginal cost calculation, rate at which the transfers of energy between generators is valued.

From a physical point of view, the Chilean electric sector is divided into 4 systems: SIC (Central Interconnected System), SING (Norte Grande Interconnected System) and two lesser isolated electricity systems, the Aysén system and the Magallanes system.

The SIC system, the major electricity system, extends along 2,400 km joining Taltal in the North with Quellon on the island of Chiloé in the South. With an installed capacity of 9,392 MW in 2007, the system is primarily hydraulic. Net generation totaled

42,040 GWh and annual sales reached 39,982 GWh representing an increase of 5%.

The SING system covers some 700 km in the North of the country, from Arica to Coloso. This system, with an installed capacity of 3,602 MW as of 2007, is predominantly thermo-electrical. Net generation reached 13,951 GWh and energy sales amounted to 12,674 GWh, an increase of 5,4 % with respect to the previous year.

One of the basic principles of the current legislation is that the rates should represent the real costs of electricity generation, transmission and distribution in relation to an efficient operation, so as to deliver adequate signals both to companies and to consumers, aimed at obtaining optimum development of the electric systems.

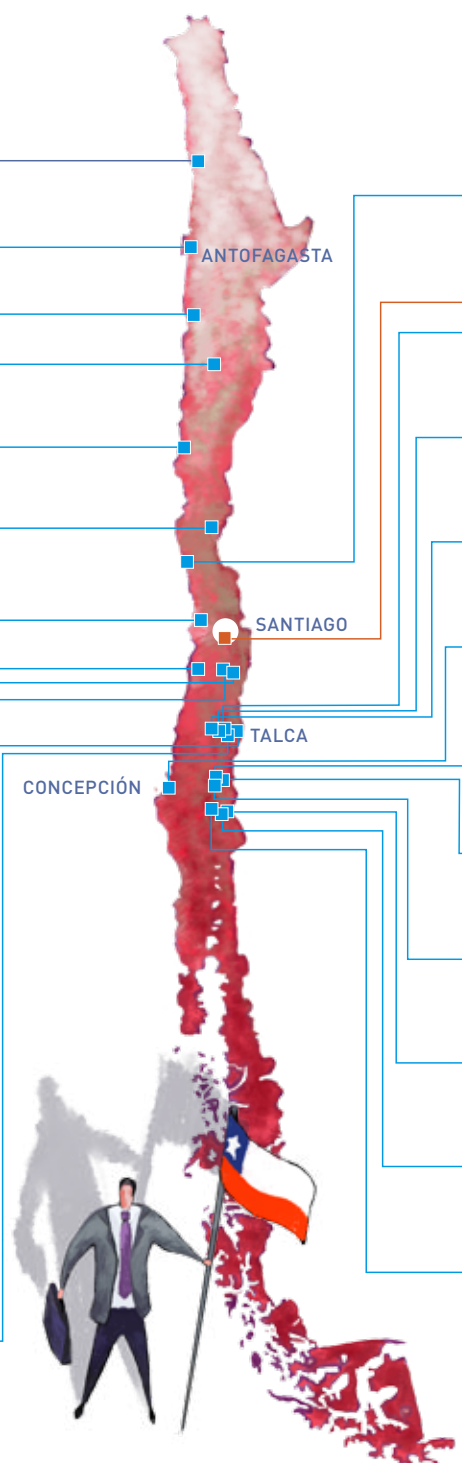
Amongst these broad criteria is the freedom of prices within competitive segments. Thus, the supply to end users whose connected capacity is less or equal to 2,000 KW are considered regulated customers, and those whose connected capacity exceeds 2,000 kW are understood as freed customers.

Prices at a generation-transportation level are called "Node Prices" and they are defined for all the generation-transportation substations from where the supply is emitted and they include the energy price and the peak power price. In turn, the prices at a distribution level are fixed every four years and are based on the sum of the node price, established at the connection point with the distribution facilities plus an added value by way of distribution and a one-time fee or toll by way of usage of the core transmission system.

As a part of the new electricity regulation, the contracting of energy by distributors for the supply of their regulated customers must be carried out through an open tender. Consequently, the country has faced two energy tenders over the last two years. During 2008 the call to tenders for energy not covered by the second process will continue.

Generation

	Plant Tarapacá	Thermal	182 MW
	Plant Atacama	Thermal	781 MW
	Plant Tal - Tal	Thermal	245 MW
	Plant Diego de Almagro	Thermal	47 MW
	Plant Huasco	Thermal	80 MW
	Plant Los Molles	Hydro	18 MW
	Plant San Isidro	Thermal	627 MW
	Plant Rapel	Hydro	377 MW
	Plant Sauzal	Hydro	77 MW
	Plant Sauzalito	Hydro	12 MW
	Plant Cipreses	Hydro	106 MW
	Plant Isla	Hydro	68 MW



Generation

	Plant Canela	Wind Farm	18 MW
	Plant Curillinque	Hydro	89 MW
	Plant Loma Alta	Hydro	40 MW
	Plant Pehuenche	Hydro	570 MW
	Plant Bocamina	Thermal	128 MW
	Plant Antuco	Hydro	320 MW
	Plant Abanico	Hydro	136 MW
	Plant El Toro	Hydro	450 MW
	Plant Ralco	Hydro	690 MW
	Plant Palmucho	Hydro	32 MW
	Plant Pangué	Hydro	467 MW

Distribution

	Chilectra	12,923 GWh
	Energy Sales	1,483,240
	Clients	5.9%
	Energy Losses	

02. ELECTRICITY GENERATION

Enersis generates electric energy in Chile by way of Endesa Chile and its subsidiaries. It is the largest electric company in the country in terms of installed capacity, in which it has, directly, a 60% shareholding. In addition, this subsidiary is also present in the business of engineering services.

Endesa Chile and its subsidiaries Pehuenche, Pangué, San Isidro, Celta and Canela own and operate a total of 25 generating plants in Chile, fifteen of which are hydroelectric, nine are thermal plants run on coal, oil or natural gas and one wind farm, amounting to a total installed capacity of approximately 4,779 MW, representing 37% of the total capacity in Chile.

The total electricity generation of the Group in Chile reached 18,773 GWh in 2007, 73% of this being hydroelectric, accounting for 34% of total country generation. The physical sales for 2007 amounted to 19,212 GWh.

Endesa Chile supplies electricity to the major regulated distributors, the large non regulated industrial companies (primarily in the mining, cellulose and steel sectors) and to the spot market.

The most significant supply agreements that Endesa Chile has with regulated customers correspond to contracts with Chilectra and CGE, the two biggest distributors in Chile, and with non regulated customers like Codelco and Inforsa.

In Chile, other generation plants connected to the electricity system are: AES Gener, Colbún, Electroandina, Edelnor, Norgener.



PEHUENCHE

Is located in the 7th Region, 60 km East of Talca. Its installed capacity of 699 MW is hydraulic, high head storage, and it uses waters from the Melado dam as well as the waters discharged from the Loma Alta plant for its generation.

Pehuenche's net generation was 3,437 GWh and sales amounted to 3,427 GWh.

PANGUE

Is located in the 8th Region, 100 km East of Los Angeles. Its 467 MW of installed capacity is hydraulic, high head storage and for its generation of electricity it uses the waters from the Bio-Bio River by way of an artificial dam.

Pangué's net generation was amounted to 1,351 GWh, and sales amounted to 1,520 GWh.

SAN ISIDRO

The San Isidro plant is located in the 5th Region, 8 km from Quillota. Its 379 MW installed capacity is thermal, a combined cycle, and it uses natural gas and fuel oil for its generation.

San Isidro's net generation was 1,956 GWh and its sales amounted to 2,872 GWh: these figures are higher than those of last year.

CELTA

Is located in the 1st Region, 65 km South of Iquique. Its 182 MW installed capacity is thermal, vapor-gas, and it uses coal and oil for its generation.

Celta's net generation was 933 GWh, and its sales amounted to 1,068 GWh, these figures are higher than those of last year.

CANELA

Located in IV Region, 80 km north city of Los Vilos. Its 18 MW installed capacity is wind farm, and it is the first wind farm of SIC. Operation of wind farm Canela will displace every year between 10,660 and 23,400 CO₂ tons.

03. ELECTRICITY DISTRIBUTION

Enersis generates electricity in Chile through its subsidiary Chilectra, of which it is the 99% property owner.

In view of tariff regulations in Chile that govern electricity distribution activities, the service area of Chilectra is defined primarily as a high density area and it includes all the residential, commercial, industrial and state customers as well as those who pay tolls, in addition to the Compañía Eléctrica del Río Maipo S.A., amongst others. The Metropolitan Region of Santiago constitutes the area of greatest population density and it has the highest concentration of industries, industrial parks and commercial facilities in Chile.

In Chile, other electric distributors are: Empresa Eléctrica de Arica S.A., Empresa Eléctrica de Aysén S.A., Empresa Eléctrica EMEL S.A, Compañía Eléctrica del Río Maipo S.A., Sociedad Austral de Electricidad S.A., Empresa Eléctrica de la Frontera S.A., Compañía General de Electricidad S.A. and Luz Andes Limitada.

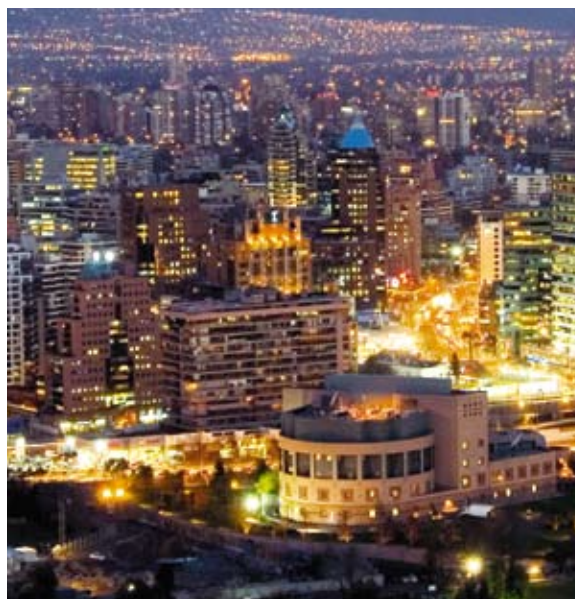
CHILECTRA

Chilectra is the largest electric energy distributing company in Chile, in terms of energy sales. It covers 33 municipalities in the Metropolitan Region and its concession zone extends over 2,118 km², including the areas covered by Empresa Eléctrica Colina Ltda. and Luz Andes Ltda.

It delivers electric energy service to 1,483,240 customers, a 3.2% more than last year. Of this total, 89.8% corresponds to residential customers, 7.9% are commercial, 0.8% industrial and 1.5% other clients.

During 2007, the company sold 12,923 GWh to its end customers, which represents an increase of 4.4% over 2006. This distributed 26.9% to the residential sector, 25.7% to the commercial sector, 25.6% to the industrial sector and 21.8% to others.

Chilectra bought 12,668 GWh of energy during 2007 from various generating plants around the country, amongst which were: AES Gener, 32,0%; Endesa Chile, 31,7%; Colbún, 30,9% and others, 5,4%.



In 2007, Chilectra continued in its efforts to control energy losses, registering in December a level of 5.9%. Notwithstanding the above, this continues to be one of the lowest in Latin America. The increase in the level of energy losses is explained primarily by the growth of the last 3 months of 2007, due primarily to the increase in the volume of energy theft, as a consequence of low temperatures -when compared to those of 2006- and to the increase in distribution rates.

In terms of the tariff situation, at present there are 3 relevant tariff processes under development:

The first one is related to the determination of the sub-transmission system's annual rate, which will be completed with the publication of a decree to be issued by the Ministry of Economy, Development and Reconstruction.

The second one corresponds to the process for determining Core Transmission System Rates. This process determines the so-called once-only fee in terms of core transmission costs that will be paid retroactively by customers as from March 13, 2004.

The third one refers to the process for setting the distribution rates that will come into force as from November 1, 2008. The first step in this process is the setting of the VNR of the distributing facilities of the concession companies and it corresponds to the cost of renewing all the work sites, facilities and physical assets that are used in providing the distribution service.

Furthermore, during 2007 a new supply bidding process for regulated customers was initiated, where a total of 5,700 GWh/year were awarded starting on 2011. According to the provisions of article N° 135 of DLF N°4, in March 2008 this process will continue with an invitation to tender 1,800 GWh/year, also starting on the year 2011.

Colombia

01. INDUSTRY STRUCTURE

Colombia's Electric Law establishes certain principles for the electricity industry that are implemented by way of resolutions published by the Electricity and Gas Regulating Commission (Comision de Regulacion de Electricidad y Gas, the CREG) as well as other regulating bodies that govern the sector.

Prior to the approval of the Electricity Law in Colombia, the Colombian electric sector relied on great vertical integration. Colombia's Electric Law -separately-standardized the generation, transmission, trading and distribution ("the Activities"). By virtue of this law, any national or international company can participate in any of the Activities. Nonetheless, new companies must limit their participation exclusively to one of these Activities. Trading can be combined with generation or distribution. Those companies that come vertically integrated at the time the Electricity Law of Colombia went into effect can continue participating in all the Activities that they participated in before the law was enforced, but they must keep separate accounting records for each Activity.

The Ministry of Mines and Energy is the body that defines the government policies for the energy sector. However, the other organizations that have an important role in the electric industry are: the Public and Residential Services Commission (Superintendencia de Servicios Publicos y Domiciliarios (SSPD), the CREG and the Energy and Mining Planning Unit (Unidad de Planeacion Minera y Energetica).

The only electricity interconnected system in Colombia is the National Interconnected System or the Colombian SIN, formed by generating plants, the interconnection network, regional and inter-regional transmission lines and the users' electrical loads.

The SIN has an installed capacity of 13,406 MW as of the year 2007, mostly hydraulic. The system's annual generation reached 53,624 GWh and the sales totaled 72,661 GWh.

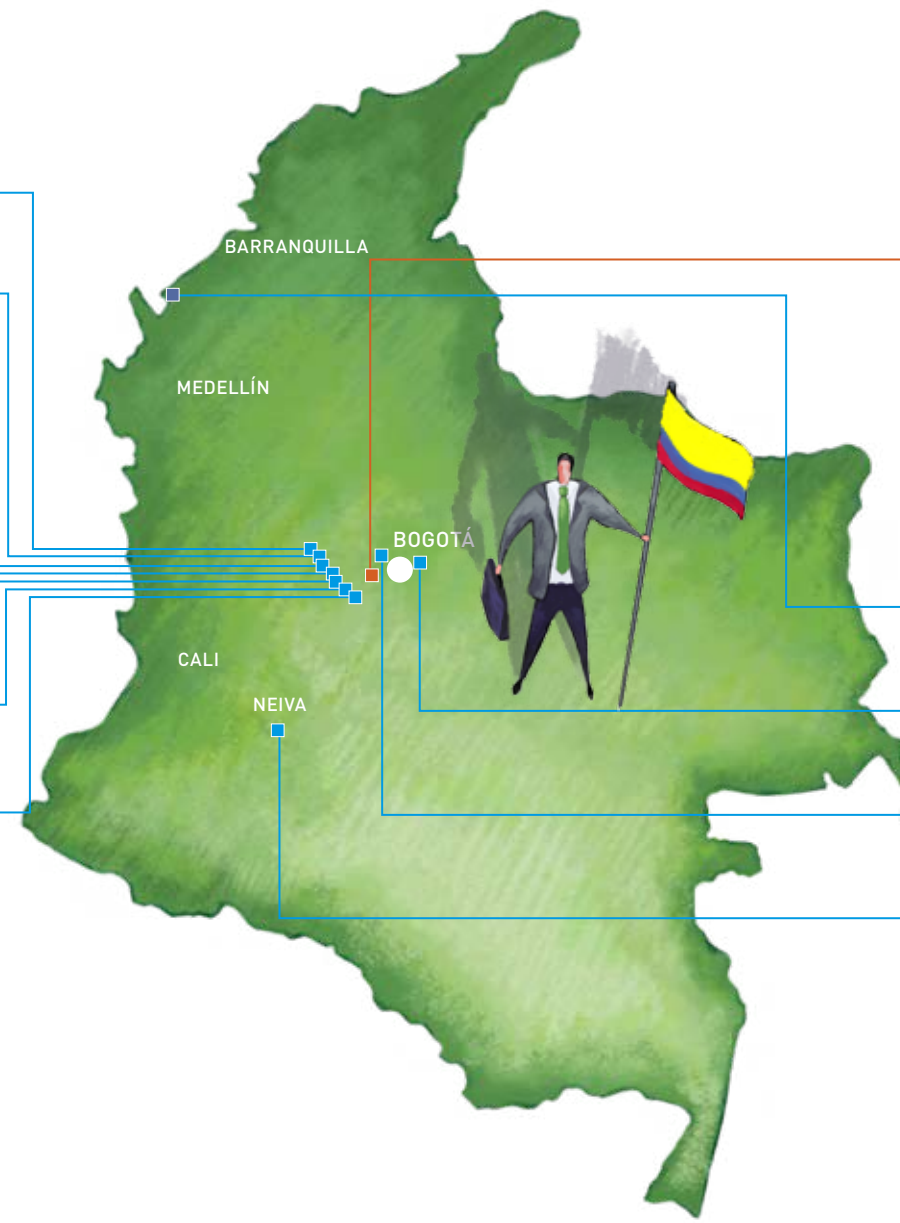
The generation sector is organized on a competitive base, where the generating companies sell their production on the spot electricity market in a common energy pool known as the Energy Exchange at the spot price or by means of private long term contracts signed with some members of the market and with non regulated users at freely negotiated prices.

The buying and selling of electricity is carried out by way of bilateral transactions that can take place between generators, distributors, traders and non regulated customers. However, the CREG has been working since 2004 on a proposal that will modify the contracting set-up on the Colombian market to take it to an Electronic Contracts System.

The Colombian electricity market is less regulated than markets in other countries where we operate. Companies have complete freedom to offer their electricity at the price determined by market conditions, rather than being obliged by some centralized operating entity to generate electricity according to the minimum system marginal costs.

Generation

	Plant La Tinta	Type	Hydro
		Installed Capacity	20 MW
	Plant Paraiso	Type	Hydro
		Installed Capacity	277 MW
	Plant Limonar	Type	Hydro
		Installed Capacity	18 MW
	Plant Tequendama	Type	Hydro
		Installed Capacity	20 MW
	Plant La Junca	Type	Hydro
		Installed Capacity	20 MW
	Plant Charquito	Type	Hydro
		Installed Capacity	20 MW
	Plant La Guaca	Type	Hydro
		Installed Capacity	325 MW



Distribution

	Codensa	Energy Sales	11,441 GWh
		Clients	2,208,559
		Energy Losses	8.7%

Generation

	Plant Cartagena	Type	Thermal
		Installed Capacity	142 MW
	Plant El Guavio	Type	Hydro
		Installed Capacity	1,213 MW
	Plant Termozipa	Type	Thermal
		Installed Capacity	236 MW
	Plant Betania	Type	Hydro
		Installed Capacity	541 MW

02. ELECTRICITY GENERATION

Enersis participates in the generation of electric energy in Colombia by way of Endesa Chile and its subsidiary Emgesa, in which it has, indirectly, a 17.4% shareholding.

In Colombia, other generating companies connected to the electricity system are: Empresa Publica de Medellín, Isagen, Corelca, EPSA, Chivor.

EMGESA

On September 1, 2007, the merger between the Colombian companies Emgesa S.A. E.S.P. and Central Hidroeléctrica de Betania S.A. E.S.P. took place; the latter was the surviving company, and it changed its name to Emgesa S.A. E.S.P.

It is the largest electricity generating company in Colombia, located in the outskirts of the city of Bogotá. It consists of eleven plants with a total capacity of 2,829 MW amongst which is El Guavio with 1,213 MW which is the largest hydro-electrical plant in Colombia. Of the existing eleven plants, nine are hydro-electric and two are thermal and they represent 21% of the total installed capacity of the country's electrical generation.

Net generation amounted to 11,942 GWh in 2007; where 96% is hydro-electrical, representing a 22% of the country's total general; while physical sales amounted to 15,613 GWh in 2007.



Peru



01. INDUSTRY STRUCTURE

The regulatory framework of the Peruvian electric industry is similar to the Chilean one. In Peru, the Ministry of Energy and Mines defines the policies of the energy sector and regulates issues related to the environment, in addition to the granting, the supervision, the license terms and expiration, the permits and concessions for generation activity amongst others. However, the other bodies that hold a significant role in the electric industry are: Energy Investment Supervisory Agency (Organismo Supervisor de la Inversion en Energia (OSINERG) and the System Economic Operations Committee (Comite de Operacion Economica del Sistema (COES).

Some of the more significant features of the regulatory framework that are applied to the electrical sector in Peru are: vertical disintegration or the separation of its three main activities: generation, transmission and distribution; energy offer price freedom on competitive markets and a price regulated system based on the principle of efficiency and the private operation of interconnected electricity systems subject to principles of efficiency and service quality.

Peru's electric sector is comprised of one main interconnected system: the National Electrical Interconnected System, or the SEIN, as well as numerous isolated regional and smaller systems that supply electricity to the rural areas.










The SEIN has an installed capacity of 5,152 MW as of year 2007. The system's annual generation reached 27,255 GWh and sales totaled 24,615 GWh.

Starting in October 1997, technical standards were established for the comparison of quality and service conditions delivered by the electricity companies. As of October 1999, those companies that do not comply with the minimum standards of quality are subject to fines and surcharges applied by the OSINERG, in addition to the compensatory mechanisms for those customers whose service does not meet standards.

The Deputy Management of Tariff Regulation (Gerencia Adjunta de Regulacion Tarifaria) is the OSINERG executive body responsible for proposing to the Advisory Board of this Agency the electric energy tariffs and the transport tariffs for liquid hydrocarbons by ducts, the transport tariffs of natural gas by ducts and natural gas distribution by duct network in compliance with the criteria established in the Electrical Concessions Law and the norms applicable on the hydrocarbons sub-sector.

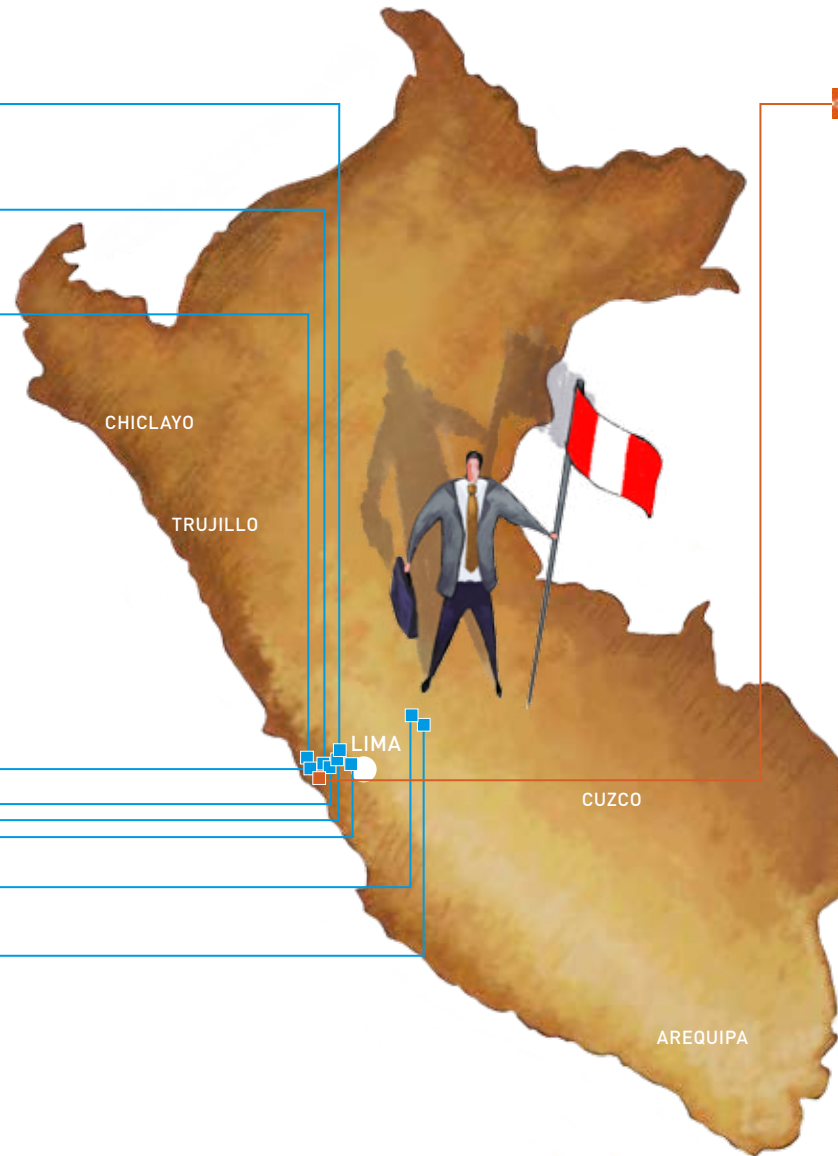
The dispatch methodology and price setting at a generation level in Peru are practically identical to the dispatch methodology and price setting in Chile. At a transmission level, the lines are divided into two systems, primary and secondary systems and the distribution tariffs for electric energy are set on a basis of voltage levels.

Generation

	Plant Moyopampa	Type	Hydro
	Installed Capacity		65 MW
	Plant Callahuanca	Type	Hydro
	Installed Capacity		80 MW
	Plant Huinco	Type	Hydro
	Installed Capacity		247 MW
	Plant Matucana	Type	Hydro
	Installed Capacity		129 MW
	Plant Huampani	Type	Hydro
	Installed Capacity		30 MW
	Plant Santa Rosa	Type	Thermal
	Installed Capacity		231 MW
	Plant Ventanilla	Type	Thermal
	Installed Capacity		493 MW
	Plant Yanango	Type	Hydro
	Installed Capacity		43 MW
	Plant Chimay	Type	Hydro
	Installed Capacity		151 MW

Distribution

	Edelnor	Energy Sales	5,201 GWh
		Clients	986,461
		Energy Losses	8.1%



02. ELECTRICITY GENERATION

Enersis generates electricity in Peru through Endesa Chile and its subsidiary Edegel, in which it has, indirectly a 19.8% shareholding.

Peru's increased demand is attributable, mainly, to the greater electrical demand from the mining sector whose electrical demand growth responds to the increased production of copper and gold that, in turn, responds to a rise in prices of these metals on international markets.

In Peru, other generating companies connected to the electric system are: Electroperú and Egenor.

EDEGEL

Is located in the outskirts of the city of Lima and it consists of nine plants with a total capacity of 1,468 MW that accounts for 28% of the Peruvian system capacity. Only two are thermal plants that use natural gas as generating fuel.

Edegel's net generation amounted to 7,654 GWh, and its physical sales totaled 7,994 GWh, a 14.9% and an 18.1% increase over the previous year respectively.



03. ELECTRICITY DISTRIBUTION

Enerjis generates electricity in Peru through its subsidiary Edelnor, in which it has, directly and indirectly, a 33.5% of its shareholding.

Edelnor is the public electricity service concession company for the northern zone of Metropolitan Lima and the constitutional Province of Callao, as well as for the Huaura, Huaral, Barranca and Oyón Provinces. It serves 52 districts on an exclusive basis and it shares 5 additional districts with the distributing company in the southern zone. In the metropolitan area the Edelnor concession covers primarily the industrial zone of Lima and some of the more populous city districts.

In Peru, other electric distributors are: Luz del Sur, Electro Sur, Electrocentro, ENOSA, ENSA, Hidrandina.

EDELNOR

The concession zone awarded to Edelnor totals 2,440 km², of which 1,838 km² corresponds to the northern part of Lima and Callao.

Edelnor delivers electric energy service to 986,461 customers, of which 93.9% are residential, 4.1% commercial, 0.1% industrial and 1.9% other clients. The increase in number of users was 3.7% over year 2006.

Physical energy sales for the period 2007 totaled 5,201 GWh that represented an increase of 6.7% over 2006. The increase in sales for 2007 was explained by higher consumption on the part of regulated customers primarily from the residential, trade and transport, storage and communications sectors and manufacture of rubber products sector. Of total energy sold, a 36.8%



were residential sales, 21.9% were industrial, 19.7% were commercial and a 21.6% was sold to other sectors.

Edelnor's energy purchases amounted to 5,259 GWh, recording an increase of 3.2% over the year 2006. The principal suppliers were Electroperú (50.6%), Edegel (21.3%), Egenor (14.0%) and Cahua (6.5%).

In the case of the energy loss indicator as of December 2007, this registered at 8.1%, a quite similar index to the previous year.

With respect to the tariff situation, the distribution rates

are set every four years, the last one having been in 2005, thus an adjustment is not expected till the price settings of 2009.

On May 27, 2007 the Supreme Decree N° 027-2007-EM approved the Transmission Regulation. By virtue of the new regulation, the existing facilities as of July 2006 will be called the Secondary Transmission System and will be compensated by the toll in force as of May 2009.



OTHER BUSINESSES

01. CAM

The Compañía Americana de Multiservicios Ltda. (CAM), in which Enersis has, directly and indirectly, a 100% shareholding, focuses its activities on electrical solutions and related business under three lines of action: Measurement and Certification, Trade and Logistics and Electrical Facility Works.

Its parent company in Chile and its subsidiaries in Argentina, Brazil, Colombia and Peru have consolidated its presence in the region, successfully expanding their customer portfolio in the electrical, health, gas, industrial, mining and telecommunications sectors.

CAM was granted ISO 9001:2000 certification at all its subsidiaries, hereby complying with its corporate purpose of generating a culture focused on quality and based on the commitment of achieving organizational efficiency and continuous improvement.

During 2007, CAM launched its 3x2 strategic plan that expects, in three years, to duplicate the value of the company, a goal that will contribute greater value and income to the Enersis Group. In view of this, it has developed an ambitious business plan focused on expanding its holding in the markets where it operates, with non related clients, in addition to strengthening the relationship and the quality of the service delivered to companies within the Group.

The growth process has been strengthened by the optimization of the services offered and the constant quest for new businesses and markets. Amongst the services and products that have been boosted, system and measurement equipment innovations, energy efficiency assessment and services, architectural and ornamental lighting and electrical projects for industrial clients can be mentioned.

Likewise, business with international manufacturers and distributors has been improved, achieving significant trade agreements and strategic alliances both at a country as well as at a regional level.

Amongst its main achievements is the acknowledgement of innovative work on becoming a finalist for the Avonni prize in Chile in the corporate category, for its contribution to the innovation of

measurement equipment, as well as the Machine to Machine prize obtained in the United States for its solution in Telemetry technology for large Chilectra customers. In addition, awards were received in Peru for architectural illumination (International Illumination Design Awards given by the Illuminating Engineering Society of North America) and in Brazil the Banas Excellence in Metrology prize (Banas Excelencia en Metrologia) was awarded.

In another field, the Company included Human Resources Strategic Planning projects such as Talent Management, Competency-based Management and Compensations Management.

02. MANSO DE VELASCO

Inmobiliaria Manso de Velasco Ltda. where Enersis has, directly and indirectly, a 100% shareholding, centers its activities on the development of significant real estate projects and in offering assessment to companies within the Group at a Latin American level on everything related to the acquisition, sale and development of real estate assets. During the year 2007 significant progress was made in the urbanization and the marketing of the ENEA project targeted at the industrial sector, as well as in the marketing of properties in the Santiago commune.

In addition to the above initiatives the Tapihue Project can be mentioned, that addresses the real estate on the lands within the Tapihue, Amancay – Lot B – and La Petaca tenements.

Within its real estate business, Manso de Velasco, furthermore, administers a total of 23,972 m² of floor space, in terms of office buildings and commercial business premises, of which the majority are rented to related companies and third parties.

During 2007, properties located at San Antonio 580, Santo Domingo 1141 and offices on Huerfanos 770 were offered on the market, for a total sales value of Ch\$2,402 million.



03. SYNOPSIS

Synopsis Soluciones y Servicios IT Ltda. is a professional service company of Information Technology (IT), where Enersis has, directly and indirectly, a 100% shareholding.

Further to 20 years' experience in the market, it has positioned itself as the Latin American leader in the field of IT solutions, primarily for the service, energy, telecommunications and government markets.

Located in Santiago de Chile, it has offices in the principal cities of the region: Buenos Aires in Argentina, Rio de Janeiro, Fortaleza and a sales office in Sao Paulo, Brazil; Bogotá, Colombia and Lima, ensuring thereby coverage over the most part of Latin America.

The most significant areas of action at Synopsis are outsourcing and infrastructure, data centers, contact centers and mass printing services, remote applications service provider (ASP), and assessment and implementation of technology solutions to support business processes; products integration, information systems services and technologies, implementation and maintenance; information technology solution construction and development for high availability and complex business processes.

In recent years the company has increased its presence on the information technology market. Synopsis manages 6 integrated and strategically positioned Data Centers, with a team of more than 1,500 highly qualified professionals providing guaranteed high availability services.

Synopsis is oriented towards the optimization of corporate management and process efficiency by way of ISO 9001-2000 certification, ITIL certification, PMP certification and CMMI 3 certification, focusing on information systems, telecommunications systems, TeleManagement and control systems.

During 2007 important prizes in the area of TeleManagement were achieved, amongst which those awarded by the magazine M2M stand out, such as the Value Chain Awards and the Wharton Infosys Business Transformation Awards, received for TeleManagement contribution to the effective clients transformation.

At the same time, Synopsis attained significant financial success, new contracts and service renewals and adapted its organization structure to the new challenges of the 2008-2012 five-year period.

Thus, during 2007 allocations to the value of US\$ 55 million were obtained, US\$ 16 million with related companies and US\$ 39 million with third parties, thereby consolidating the Synopsis position as an IT services benchmark in Latin America.



04. DIRECT AND INDIRECT ECONOMIC HOLDINGS (*)

ARGENTINA

	Business	Ownership
Costanera	Gx	41.8%
El Chocón	Gx	39.2%
Edesur	Dx	65.4%
CTM	Tx	53.6%
TESA	Tx	53.6%
CEMSA	Tx	27.0%
CAM Argentina	Ox	100.0%
Synapsis Argentina	Ox	100.0%
Gasoducto Atacama Argentina	Ox	30.0%

CHILE

	Business	Ownership
Endesa Chile	Gx	60.0%
Celta	Gx	60.0%
Endesa Eco	Gx	60.0%
San Isidro	Gx	60.0%
Pangue	Gx	57.0%
Pehuenche	Gx	55.6%
Canela	Gx	45.0%
HidroAysén	Gx	30.6%
Chilectra	Dx	99.1%
Transquillota	Tx	30.0%
CAM	Ox	100.0%
Inmobiliaria Manso Velasco	Ox	100.0%
Synapsis	Ox	100.0%
Ingendesa	Ox	60.0%
Túnel El Melón	Ox	60.0%
Gasoducto Atacama Chile	Ox	30.0%
Gasoducto Tal Tal	Ox	30.0%
Electrogas	Ox	25.5%
GNL Chile	Ox	20.0%
GNL Quintero	Ox	12.0%

BRASIL

	Business	Ownership
Endesa Brasil	Gx, Dx, Tx	53.6%
Fortaleza	Gx	53.6%
Cachoeira Dourada	Gx	53.4%
Ampla	Dx	69.9%
Coelce	Dx	34.9%
CIEN	Tx	53.6%
CAM Brasil	Ox	100.0%
Synapsis Brasil	Ox	100.0%
Ingendesa Brasil	Ox	60.0%

COLOMBIA

	Business	Ownership
Emgesa	Gx	16.1%
Codensa	Dx	21.7%
CAM Colombia	Ox	100.0%
Synapsis Colombia	Ox	100.0%

PERÚ

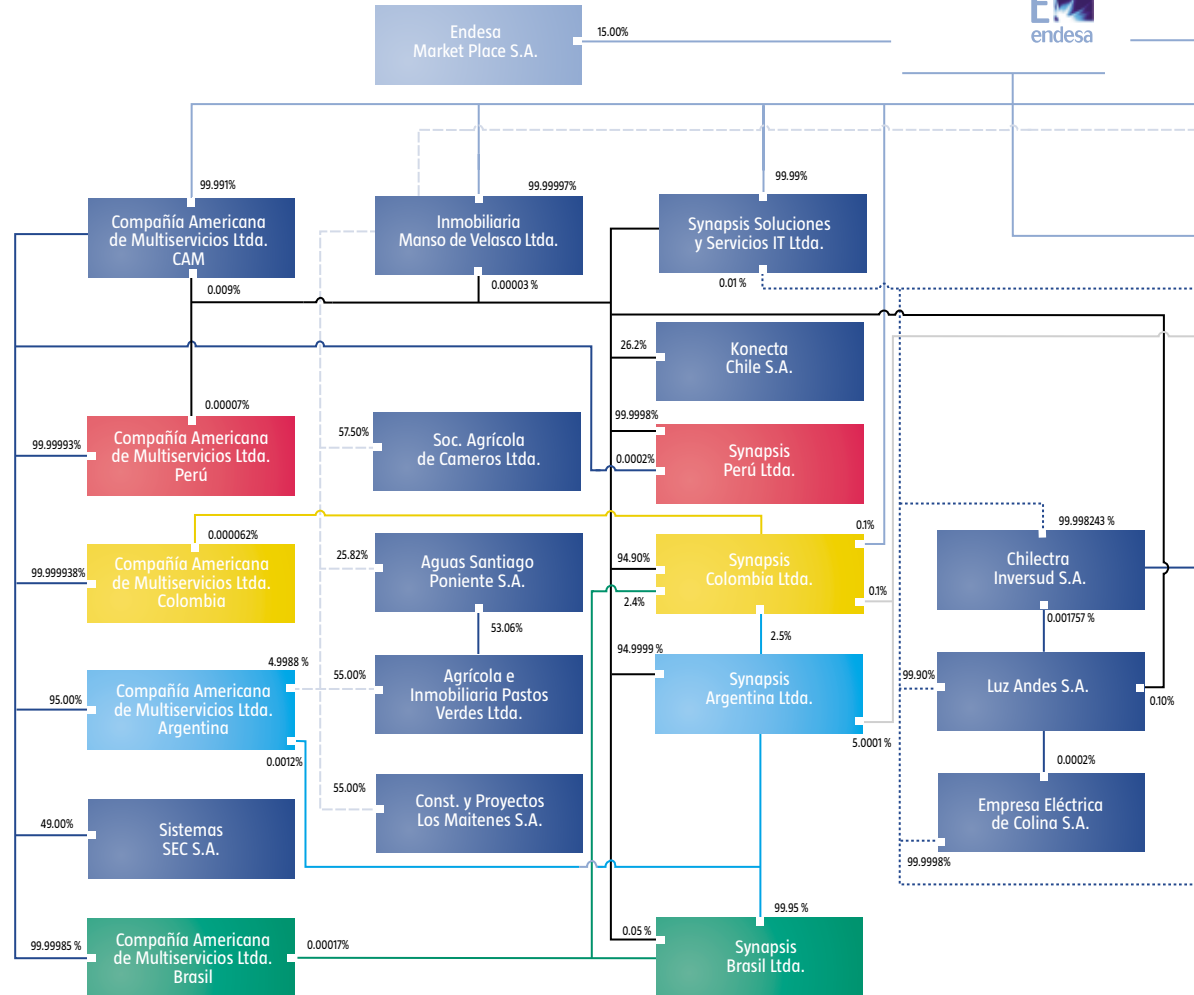
	Business	Ownership
Edegel	Gx	19.8%
Edelnor	Dx	33.5%
CAM Perú	Ox	100.0%
Synapsis Perú	Ox	100.0%

Gx: Generation
Tx: Transmission / Trading

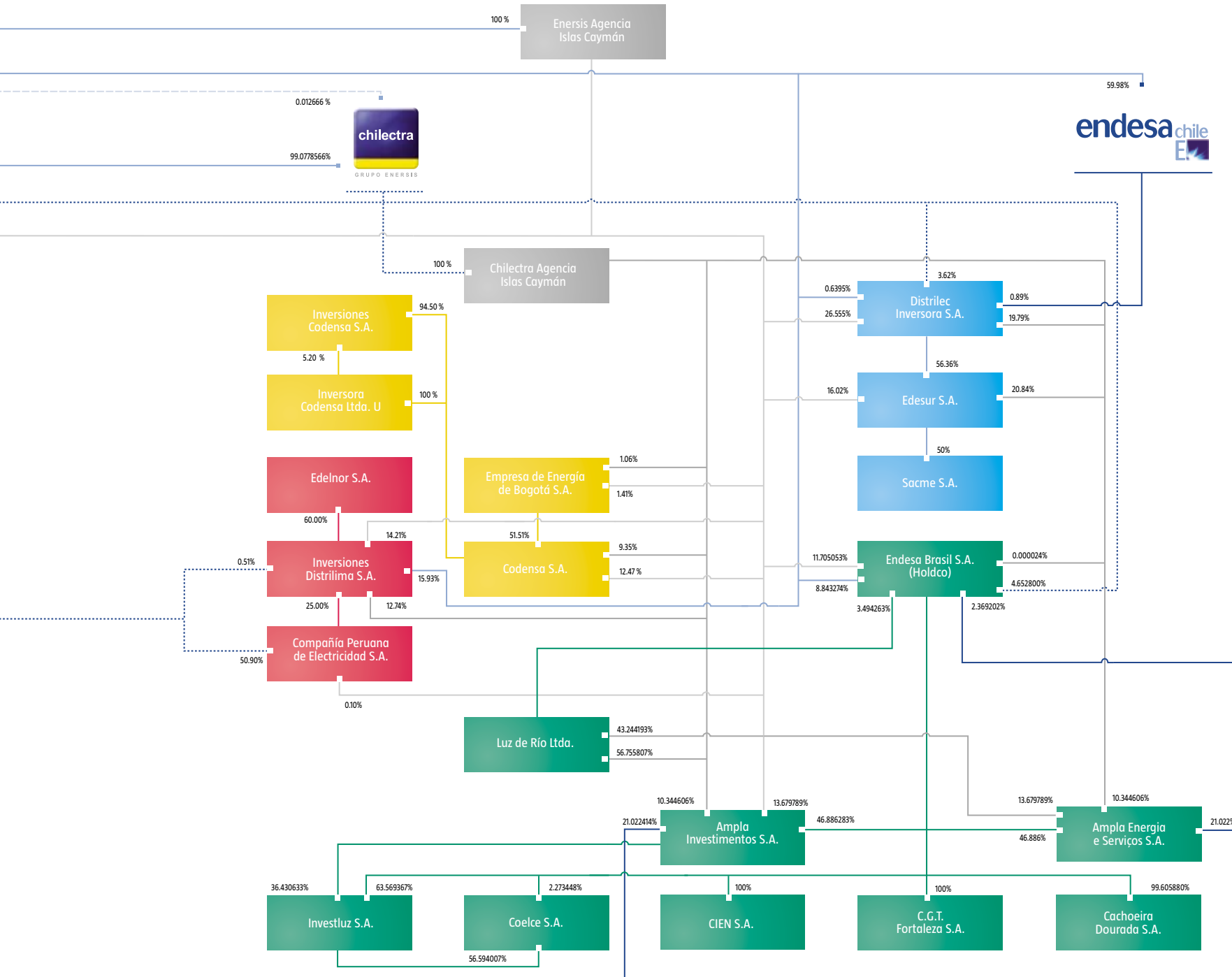
Dx: Distribution
Ox: Pipelines, others

(*) It considers operating companies of the group

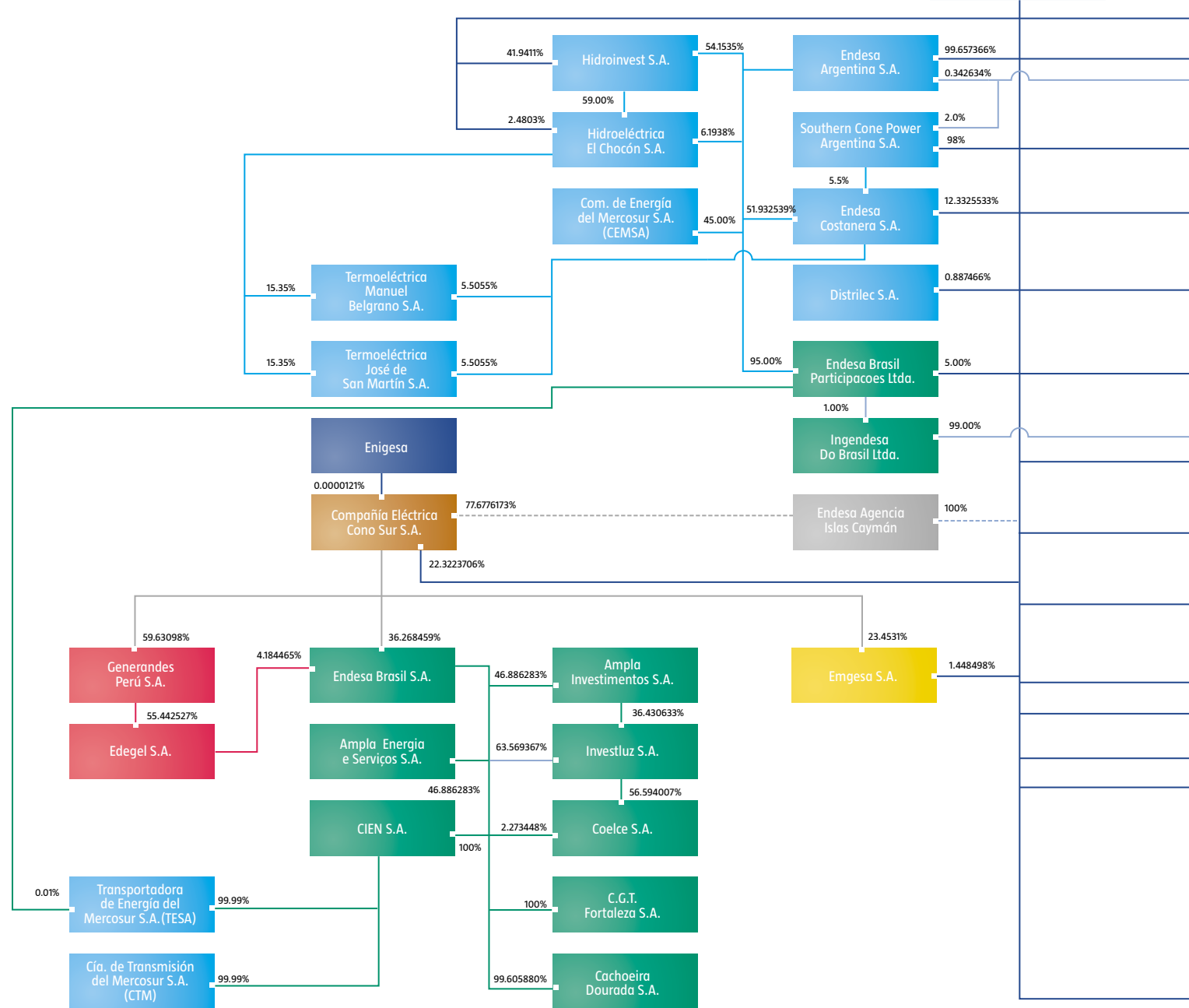
05. PERIMETER OF ENERSIS CORPORATE HOLDINGS

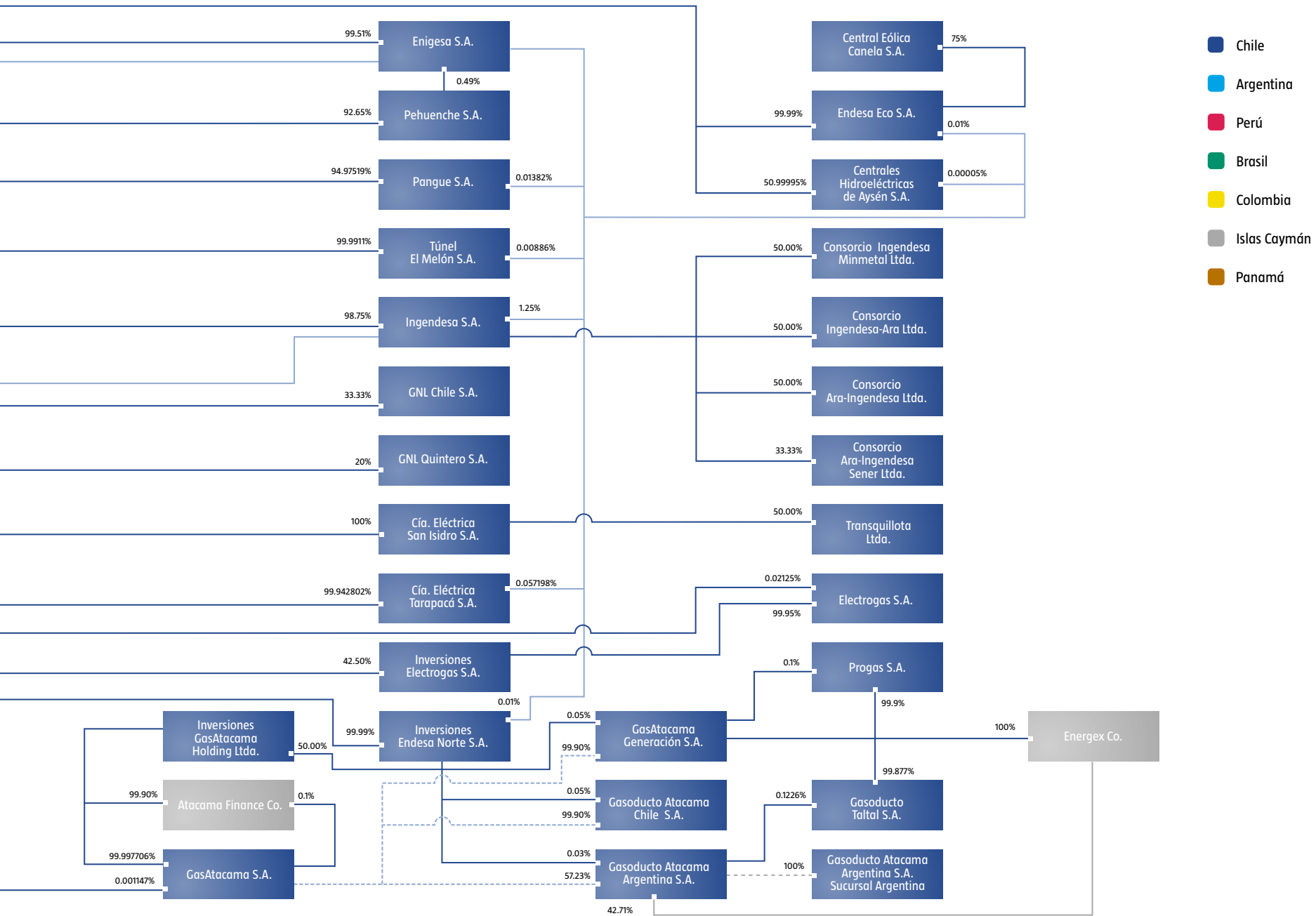


- Chile
- Brasil
- Argentina
- Islas Caymán
- Colombia
- España
- Perú

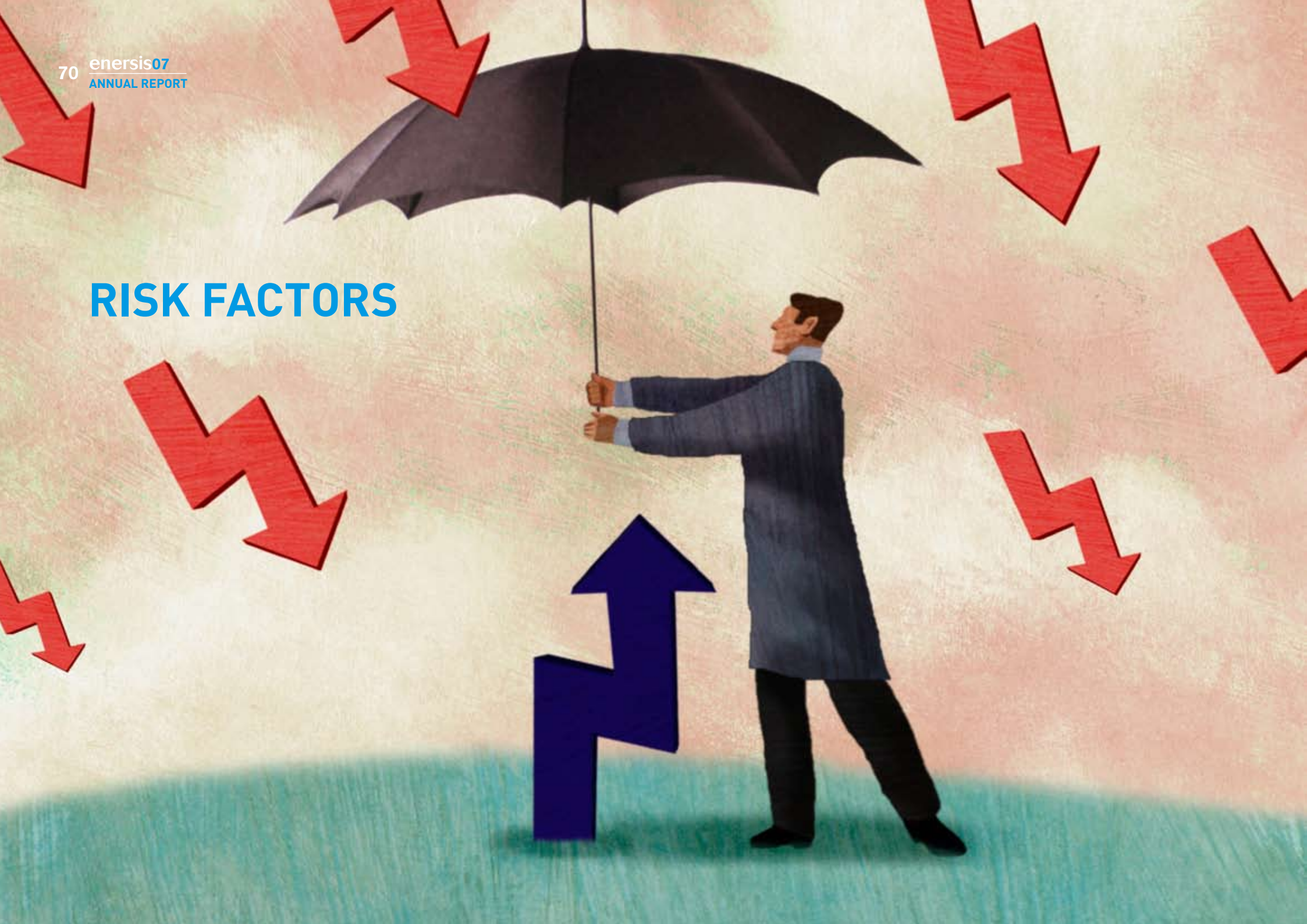


06. PERIMETER OF ENDESA CHILE CORPORATE HOLDINGS





RISK FACTORS





Enersis is an investment corporation whose assets correspond mostly to investments placed in their subsidiaries. In order to face our financial obligations, we rely on dividends, loans, interest payments, capital reductions and other payments that we receive from our subsidiaries, as well as the issuance of our own capital stock and our borrowing power.

In response to the nature of the business, as well as to the geographical diversity of our investments, there are a number of risk factors that could, ultimately, challenge the stability of our businesses in any of the countries in which we operate.

Our extensive experience in the electricity business in the region has trained us, however, to look for and apply all possible preventive measures aimed at avoiding or moderating the unforeseen or the damage that exogenous issues could cause our business.

Even though risk factors often appear in a combined form or have correlated effects, for purposes of this Annual Report only we present the following main structure:

Operating / Commercial Risks

An important part of the business of some of our subsidiary companies relies on the hydraulic conditions of the area in which they operate and, thus, eventual drought conditions can have a negative impact on Enersis' profit. Almost 63% of our consolidated generation in Latin America is hydraulic, thus adverse hydrological conditions can have a negative impact on the business and its operating results.

During drought periods, the electricity supplied by thermal plants is dispatched with greater frequency; this includes the electricity supplied by those generators that use natural gas, fuel oil or coal as fuel. Operating expenses increase during these periods and, depending on the scope of the contracted commitments and with a view to complying with these contracts the need may arise to buy electricity from third parties. The cost of this electricity purchase on the spot market may exceed the agreed price, triggering losses. For this reason, our generating companies have developed a prudent commercial policy that consists basically in contracting approximately 70% of the capacity, thereby reducing exposure to abrupt variations in the spot market during periods of water scarcity.

Should any of the regulating bodies impose a rationing policy resulting from extremely adverse hydrological conditions in the operating countries, the commercial and financial conditions as well as the operating results could be affected. The above, however, is permanently monitored by the commercial area of each company with a view to avoiding the negative effects brought on by these circumstances.

In Argentina, the low price that the regulating bodies imposed on natural gas has directly affected production and investments in the deposits of this hydrocarbon, which at the same time has an impact on the short and medium term availability of this fuel in Chile. The shortage of natural gas can oblige the generators of electricity to resort to the use of the more expensive fuel oil, which substantially increases the cost of production.

Strong electricity demand in the central region of Chile, together with a low level of investments in the electric sector, exposes this sector of Chile in particular to the adverse effects of the Argentine natural gas crisis.

Economic / Financial Risks

The capability of the subsidiaries to pay dividends, interests and loans or make other distributions is subject to certain legal limits, such as contractual restrictions and the exchange rate controls that can be enforced in any of the five countries where the subsidiaries operate, and depends, also, on the final results.

The profits of the Enersis subsidiaries and affiliates rely, in turn, on the macroeconomic conditions of the country in which they operate. The product growth rate and the variation of the intensive aggregate economic activity in electricity consumption both impact the energy demand and therefore the level of sales. Likewise, inflation, exchange rates and the evolution of interest rates are all important elements in determining the financial results of these companies. Towards this end, even when the diversification of the flows in five countries, in two lines of business, constitutes a natural safeguard, The Enersis group uses financial products destined to moderate the eventual impact of dramatic changes in exchange rates and interest rates.

The way we value the company's foreign investments, pursuant to Chilean general accountancy principles, forces the conversion of non-monetary assets and liabilities of our non Chilean subsidiaries and affiliate companies into dollars, at a historical exchange rate. Due to this accounting treatment in the countries where our subsidiaries exist and we have investments, it is possible not to include the effect of devaluation on non momentary assets in the financial report, since devaluations of local currency against the dollar or the Chilean peso are not reflected. Precisely, as a way of moderating the impact of local currency appreciations or devaluations against the U.S. dollar, it is proposed, in principal, to designate the debt of these subsidiaries in their respective local currency.

Finally, Enersis has debts subject to financial guarantees and other standard contractual restrictions that are related to ratios of maximum indebtedness to cash flow, to indebtedness-EBITDA, to debt-assets and to cash flow indices related to financial expenditure. A significant part of the Enersis indebtedness is the cross-default provisions that, in general, could lead to advance payment when other debts exceeding US\$ 30 million are unfulfilled. In the case that creditors demand immediate commitment acceleration, a significant part of our borrowing would be payable.

The above, however, has been off-set by Enersis' current financial strength, which has enabled it to contract unrestricted lines of credit for its business.

Lastly, the administration's constant concern, in terms of having a strong balance sheet and a solid financial state, has been clearly ratified by the Risk Rating Agencies who, unanimously, raised the Enersis rating or rating expectancy.

Political / Regulatory Risks

Considering that a large part of the generation and distribution business consists of regulated activities, these are exposed to the enforcement of regulatory and tariff changes by authorities in the different countries in which our subsidiary and affiliate companies operate. These actions could, in fact, impact the company's profits.

Additionally, operating subsidiaries are subject to regulations in the environmental aspect. In this respect, the constant concern and commitment of the Enersis Group on this issue should be pointed out. In fact, each project must present an environmental impact study as essential background for its global evaluation. Following this, they are submitted to the authorities with a view to offering due satisfaction of the institutional and legal requirements that each country insists on.

Likewise, in response to the mandatory supply in the concession areas, each time that electric energy is considered a basic raw material, our activities can be subject to regulatory fines resulting from any violation of the current regulations in force, including energy failures or problems of quality.

Some of the Latin American economies where Enersis has investments have been characterized by occasional and drastic interventions by government authorities. For example, the Argentine authorities have implemented a series of control measures and changes that have negatively affected operating results and could well continue to impact them negatively.

Even though the above mentioned risks are difficult to anticipate, Enersis permanently monitors the judicial and legal situation and the sectorial regulations with the purpose of evaluating tendencies that in these areas could be unfavorable to the group's businesses in the region.



COMPANY ACTIVITIES



01. FINANCIAL ACTIVITIES

NATIONAL FINANCES

As of December 2007, the Enersis Group registered a total financial debt of US\$ 8,272 million. Of this amount, US\$ 4,076 million was incurred by Consolidated Endesa Chile and US\$ 4,196 by Enersis and its foreign subsidiaries. This debt is primarily divided between bank debt and local and internal bonds.

TOTAL DEBT	Dic / 07
Enersis Individual	1,299
Endesa Chile Individual	2,542
Other Generation Companies	2,008
Other Distribution Companies	2,407
Other businesses	16
Total (MMUS\$)	8,272

ENERSIS INDIVIDUAL	
Banks	350
International Bonds	877
Local Bonds	72
Total (MMUS\$)	1,299

ENDESA CHILE INDIVIDUAL	
Banks	292
International Bonds	1,875
Local Bonds	375
Total (MMUS\$)	2,542

Chile

With respect to Enersis financial activities, in January and May 2007, two transfers of the revolving credit were made through the agent bank BBVA, totaling US\$ 35 million, reflecting as of December 31, 2007 a balance drawn of US\$ 350 million of a total of US\$ 550 million available in revolving credit.

In addition, on June 15, 2007, Amendment N° 3 of the above mentioned financing was signed, through which the final maturity term was extended by one year, that is to say, until November 10, 2009 and the Enersis Consolidated Leverage clause was modified from 75% to 100%.

On July 3, 1007, Standard and Poor's announced the improvement of the Enersis Group Risk Rating from BBB- to BBB with a stability vision, mainly due to the positive performance of the Enersis operations in Chile, as well as the appropriate debt service hedging. Furthermore, the company's liquidity impacted, offering high financial flexibility. This new rating responds also to the region's optimistic scenario including electricity tariff growth, a strong increase in electricity demands and a lower degree of regulatory uncertainty.

With respect to the two lines of revolving credit for US\$ 200 million each, negotiated at the end of 2006 by Enersis and Endesa respectively, this continued to be fully available during the 2007 period thereby up-keeping the liquidity of both companies. Additionally, both Enersis and Endesa had credit lines available on the domestic market for an equivalent US\$ 525.3 million at the closure of the 2007 period.

As of December 2007, the Enersis consolidated financial debt rose with respect to the 2006 year-end closing, due mainly to local currency appreciations in Brazil and Colombia, and to greater cash flow needs due to a more aggressive investment plan.

With respect to financial activities, at a national level, of Endesa Chile, hereinafter "Endesa", the early redemption, executed on April 16, 2007, of the totality of the G Series local bond should be pointed out, amounting to UF 4 million (approximately US\$ 139 million) and that would have reached maturity in October 2010, with a coupon rate of 4.8%. So as to finance the operation, Endesa Chile issued the K Series bond, dated April 19, in the amount of UF 4 million, 20 year maturity, bullet type amortization and a 3.8% nominal rate. The cutoff rate was 3.78%.

At the 2007 year-end closing, Endesa drew on their revolving credit to the amount of US\$ 116 million. Thus, the Company maintains US\$ 216 million drawn from a total of US\$ 650 available.



INTERNATIONAL FINANCES

During 2007, the Enersis Group foreign subsidiaries have continued to re-finance their debt in order to improve price and term conditions taking advantage of the better macroeconomic and industry environments. Likewise, the foreign subsidiaries have continued to seek local currency and longer term financing, in as much as their operating flows are in said currency and the markets' reasonable terms permit it.

Thus, in 2007 financial operations, both refinancing and new issues and hedging, were implemented in foreign subsidiary companies to an total equivalent in dollars of approximately US\$ 1,978 million, of which US\$ 150 million are from Argentina, US\$ 494 million from Brazil, US\$ 968 million from Colombia and US\$ 366 million from Peru.

In particular, we can highlight the following financial operations executed this year:

Argentina

Edesur prepaid debts totaling US\$ 65 million through funds obtained from the placement of local bonds to the approximate amount of US\$ 50 million on a 5 year term, as well as a medium term bank loan for US\$ 15 million. Thus, the debt's half life was increased and the rate conditions improved. In addition, in November an interest rate swap for US\$ 15 million was negotiated so as to set the medium term loan rate. Costanera, in turn, refinanced maturities for US\$ 70 million through medium term bank loans and supplier financing on a 5 year term.

Brazil

Ampla, obtained new bank financing for US\$ 135 million over a 3 year term and refinanced US\$ 40 million debt, increasing the term from 2 to 5 years and lowering the rate by 15 base points. Additionally, in December it achieved bank financing for the bonds that mature in March 2008 on a 5 and 6 year term totaling US\$ 163 million. Fortaleza, in turn negotiated a swap for a US\$ 25 million notional value operation that transformed part of the dollar debt into Reales, enabling adjustment of its operating income indexing. During the year Coelce took bank loans for US\$ 71 million and negotiated swaps to cover the rate risk and the exchange rate risk of these debts in an approximate amount of US\$ 60 million.

Colombia

In terms of generation, Emgesa contracted a short term bank loan for US\$ 57 million and refinanced the debt through local bond issues of approximately US\$ 77 million on a 10 year term. In turn, Codensa took short term bank financing for approximately US\$ 511 million and refinanced the short term debt with local bond issues for approximately US\$ 323 million over 3 and 10 year terms.

Peru

Edelnor placed local bonds totaling US\$ 50 million on terms of 5 to 8 years, using debt maturities as refinancing. In addition, it took short term financing for US\$ 195 million, including renewals and new debt, taking advantage of the rate convenience of these terms. Edegel issued bonds in dollars and local currency for approximately US\$ 71 million, resources that were used to refinance maturities and prepay debts, thus improving the contractual conditions and the rate. In addition, short and medium term bank debts for approximately US\$ 50 million were negotiated.

HEDGE POLICY

Exchange Rate

The Group's exchange rate hedge policy is based on cash flows and its objective is the balance up-keep between the flows indexed in foreign currency (US\$) and the levels of assets and liabilities in that currency. This is how, during 2007, Enersis, in consolidated terms, negotiated exchange rate swaps for approximately US\$ 80 million, which enabled it to maintain a level of liability adjusted to the expected flows in said currency.

Additionally, this policy establishes maximum levels of accounting mismatch for Enersis and Endesa Chile consolidated, making it thus necessary to occasionally contract short term hedging. During 2007 the company contracted forwards for approximately US\$ 26 million. By virtue of the actions followed during the year, the levels of accounting mismatch of the Group have been maintained within what is established by company policies.

Interest Rate

The Group's policy consists of maintaining hedge levels, total fixed debt plus protected, at around 70%. During 2007, the Group's companies have refinanced part of their originally fixed rate debts to floating rate debts that has generated a rise in the variable rate debt levels. With an aim to complying with the policy, interest rate swaps were negotiated for US\$ 20 million, achieving a consolidated rate of fixed debt plus protected debt of 68.3% as of December 2007.

RISK CLASSIFICATION

The Enersis risk perception has been declining over recent years. This has been endorsed by the national

and international risk classifying agencies that during 2007 raised the company's risk index.

In July, Standard & Poor's improved the Enersis and Endesa Chile international risk index to BBB (stable), and both companies were classified as investment grade by all three international agencies. Likewise, in the same month, the national risk indexing agencies Feller Rate y Fitch improved their local classification to AA- (stable) reflecting the company's operational and financial strengthening.

PROPERTIES AND INSURANCE

The company owns some equipment and substations located in the Metropolitan Region. The company holds insurance against risks such as fire, lightning, explosions, malicious acts, earthquakes, floods, alluvium and others.

BRANDS

The corporation holds the following registered brand names: Enersis, Chispazos, Dixsa, EnersisPLC e Internet a la velocidad de la luz Enersis PLC.

02.

HUMAN RESOURCES

HUMAN RESOURCE DEVELOPMENT

In 2006, a process of validation and measurement of generic and technical competences of all company personnel was carried out, aimed at determining the gaps that existed between personal skills and those required for each post. In line with the above, during 2007 training and development policies focused on achieving this goal were developed and implemented.

Towards the end of 2007, a working environment survey was carried out in all the ENDESA Group companies, the results of which will be available during the first quarter of 2008, and that will make it possible to measure the perception of each worker in terms of environment, labor relations and working conditions so as to later establish actions lines in those areas that require improvement. 98% of workers at Enersis took part in the survey.

TRAINING

Enersis implemented training activities focused on the development of professional and personal skills for each one of its worker groups. Amongst these training activities, negotiation workshops for leaders and professionals, certification programs for auditors (Certified Internal Auditor, awarded by the Institute of Internal Auditors of the United States) and training programs on subjects such as information technology, languages, financial and general economics, amongst others, can be mentioned.

The training programs developed during 2007 totaled 17,757 training hours, that implied an average 80 hours per worker, distributed in the following manner: 7% executives' training, 42% training for professionals and 51% in training for administrative personnel.

LABOR RELATIONS

During 2007 Enersis collectively negotiated with its two workers' unions. The collective bargaining agreement with the Sindicato de Trabajadores Profesionales Universitarios (Professional University Workers Union) was signed in July and the collective bargaining agreement with the Sindicato de Trabajadores N° 1 (N° 1 Workers' Union) was signed in December, both for a duration of four years.

OTHER ACTIVITIES

During the year Enersis carried out various activities focused on the wellbeing and the satisfaction of its workers and their family environment. Some of the main activities included:

- First internal photography contest.
- Dance workshops, sports schools, physical conditioning programs and painting workshops.
- Recreation Programs and summer camps for workers' children held during summer and winter holidays.
- Prizes awarded for academic excellence to workers' children attending Junior, Middle and Higher Schooling.
- Training activities for spouses and children of company officials, focused on information technology and digital awareness.
- Family oriented events such as the Children's Christmas Party and Paint Christmas. The drawings chosen from the latter activity will be used on the front of the corporate Christmas card.



03. SOCIAL RESPONSIBILITY

Within a policy of common sustainability, the Enersis Group companies constantly develop Social Responsibility programs aimed at adjusting to the local realities and responding to the needs of the different environments in which they operate.

Enersis and its subsidiaries Endesa Chile and Chilectra are aware that besides playing a significant economic role in generating, transmitting and distributing electric energy, they also play an essential role in the social system in which they are involved.

For this reason, we assume a corporate citizens' role, and together with ensuring stability, continuity and growth of our operations, we are concerned with creating instruments and developing actions focused on the conservation of the environment and, at the same time, responding to the expectations of shareholders, employees, customers and the community in general.

The Enersis Group complies with its responsibilities in the three basic sustainability dimensions: economical, social and environmental.

During 2007 the following actions and ventures were implemented:

CULTURAL HERITAGE

illuminating Monuments In The Southern Globe

Enersis and its subsidiaries Endesa Chile and Chilectra, as well as the Endesa Foundation since 2000 have been developing the Illuminating Monuments in the Southern

Globe program, initiative aimed of modernizing the lighting of religious temples and civil works, contributing thereby to the conservation and preservation of cultural heritage.

Over the past seven years, 46 work sites have benefited in Chile, highlighting in 2007 the new ornamental lighting of the Basilica de la Merced, of the Fundacion Las Rosas Church and the Iglesia Catedral Castrense Nuevas Señora del Rosario cathedral, all located in the Metropolitan Region; we can add to this the Iglesia Catedral de Rancagua cathedral and the Zúñiga Church in the 6th Region, the Parroquia Santa Cruz parish church on Easter Island and the Parroquia Chitita parish church in Arica.

At the same time, and endorsing this commitment, at the beginning of 2007 the Enersis Group renewed for the second time, the agreement signed with the Episcopal Conference to continue with this initiative. Thereby, the company and its subsidiaries extended the program until the year 2011.

Monumental Lighting

Through the edition of the book called Monumental Lighting, Enersis summarized some of the work developed through the Illuminating Monuments in the Southern Globe program in Chile, Peru and Colombia, a compilation of the principal milestones of the 2004-2006 period.

The historical research of the 48 buildings that appear in this book was written and implemented by Professor Miguel Laborde from the Architectural School at the Pontificia Universidad Católica de Chile (Catholic University of Chile). As an annex, the document included a CD with all the photographs of the temples and monuments illuminated under this initiative in Spain, Chile, Colombia, Peru and the Dominican Republic.

EDUCATION

CIEL Educational Portal

At the beginning of October, the Enersis Group launched the CIEL Educational Portal (Electric energy Information Center) website -www.enersis.cl/ciel- that was developed according to the current education programs by a group of professors and company experts.

Hereby, junior and middle school students can have access to material related to the generation, transmission and distribution of electric energy that, as it is aligned with the programs of education, becomes a vital tool that strengthens the content material the students view in class.

Through this CIEL Educational Portal, we wish to offer a small but significant contribution to the education of our children, pillars of Chilean development, without obviously omitting messages related to the care of the environment, Non Conventional Renewal Energies (ERNC) and advice on the efficient use of electric energy and accident prevention.





The Huemul's Last Tracks

The company donated to all rural schools and public libraries throughout Chile the book *The Huemul's Last Tracks* ("Los Ultimos Senderos de Huemul"), that summarizes 30 years of research by a group of CONAF and CODEFF scholars, conservationists and park rangers motivated in preventing the extinction of this emblematic species.

Specifically, the books were handed out to the rural establishments in the surrounding protected areas where the huemul dwells. Furthermore, junior and middle school students throughout the country can download the document - aimed at creating awareness and educating in terms of respect for this animal – free of charge by way of a digital file that is available on the web sites of public libraries, rural schools, the Conaf and the WCS (Wildlife Conservation Society).

"Los Ultimos Senderos del Huemul", a book prepared by the Fundacion San Ignacio del Huinay – whose partners are Endesa Chile and the Pontificia Universidad Católica de Valparaíso – is the first book on huemules in Chile.

Through this type of actions, the Enersis Group contributes clearly and decisively in the protection and conservation of the huemul.

Chile Sustainable Energy

Through this book ("Chile Energia Sostenible") of incalculable photographic value, Enersis has portrayed main features of the environment in which we operate, summarizing through images –and from a Sustainable Energy perspective and concept- part of the invaluable beauty of our country.

Each chapter portrays some aspect of its geography, flora, fauna and the traditions of Chile, without forgetting the activities and actions carried out in each one of the "Sustainability" environments.

SOCIETY

Contributions to Foundations and Public Non-Profit Organizations

As a relevant society actor, Enersis, through sponsorships and donations, supports a number of organizations and foundations that develop local public NON-PROFIT activities. During 2007, the following organizations were sponsored: Hogar de Cristo, Fundación Las Rosas, Fundación Paz Ciudadana, Fundacion Miguel Kast and Fundación Tiempos Nuevos.

SPONSORSHIPS

Business Future of the Americas 2007

The international conference Business Future of the Americas 2007, an event organized by AmCham Chile, gathered more than 300 celebrities from the political, economic and corporate sectors of the region. The seminar was sponsored by Enersis and with the participation of Ignacio Antoñanzas, the company's Chief Executive Officer who, within the framework of the panel called "Energy: Global challenges and regional opportunities" referred to the tendencies being experienced by the energy sector.

VIII Cycle Of Regional Development

For the fourth consecutive year, Enersis sponsored the Regional Conventions organized by the Diario Financiero that look to enhance the political, economic and social debate in terms of the current issues that in some way are linked to actions that are still pending in our country that would help it reach the level of a developed nation.

During 2007, a total of 10 lectures were given in the principal cities throughout the country with an average 200 people at each session including opinion leaders, business men, politicians and academics.

Diario Estrategia Seminars and Round Tables

The company sponsored the conferences organized by the Diario Estrategia newspapers and the Banco Central, whose purpose was to create awareness throughout Chile of the financial reports prepared by said entity. There were 3 seminars in total, together with two Round Tables.

RSE Seminar For University Graduates

Enersis sponsored, for the fourth consecutive year, the Corporate Social Responsibility seminar organized by Accion RSE that is targeted to high level students. On this new occasion, the title of the event was “Join! ... We create the Future Together”, while its main theme was related to “associativity” as a CSR tool. “Is Chile an Associative Country? Stakeholders View, Chilean Corporate Cases of Associativity and CSR”.

8° Biarritz Forum / VII International CSR Congress / CSR Expo

In Santiago de Chile, under the slogan “Social Cohesion and Corporate Social Responsibility” the VII International Corporate Social Responsibility Congress was held, event that took place under the 8° Biarritz Forum umbrella. This event was sponsored by Enersis and the speaker Pedro Larrea, Chief Executive Officer for Latin America of Endesa, sat on the panel entitled “The Challenge of the New Corporation: Profit through more Inclusive Business”.

Preparation of Sustainability Reports Guide

Enersis sponsored the Practical Guide to the Preparation of Sustainability Reports, publication developed by Accion RSE, a Chilean organization formed in 2000 aimed at promoting good practices in matters of Social Responsibility. The document updates the guide launched in August 2002, as it adds new standards and principles, including the G3 version of the Global Reporting Initiative amongst others.



III Ibero- American Corporate Rally

An outstanding contribution was offered by Pedro Larrea, Chief Executive Officer of ENDESA for Latin America and Rodolfo Martín Villa, President of the Endesa Foundation, in the III Ibero-America Corporate Rally held in Santiago de Chile under the framework of the XVII Ibero-America Summit, and whose main axis was “Social Cohesion and Economic Growth”. The event, organized by the Production and Commerce Confederation (Confederación de la Producción y del Comercio CPC) and the Ibero-American General Secretariat was sponsored by Enersis.



Municipality of Vitacura

Throughout 2007, the company sponsored the development of cultural activities organized by the Municipality of Vitacura, which are held every month.

Radio Beethoven

The company sponsored the broadcasting of Cultural Panorama; a Radio Beethoven radio station program.

SEMINARS

Third International Convention For Chilean Emitters

For the third year running Enersis organized the International Convention of Chilean ISSUERS. The event gathered a select group of analysts and executives from the financial markets, who clarified issues referring to key considerations for improving the Capital Market, its current tendencies and its main risks at a local level.



First ENDESA Innovation Circles Conference

With a clear objective to strengthen co-operation bonds with company suppliers, the Enersis Group held the First ENDESA Innovation Circles Conference (CIDE) in Santiago de Chile

This pioneer initiative in Latin America is part of the ENDESA Group's Innovation Model and it enables taking a leap in the direction of co-operative work with their most critical suppliers.

PRIZES

During 2007, Enersis was acknowledged for its performance in various fields, receiving the following distinctions:

Hall of Fame / Energía Latin America's Best

The news agency Business News Americas – through its publication TEN – distinguished Enersis as one of the 10 most prominent Latin American energy corporations in the decade.



2006 50 Super Sales

The Diario Financiero newspaper distinguished Enersis, Endesa Chile and Chilectra as part of the 50 Super Sales Corporations for 2006. On this occasion, the companies that showed the best commercial management during 2006 were distinguished, taking into account not only their profits but also their recorded increase in income.

A Better Job for Chile (Un Mejor Empleo Para Chile) / Simón de Cirene Corporation

The Enersis workers, Alberto Gómez and Martín Zabala participated prominently in the program "A better job for Chile" of the Simón de Cirene Corporation, being distinguished for their assessment to the small business owner María Flor Castillo, who managed to stabilize her sales throughout the year.

At the same time, our subsidiaries Endesa Chile and Chilectra received, amongst others, the following acknowledgements:

2007 Cigré Prize for CSR and Technological Innovation

The International Counsel of Large Electrical Networks – CIGRÉ (El Consejo Internacional de Grandes Redes Electricas) distinguished Endesa Chile for its commitment in its relationship, support and transparency with the communities in which it operates, as well as for its prominent management in the environmental and economic areas.

2007 Best Sustainability Report Prize

Endesa Chile received this distinction in the first version of the 2007 Best Sustainability Report Prize given by Accion RSE.

AMCHAM Prize to the Best Corporate Citizen

The Pehuén Foundation, entity sponsored by Endesa Chile, received this award for its Middle and Senior School Promotional Education Program for Pehuenche youths of six communities in the Alto Bío Bío area.

2007 Avonni Prize

The Pro Innovation Forum, together with the CPC (Production and Commerce Confederation) and the Ministry of Economy distinguished Chilectra as the most innovative company in the country.

PROhumana CSR Ranking

Chilectra ranked first place on a national level and in the Metropolitan Region in the survey "Chile asks: Are we socially responsible?", research carried out by Fundación PROhumana.

SUBSIDIARIES AND RELATED COMPANIES



AGRICOLA DE CAMEROS

Name
Sociedad Agrícola de Cameros
Limitada

Kind of Company
Limited Partnership

Tax N°
77,047,280-6

Address
Camino Polpaico a Til-Til, S/N Til-Til.

Telephone
(56 2) 378 4700

Fax
(56 2) 378 4702

External Auditors
Deloitte & Touche

Subscribed and paid capital (M\$)
5,738,046

Holding of Enersis (direct and indirect)
57.5%

Corporate Purpose
The society's objective is the
exploitation of a farmland.

Administration
Complete with the presence of 3
representatives together.

Executive Officer
Hugo Ayala

**AGRICOLA E
INMOBILIARIA
PASTOS VERDES**

Name
Agrícola e Inmobiliaria Pastos Verdes
Limitada

Kind of Company
Limited Partnership

Tax N°
78,970,360-4

Address
Américo Vespucio 0100, Pudahuel,
Santiago

Telephone
(56 2) 601 0601

Fax
(56 2) 601 0519

External Auditors
Deloitte & Touche

Subscribed and paid capital (M\$)
37,029,390

Holding of Enersis (direct and indirect)
55%

Corporate Purpose
The society's objectives are the
exploitation of farmland and the
development of all types of real estate
activities, including the urbanization,
commercialization, and transfer of
lands in any legal way possible.

Administration
Complete with the presence of 3
representatives together.

Executive Officer
Bernardo Küpfer

**AGUAS SANTIAGO
PONIENTE**

Name
Aguas Santiago Poniente S.A.

Kind of Company
Private Company, Held under Public
Company normative

Tax N°
96,773,290-7

Address
Américo Vespucio N° 0100,
Pudahuel, Santiago

Telephone
(56 2) 601 0601

Fax
(56 2) 601 0519

External Auditors
Deloitte & Touche

Shares
3,996,874

Subscribed and paid capital (M\$)
6,061,635

Holding of Enersis (direct and indirect)
55%

Corporate Purpose
To exclusively establish, construct,
and exploit public services that are
aimed at producing and distributing
drinking water; to collect, treat, and
dispose of sewage water, and to carry
out the other duties that the D.F.L. Nr.
382 of 1998 expressly authorizes and
its modifications.

Board
President
Víctor Manuel Jarpa
Directors
Cristóbal Sánchez
Andrés Salas
Luis Felipe Edwards
José Manuel Guzmán
Executive Officer
Jorge Alé

AMPLA ENERGIA

Name
Ampla Energia e Serviços S.A.

Kind of Company
Publicly Held Limited Liability Stock
Company

Address
Praça Leoni Ramos, N°01 – São
Domingos, Niterói, Rio de Janeiro,
Brasil

Telephone
(55 21) 2613 7000

Fax
(55 21) 2613 7123

P.O. Box
24,210-205

Web site
www.ampla.com

E-mail
lbettencourt@ampla.com

External Auditors
Deloitte & Touche

Total N° of shares
3,922,515,918,446

Subscribed and paid capital (Br. Real)
998,230,386.65

Holding of Enersis (direct and indirect)
69.88%

Investments as proportion of Enersis
assets
1.6%

Corporate Purpose (excerpt)
To study, plan, project, construct,
and explore the production,
transmission, conversion, distribution,
and marketing systems of electrical
energy, as well as to provide
correlative services that have been
or could be granted; to carry out
research in the field of energy and to
participate as a share holder in other
energy sector companies.

Administration
Board
President
Mario Fernando de Melo
Vice President
Antonio Basilio Pires
Board
Nelson Ribas
Eduardo dos Santos Machado
Luiz Felipe Lampreia
Cristián Herrera
Martín Serrano Spoerer

(Enersis Chief Financial Officer International)
 Gonzalo Carbó
 Alternate Directors
 José Alves de Mello Franco
 Marcos da Silva Crespo
 Principal Directors
 Director President
 Cristián Eduardo Fierro Montes
 Regulation Director
 José Alves de Mello Franco
 Commercial Director
 Luciano Alberto Galasso Samaria
 Human Resources Director
 Carlos Ewandro Naegale Moreira
 Energy Losses Director
 Claudio Rivera Moya
 Administrative-Financial Director
 Luiz Carlos Laurens Ortins de Bettencourt
 Legal Director
 Déborah Meirelles Rosa Brasil
 Technical Director
 Albino Motta da Cruz
 Government Relationships and Environmental Director
 André Moragas da Costa

AMPLA INVESTIMENTOS

Name
 Ampla Investimentos e Serviços S.A.

Kind of Entity:
 Open Corporation

Address:
 Praça Leoni Ramos, N°01 – parte São Domingos, Niterói, Rio de Janeiro, Brasil

Telephone
 (55 21) 2613 7071

Fax
 (55 21) 2613 7153

External Auditors
 Deloitte & Touche

Subscribed and paid capital (Br. Real)
 120,000,000

Holding of Enersis (direct and indirect)
 69.88%

Investments as proportion of Enersis assets
 0.14%

Corporate Purpose
 To study, plan, project, construct, and explore the production, transmission, conversion, distribution, and marketing systems of electrical energy, as well as to lend correlative services that have been or could be granted; to lend services of any kind and to participate as a share holder in other energy sector companies.

Board President
 Mário Fernando de Melo Santos
 Vice President
 Antonio Basílio Pires e Albuquerque
 Board
 Gonzalo Carbó
 Cristián Herrera Fernández
 Marcelo Llévenes Rebollo
 Martín Serrano Spoerer
 Nelson Ribas Visconti
 Luiz Felipe Lampreia

ARA - INGENDESA

Name
 Consorcio Ara - Ingendesa Ltda.

Kind of Company
 Limited Partnership

Tax N°
 77,625,850-4

Address
 Santa Rosa 76 Piso 10, Santiago, Chile

Corporate Purpose
 The provision of engineering services that comprise the project ion, planning, and implementation of engineering projects and studies,

consultancy services, granting of assistance and technical information, and the administration, inspection, and development of plans and construction. Apart from that, whether it be at its own or at others' expense, to provide all types of construction, to set up and to start, for itself or third parties, all types of establishments, be they industrial or not, and the marketing for ourselves or third parties the goods and services that are produced. In general, to develop activities that are related directly or indirectly to the above mentioned operations, all phases of commercialization, including the buying and selling of furniture, exporting and importing, and any business that partners have agreed upon that relate to the activities pointed out.

Paid Capital (M\$)
 1,000

Holding of Enersis (direct and indirect)
 29.99%

Representatives
 Rodrigo Alcaíno Mardones
 Alejandro Santolaya de Pablo
 Alternate Representatives
 Fernando Orellana Welch
 Julio Montero Montegú
 Elías Arce Cyr
 Cristián Araneda Valdivieso

ARA INGENDESA SENER

Name
 Consorcio Ara - Ingendesa - Sener Ltda.

Kind of Company
 Sociedad de Responsabilidad Limitada

Tax N°
 76,738,990-6

Address
 Santa Rosa 76 piso 10, Santiago, Chile

Corporate Purpose
 The provision of engineering services that comprise the projection, planning, and implementation of engineering projects and studies, consultancy services, granting of assistance and technical information, and the administration, inspection, and development of plans and construction. Apart from that, whether it be at its own or at others' expense, to provide all types of construction, to set up and to start, for itself or third parties, all types of establishments, be they industrial or not, and the marketing for ourselves or third parties the goods and services that are produced. In general, to develop activities that are related directly or indirectly to the above mentioned operations, all phases of commercialization, including the buying and selling of furniture, exporting and importing, and any business that partners have agreed upon that relate to the activities pointed out. In addition to the above mentioned, it will be special purpose of the company the adjudication and implementation of the Fiscal Inspection Counsel above Santiago Justice Center Concession.

Paid Capital (M\$)
 1,000

Holding of Enersis (direct and indirect)
 19.99%

Representatives
 Rodrigo Alcaíno Mardones
 Alejandro Santolaya de Pablo
 Alternate Representatives
 Cristián Araneda Valdivieso
 Elías Arce Cyr
 Julio Montero Montegú
 Fernando Orellana Welch

ATACAMA FINANCE

Name
 Atacama Finance Co.

Kind of Company
 Exent Company

Address
 Caledonian House P.O. Box 265 G, George Town, Grand Cayman, Cayman Islands.

Corporate Purpose
 The company's main objective includes debt financing in the financial market through credit agreements and the issuing of coupons and other documents or through loans to other companies, particularly those that are involved with the Atacama Project.

Paid Capital (M\$)
 3,130,407

Holding of Enersis (direct and indirect)
 29.99%

Board
 Manuel Irrarrazaval Aldunate
 Daniel Bortnik
 Ricardo Rodríguez
 Horacio Reysen

CACHOEIRA DOURADA

Name
 Centrais Elétricas Cachoeira Dourada S.A.

Kind of Company
 Closed Capital Publicly Held Liability Stock Company

Address
 Rodovia GO 206, Km 0, Cachoeira Dourada Goiania, Goiás, Brasil

Corporate Purpose
 The company's corporate purpose is the carrying out of studies, planning, construction, installation, operation, and exploitation of central generators

of electrical energy and the business related to these activities.

Paid Capital (Br. Real)
289,339,835.85

Holding of Enersis (direct and indirect)
53.36%

Board
President
Francisco Javier Bugallo Sánchez
Board
Aurelio de Oliveira
Guilherme Gomes Lencastre
Principal Directors
Executive Officer
Francisco Bugallo Sánchez
Commercial and Trading Manager
Manuel Herrera Vargas
Technical Officer
José Ignacio Pires Madeiros

CAM

Name
Compañía Americana de
Multiservicios Ltda.

Kind of Company
Limited Partnership.

Tax N°
96,543,670-7

Address
Tarapacá N° 934, Santiago.

Telephone
(56 2) 389 7300

Fax
(56 2) 389 7342

Web site
www.camchile.cl

E-mail
cam@cam.enersis.cl

External Auditors
Deloitte & Touche Soc. de Auditores y
Consultores Ltda.

Subscribed and Paid Capital (M\$)
2,572,038

Holding of Enersis (direct and indirect)
100%

Investments as proportion of Enersis
assets
1.20%

Corporate Purpose (excerpt)
The company's corporate purpose is to carry out on its own or through third parties and/or third-party associates, in the country as well as abroad, services in general, real estate services and immovable asset construction, the importation, exportation, and distribution of all types of products.

Representatives and Senior
Executives
Representatives

Klaus Winkler Speringer
Cristóbal Sánchez Romero
Alternate Representatives
Gonzalo Mardones Pantoja
Eduardo López Miller
Principal Directors
Executive Officer
Klaus Winkler Speringer
Chief Operations Officer
Gonzalo Mardones Pantoja
Executive Officer CAM Brasil
Tomás Casanegra Rivera
Executive Officer CAM Perú
Ricardo Camezzana Leo
Executive Officer CAM Colombia
Carlos A. Zarruk Gómez
Executive Officer CAM Argentina
Pablo Calderón Pacheco
Chief Planning and Media Officer
Pedro Carrizo Polanco
Chief New Business Development
and Technology Officer
Alejandro Cabrera Croqueville

CAM ARGENTINA

Name
Compañía Americana de
Multiservicios (CAM) S.R.L.

Kind of Company
Limited Partnership

Address
Av. Vélez Sarsfield 1160, Capital
Federal, Argentina

Telephone
(54 11) 4302 2951/58

Fax
(54 11) 4302 2951/58

Total N° of Shares (quotes)
1,000,000

Subscribed and Paid Capital (M\$)
496,890

Holding of Enersis (direct and indirect)
100%

Corporate Purpose (excerpt)
The company's corporate purpose is to present professional and technical services to companies and national and international organizations, public and private, and to provide advice, technical assistance, staging, process control, systems set up and maintenance, machinery and equipment, transport and distribution network maintenance, and everything related to production, transport, and distribution of electric energy, among other objectives.

Principal Directors
Titular Manager
Pablo Calderón Pacheco

CAM BRASIL

Name
Cam Brasil Multiserviços Limitada

Kind of Company
Limited Partnership

Address
Av José Mendonça de Campos, 680
São Gonçalo – RJ, Brasil

Telephone
(55 21) 2702 8001

Fax
(55 21) 2702 8000

P.O. Box
24,450-700

External Auditors
Deloitte Touche Tohmatsu.

Subscribed and Paid Capital (R\$)
14,327,826

Holding of Enersis (direct and indirect)
100%

Corporate Purpose
The offering of electrical engineering services, network and big job construction, and utility large-scale commercial services.

Principal Directors
General Director
Tomás Casanegra Rivera

CAM COLOMBIA

Name
Compañía Americana de
Multiservicios Limitada Colombia

Kind of Company
Limited Partnership

Address
AV. Carrera 68 No. 5-21, Bogotá,
Colombia

Telephone
(57 1) 417 3000

Fax
(57 1) 565 1012

External Auditors
Deloitte & Touche Ltda.

Total N° of Shares
1,615,500

Subscribed and Paid Social Capital
(Col. \$)
1,615,500,000

Holding of Enersis (direct and indirect)
100%

Corporate Purpose
To carry out on its own, or through third parties and/or through third-party associates, in the country as well as abroad, the following activities:
Services: the offering of professional and technical services to national and international businesses and organizations, public and private; construction and real estate services through the construction and refurbishment of all types of furniture, and project execution; The importation and exportation of all types of material; and marketing through the purchasing, sales exchange, dividing of, consignment, and distribution of all types of material.

Principal Directors
Executive Officer
Carlos Alberto Zarruk Gómez

CAM PERÚ

Name
Compañía Americana de
Multiservicios del Perú S.R.L.

Kind of Company
Limited Partnership

Address
Jr. Teniente César López Rojas 201,
Piso 3, Maranga, San Miguel, Lima,
Perú

Telephone
(51 1) 561 1604

Fax
(51 1) 452 3007

External Auditors
 Gris y Hernández y Asociados S.A.C.
 – Deloitte & Touche.

Total N° of Shares
 5,220,000

Subscribed and Paid Capital (Per.
 New Sun)
 5,220,000

Holding of Enersis (direct and indirect)
 100%

Corporate Purpose
 The company's corporate purpose is to carry out on its own or through third-party professional and technical services the management and purchasing of materials or equipment for electrical, water, gas, or communication services, among others.

Principal Directors
 Executive Officer
 Ricardo Mario Camezzana Leo

CANELA

Name
 Central Eólica Canela S.A.

Kind of Company
 Sociedad Anónima Cerrada

Tax N°
 76.003.204-3

Address
 Santa Rosa 76, piso 12, Santiago,
 Chile

Corporate Purpose
 The purpose of this company is to promote and develop plans that have to do with renewable energy, especially eolian energy; to identify and develop Mecanismo de Desarrollo Limpio (Clean Growth Mechanism) projects and act as receiver and promoter of the emission reduction certificates that

are obtained in said projects. Either, the company will have as purpose to generate, transport, distribute, supply and trade electric energy, being allowed to purchase and enjoy the respective concessions and royalties.

Subscribed and Paid Capital (M\$)
 11,280,756

Holding of Enersis (direct and indirect)
 44.98%

Board
 Manuel Irarrázaval Aldunate
 Rodrigo Alcaíno Mardones
 Juan Benabarre Benaiges
 Renato Fernández Baeza
 Cristóbal García-Huidobro Ramírez
 Principal Directors
 Executive Officer
 Wilfredo Jara Tirapegui

CELTA

Name
 Compañía Eléctrica Tarapacá S.A.

Kind of Company
 Private Company

Tax N°
 96,770,940-9

Address
 Santa Rosa 76, Santiago, Chile

Corporate Purpose
 The company's main corporate purpose is the production, transport, distribution, and supply of electric energy, nationally as well as internationally, and as such, to obtain, acquire, and enjoy its respective favors and concessions. Additionally, another objective with the intention of seeing it through to completion, is the construction of a thermoelectric station, the construction and operation of a wharf for maritime installations, for the loading and unloading of supplies and other products in the area

known as Punta de Patache, south of Iquique, in the I Region. Likewise, the objective includes the transmission line construction with its substations between the main station and the Doña Inés de Collahuasi copper mine; as well as the reinforcing of the interconnected system of Norte Grande.

Paid Capital (M\$)
 94,673,684

Holding of Enersis (direct and indirect)
 59.98%

Board
 President
 Alejandro García Chacón
 Board
 Alan Fischer Hill
 Liones Roa Burgos
 Executive Officer
 Eduardo Soto Trincado

CEMSA

Name
 Comercializadora de Energía del Mercosur S.A.

Kind of Company
 Public Company

Address
 Pasaje Ing. E. Butty 220, Piso 16,
 Buenos Aires, Argentina

Corporate Purpose
 The company's main corporate purpose is the wholesale buying and selling of electric energy produced by third parties and to be consumed by third parties, including the importation and exportation of electric energy and the commercialization of royalties, as well as the provision and/or carrying out of related services of the above mentioned goals, in accordance with existing regulations. The company could carry out, as such, all subsidiary and complementary activities that are

linked with its corporate purpose, having full legal power to acquire rights and to enter into obligations and exercise any activity that is not prohibited by law or this statute.

Paid Capital (M\$)
 7,020,284

Holding of Enersis (direct and indirect)
 26.99%

Board
 President
 José María Hidalgo Martín-Mateos
 Vice President
 José Venegas Maluenda
 Fernando Claudio Antognazza
 Alternate Directors
 Arturo Pappalardo
 Roberto José Fagan
 Pedro Cruz Viné
 Principal Directors
 Executive Officer
 Juan Carlos Blanco

CENTRALES HIDROELECTRICAS DE AYSÉN S.A.

Name
 Centrales Hidroeléctricas de Aysén
 S.A.

Kind of Company
 Private Company

Tax N°
 76,652,400-1

Address
 Miraflores 383, oficina 1302,
 Santiago, Chile

Corporate Purpose
 The company's main corporate purpose is the development, financing, ownership and exploitation of an hydroelectric project located on Eleventh Region of Aysén, which comprises an estimated capacity of 2,355 MW distributed within

five hydroelectric plants, which is denominated "Aysén Project". In order to fulfill its objective, its line of business comprises the following activities:

a) electricity production and transportation; b) supplying and commercialization of electricity towards its shareholders; c) administration, operation and maintenance of hydraulic works, electrical systems and hydroelectric generation plants d) delivery of services related with its corporate purpose. The aforementioned activities could be carried out by it own or by third parties' own. In order to compliance its purpose, the company could obtain, buy and make use of the concessions and permissions that required.

Paid Capital (M\$)
 34,916,205

Holding of Enersis (direct and indirect)
 30.59%

Board
 President
 Antonio Albarrán Ruiz-Clavijo
 Principal Directors
 Rafael Mateo Alcalá
 Juan Benabarre Benaiges
 Rodrigo Alcaíno Mardones
 Bernardo Larraín Matte
 Luis Felipe Gazitúa Achondo
 Alternate Directors
 Jaime Fuenzalida Alessandri
 Carlos Martín Vergara
 Claudio Iglesias Guillard
 Eduardo Morel Montes
 Carlos Urenda Aldunate
 Vacante
 Executive Officer
 Hernán Salazar Zencovich

CHILECTRA

Name
 Chilectra S.A.

Kind of Company
Publicly Held Limited Liability Stock
Company

Tax N°
96,800,570-7

Address
Santa Rosa N°76, Piso 8, Santiago,
Chile

Telephone
(56 2) 675 2000

Fax
(56 2) 675 2999

P.O. Box
1557 Santiago

Web site
www.chilectra.cl

E-mail
comunicacion@chilectra.cl

Securities Register Inscription N°0931

External Auditors
KPMG Auditores Consultores Ltda.

Total N° of Shares
1,150,742,161

Subscribed and paid capital (M\$)
337,859,212

Holding of Enersis (direct and indirect)
99.09%

Investments as proportion of Enersis
assets
22.04%

Corporate Purpose (excerpt)
To exploit in the country and abroad,
the distribution and sale of energy, be
it electric, hydraulic, thermal, caloric,
or of any other form, as well as the
distribution, transport, and sale of all
kinds of fuel, supplying said energy or
fuels to the greater consuming public
directly or through other companies.

Board
President
Jorge Rosenblut
Vice President
José M. Fernández
Board
Pedro Buttazzoni
Joaquín Pérez de Ayala
Antonio Cámara
Hernán F. Errázuriz
Marcelo Llévanes
Principal Directors
Executive Officer
Rafael López
Communications Manager
Juan Pablo Larraín
Legal Counsel
Gonzalo Vial
Distribution and Services Regional
Manager
Cristóbal Sánchez
Innovation and Human Resources
Manager
Cristián Herrera
Energy and Regulation Manager
Guillermo Pérez del Río
Chief Commercial Officer
Andreas Gebhardt
Networks Manager
Enrique Fernández
Economic and Planning Manager
Vacant

CHILECTRA INVERSUD

Name
Chilectra Inversud S.A.

Tax N°
99,573,910-0

Kind of Company
Private Company

Address
Santa Rosa 76, piso 8°, Santiago

Telephone
(562) 675 2000

Fax
(562) 675 2000

External Auditors
KPMG Auditores Consultores Ltda.

Total N° of Shares
89,200

Paid Capital (US\$)
892,012,110

Holding of Enersis (direct and indirect)
99.09%

Corporate Purpose
To exploit the business of sales and
distribution of electric energy abroad,
either on its own or through third
parties. Likewise, the company could
invest in foreign companies, as well
as invest in all types of commercial
tools such as in payments, vouchers,
bonds, credit, negotiable furnishing
values, and other financial or
commercial documents, all with
the vision of receiving its earned
and unearned income. As for the
preceding, the company could form,
modify, dissolve, and liquidate foreign
companies, while being able to also
develop all the other activities that
would be complementary and/or
related to previous transfers.

Board
President
Cristóbal Sánchez
Vice President
Vacant
Director
José Eduardo Rojas
Principal Directors
Executive Officer
José Eduardo Rojas

CHOCÓN

Name
Hidroeléctrica El Chocón S.A.

Kind of Company:
Publicly Held Limited Liability Stock
Company

Address:
Av. España 3301, Buenos Aires;
Argentina

Corporate Purpose
The company's objective is the
production and commercialization of
electric energy.

Paid Capital (M\$)
168,057,142

Holding of Enersis (direct and indirect)
39.21%

Board
President
Rafael Mateo
Vice President
José Miguel Granged
Board
Carlos Martin
Miguel Ortiz
Julio Valbuena
Eduardo Adrián
José Luis Mazzzone
Orlando Adalberto Diaz
Alternate Directors
Fernando Antognazza
Francisco Domingo Monteleone
José María Hidalgo
José Luis Sierra
Luis A. Acuña
Manuel Irrázaval
Juan Carlos Blanco
Gustavo Bockerhof
Principal Executives
Executive Officer
Fernando Claudio Antognazza

CIEN

Name
Compañía de Interconexión
Energética S.A.

Kind of Company
Public Company

Address
Praia de Flamengo, 200 -12°
andar-parte, Rio de Janeiro, R.J.
22,210,030 - Brasil

Corporate Purpose
The company's corporate purpose
is electrical energy's production,
industrialization, distribution, and
commercialization performance,
including the area of imports and
exports.

Paid Capital (Br. Real)
285,044,682

Holding of Enersis (direct and indirect)
53.57%

Board
President
Marcelo Llévanes
Vice President
Francisco Javier Bugallo
Director
José Venegas
Principal Directors
Chief Executive Officer
Francisco Javier Bugallo

CODENSA

Name
Codensa S.A. E.S.P.

Kind of Company
Public Company

Address
Carrera 13 A N° 93-66, Bogotá,
Colombia

Telephone
(57 1) 601 6060

Fax
(57 1) 601 5917

Web site
www.codensa.com.co

E-mail
tservice@codensa.com.co

External Auditors
Deloitte & Touche Ltda.

Total N° of Shares subscribed and paid
132,093,274

Subscribed and Paid Capital (Col \$)
13,209,327,400

Holding of Enersis (direct and indirect)
21.73%

Investments as proportion of Enersis assets
1.58%

Corporate Purpose (excerpt)
The distribution and commercialization of electric energy, as well as the implementation of all activities that are common, similar, complementary, and related to energy distribution and commercialization, job execution, electrical engineering design and consultancy, and product marketing benefiting its clients.

Board
President
José Antonio Vargas

Board
Andrés Regué
José Antonio Vargas
Orlando Cabrales
Lucio Rubio
Astrid Martínez
Pedro Rodríguez
Carlos Bello
Alternate Directors
David Felipe Acosta
Roberto Ospina
Antonio Sedán
José Inostroza
Henry Navarro
Héctor Zambrano
Luis Rueda
Board Assistant
Alvaro Camacho
Principal Directors
Chief Executive Officer
José Inostroza
Chief Commercial Officer
David Acosta
Chief Communications Officer
María Alexandra Velez H

Chief Distribution Officer
Margarita Olano

Chief Financial and Administration Officer
Luis Larumbe
Legal Manager
Alvaro Camacho
Chief Planning and Control Officer
Roberto Ospina
Chief Human Resources Officer
Carlos Alberto Niño
Chief Regulation Officer
Omar Serrano
Chief Auditing Officer
Alba Urrea

COELCE

Name
Companhia Energética do Ceará

Kind of Company
Foreign Publicly Held Liability Stock Company

Address
Av. Barão de Studart, 2917/83, Bairro Dionísio Torres, Fortaleza, Ceará, Brasil

Telephone
(55 85) 3216 1350

Fax
(55 85) 3216 1247

Web site
www.coelce.com.br

E-mail
investor@coelce.com.br

External Auditors
Deloitte & Touche

Total N° of shares
77,855,299

Subscribed and paid capital (Br. Real)
433,057,722.64

Holding of Enersis (direct and indirect)
34.90%

Corporate Purpose (excerpt)
To explore the distribution of electric energy and similar services in the state of Ceará.

Board
President
Mario Fernando de Melo
Vice President
Marcelo Llévenes

Board
Luis Gastão Bittencourt
José Alves de Mello
Fernando de Moura
Jorge Parente Frota
Cristóbal Sánchez
Gonzalo Vial
Cristián Fierro
María Eliza de Castro
Aguinaldo Nogueira
Alternate Directors
Luciano Alberto Galasso
José Nunes de Almeida
Antonio Basilio Pires
José Távora
Juarez Ferreira
Nelson Ribas
José Caminha Alencar
Teobaldo José Cavalcante
Luiz Carlos Bettencourt
José Renato Ferreira
Vlândia Viana

Principal Directors
Director President
Abel Alves
Vice President Institutional and Communicational
Projects Director
José Nunes de Almeida
Commercial Director Vice President
Olga Carranza
Technical Director Vice President
José Távora
Strategic Planning and Control Director
Vice President
Abel Pérez
Organization and Human Resources Director
Vice President
José Ferreira
Financial and Investor Relations Director

Vice President
Teobaldo Cavalcante

COMPAÑIA PERUANA DE ELECTRICIDAD

Name
Compañía Peruana de Electricidad S.A.C.

Kind of Company
Private Company

Address
Jr. Teniente César López Rojas 201, Maranga, San Miguel, Lima, Perú

Telephone
(51 1) 561 1604

Fax
(51 1) 452 3007

P.O. Box
32, Lima, Perú

External Auditors
Gris y Hernández y Asociados S.AC. – Deloitte & Touche.

Total N° of Shares
83,538,403

Subscribed and Paid Capital (Per. New Sun)
83,538,403

Holding of Enersis (direct and indirect)
50.54%

Corporate Purpose
The company's objective is to make investments in general, especially those involving the distribution and production of electric energy.

Board
Private Company without Directors
Principal Directors
Executive Officer
Ignacio Blanco

CONO SUR

Name
Compañía Eléctrica Cono Sur S.A.

Kind of Company
Public Company

Address
Edificio Omega. Av. Samuel Lewis y Calle 53, Apartado Postal 4493, Panamá 5, República de Panamá.

Corporate Purpose
a) The construction of all types of civil works, installations, buildings, housing, offices, etc., on its own or by third parties, on company or thirdparty land that is developed or not.
b) The sale or disposal of such works and structures by any means necessary.
c) The study and development of plans for such structures, including the engineering, architecture, financing, commercialization, etc. In the development of the company's actions, the company could always act on its own or through third parties, be it directly or in participation with partnerships, communities, companies, and legal representatives of any kind, of which the company could even take on the administration.

Paid Capital (M\$)
1,247,877,896

Holding of Enersis (direct and indirect)
59.98%

Board
President
Manuel Irrázaval
Principal Director
Alfredo Ergas
(Chief Regional Finance Officer)
Carlos Martín
Daniel Bortnik

CONSTRUCCIONES Y PROYECTOS LOS MAITENES

Name
Construcciones y Proyectos Los Maitenes S.A.

Kind of Company
Private Company

Tax N°
96,764,840-K

Address
Américo Vesputio N° 0100,
Pudahuel, Santiago

Telephone
(56 2) 601 0601

Fax
(56 2) 601 0519

External Auditors
Deloitte & Touche

Total N° of Shares
295,100

Subscribed and paid capital (M\$)
4,327,709

Holding of Enersis (direct and indirect)
55%

Corporate Purpose
a) The construction of all types of civil works, installations, buildings, housing, offices, etc., on its own or by third parties, on company or third party land that is developed or not. b) The sale or disposal of such works and structures by any means necessary. c) The study and development of plans for such structures, including the engineering, architecture, financing, commercialization, etc. In the development of the company's actions, the company could always act on its own or through third parties, be it directly or in participation

with partnerships, communities, companies, and legal representatives of any kind, of which the company could even take on the administration.

Board
President
Cristóbal Sánchez

Board
Victor Manuel Jarpa
Andrés Salas
Luis Felipe Edwards
José Manuel Guzmán
Principal Directors
Chief Executive Officer
Bernardo Kúpfer

COSTANERA

Name
Endesa Costanera S.A.

Kind of Company
Public Company

Address
Av. España 3301, Buenos Aires,
Argentina.

Corporate Purpose
The company's objective is the production and commercialization of electric energy en masse.

Paid Capital (M\$)
80,496,677

Holding of Enersis (direct and indirect)
41,85%

Board
President
Rafael Mateo
Vice President
Máximo Bomchil
Board
Julio Valbuena
César F. Amuchástegui
José María Hidalgo
Miguel Ortiz
Manuel Irarrázaval
Eduardo J. Romero

Carlos Martín
Alternate Directors
Francisco Monteleone
Fernando C. Antognazza
Jorge Burlando
Roberto Fagan
Sergio Schmois
Bernardo Iriberrí
Rodrigo Quesada
Alfredo Mauricio Vítolo

Vacant
Principal Directors
Chief Executive Officer
José Miguel Granged
Chief Administration and Finance Officer
Fernando Carlos Boggini
Chief Human Resources Officer
Rodolfo Bettinsoli
Chief Planning and Control Officer
Jorge Burlando
Chief Commercial Officer
Sergio Schmois
Chief Production Officer
Francisco Monteleone

CTM

Name
Compañía de Transmisión del Mercosur S.A.

Kind of Company
Public Company

Address
Bartolomé Mitre 797, Piso 13, Buenos Aires, Argentina.

Corporate Purpose
To provide high-tension electrical energy transport services, whether they be involving national or international electrical systems, in accordance with existing legislation, to which end the company could participate in national or international bids, turning it into a public service licensee in transporting national or international high-tension electrical energy and carrying out any and all duly related activities.

Paid Capital (Ar. \$)
14,176,000

Holding of Enersis (direct and indirect)
53.56%

Board
President
José María Hidalgo
Francisco Javier Bugallo
Arturo Plácido Pappalardo
Alternate Directors
José Agustín Venegas
Juan Carlos Blanco
Roberto José Fagan
Principal Directors
Chief Executive Officer
Francisco Javier Bugallo

DISTRILEC INVERSORA

Name
Distrilec Inversora S.A.

Kind of Company
Foreign Private Company

Address
San José N° 140 (C1076AAD)
Buenos Aires, Argentina

Telephone
(54 11) 4370 3700

Fax
(54 11) 4381 0708

External Auditors
Deloitte & Co. Sr. L.

Subscribed and Paid Capital (Ar \$)
497,612,021

Holding of Enersis (direct and indirect)
50.93%

Investments as proportion Of Enersis' Assets
1.80%

Corporate Purpose (excerpt)
The company's sole objective is investing capital in established

companies or ones that will be established, whose main purpose is electrical energy distribution or who participate directly or indirectly in companies that do so through carrying out all types of financial and investment activity, except for those provided by laws dealing with finance companies, the buying and selling of public and private documents, bonds, shares, negotiable obligations, granting of loans, and the deposit of its funds in any type of bank account.

Board
President
Rafael López
Vice President
João Bezerra

Board
Daniel Casal
Fermín Demonte
Mariano Florencio Grondona
Rigoberto Mejía
Gabriel Marchione
Ramiro Alfonsín
(Chief Regional Planning and Controlling Officer)
Gonzalo Vial
Alternate Directors
Pedro Eugenio Aramburu
Manuel María Benites
Santiago Daireaux
Esterban Diez
Mónica Diskin
Roberto José Fagan
Martín Mandarano
Enrique Rosello
Jorge Vugdelija
Principal Directors
Chief Executive Officer
José María Hidalgo Martín-Mateos

EDEGEL

Name
Edegel S.A.A.

Kind of Company
Public Company

Address

Av. Víctor Andrés Belaúnde N° 147, edificio real 4, piso 7, Centro Empresarial Camino Real, San Isidro, Lima, Perú.

Corporate Purpose

The company's main objective is to dedicate itself, in general, to its own activities of creating electrical energy. The company could likewise carry out civil, industrial, and commercial activities and operations, and of any other kind that are related and conducive to its main corporate purpose.

Paid Capital (M\$)

421,624,209

Holding of Enersis (direct and indirect)

19.83%

Board

President
 Rafael Mateo Alcalá
 Vice President
 Fritz Du Bois Freund
 Juan Benabarre Benaiges
 Giora Almogy
 Reinaldo Llosa Barber
 Ricardo Harten Costa
 Alfonso Bustamante Canny
 Alternate Directors
 Julián Cabello Yong
 Arrate Gorostidi Aguirresarobe
 Francisco García Calderón Portugal
 Roberto Cornejo Spickernagel
 Alberto Triulzi Mora
 Jaime Zavala Costa
 Milagros Noriega
 Principal
 Executive Officer
 Carlos Alberto Luna
 Christian Schroder Romero
 Milagros Noriega Cerna
 Julián Cabello Yong
 Rosa María Flores-Aráoz

EDELNOR
Name

Empresa de Distribución Eléctrica de Lima Norte S.A.A.

Kind of Company

Foreign Publicly Held Liability Stock Company

Address

Jr. Teniente Cesar López Rojas 201 Urb. Maranga, San Miguel, Lima, Perú

Telephone

(51 1) 561 2001

Fax

(51 1) 561 0451

Web site

www.edelnor.com.pe

E-mail

enlinea@edelnor.com.pe

External Auditors

Gris, Hernández y Asociados, S.C.- Deloitte & Touche

Total N° of Shares

638,563,900

Subscribed and Paid Capital (Per. New Sun)

638,563,900

Holding of Enersis (direct and indirect)

33.54%

Corporate Purpose (excerpt)

To dedicate itself to its own activities of providing electrical energy distribution, transmission, and creation services.

Board

President
 Reynaldo Llosa Baber
 Vice President
 Ignacio Blanco Fernández

Directors

Ramiro Alfonsín
 Róger Espinosa Reyes
 Rafael López Rueda
 Vacant
 Guillermo Jesús Morales Valentín
 Ricardo Vega Llona
 Principal Directors
 Executive Officer
 Ignacio Blanco Fernández
 Chief Commercial Officer
 Carlos Solís Pino

Chief Organization and Human Resources

Manager
 Rocío Pachas Soto
 Chief Technical Officer
 Walter Sciuotto Brattoli
 Chief Administration and Control Officer
 Vacant
 Chief Legal and Regulation Officer
 Luis Salem Hone
 Chief Communication Officer
 Pamela Gutierrez
 Chief Energy and Regulation Management Officer
 Alfonso Valle Cisneros

EDESUR
Name

Empresa Distribuidora Sur S.A.

Kind of Company

Foreign Publicly Held Liability Stock Company

Address

San José 140 (1076), Capital Federal, Argentina

Telephone

(54 11) 4370 3700

Fax

(54 11) 4381 0708

Web site

www.edesur.com.ar

E-mail

emailservicio@edesur.com.ar

External Auditors

Deloitte & Co. S.R.L.

Total N° of Shares

898,585,028

Subscribed and Paid Capital (Ar. \$)

898,585,028

Holding of Enersis (direct and indirect)

65.39%

Investments as proportion of Enersis assets

1.88%

Corporate Purpose (excerpt)

The distribution and commercialization of electric energy and related operations.

Board

President
 Joao Becerra de Souza
 Vicepresident
 Rafael López Rueda

Directors

Rafael Arias Salgado
 Miguel Beruto
 Juan Pablo Larraín Medina
 Rigoberto Mejía Aravena
 Marcelo Silva Iribarne
 Gonzalo Vial Vial
 Jorge Volpe
 Alternate Directors
 Pedro Aramburu
 Alan Arntsen
 Manuel Benites
 Santiago Daireaux
 Roberto Fagan
 Daniel Casal
 Mariano Grondona
 Pablo Lepiane

Principal Directors

Executive Officer
 José María Hidalgo Martín-Mateos
 Chief Environmental Quality and

Sustainable

Development Officer
 José María Gottig
 Chief Communication Officer
 Daniel Martini
 Chief Internal Auditing Officer
 Jorge Lukaszczuk
 Legal Director
 Álvaro Estivariz
 Human Resources Director
 Héctor Ruiz Moreno
 Commercial Director
 Sandro Rollan
 Distribution Director
 Daniel Colombo
 Services Director
 Daniel Alasia
 Planning and Economic Control Director
 Juan Garade
 Administration and Finance Director
 Juan Verbitsky

ELECTROGAS
Name

Electrogas S.A.

Kind of Company

Private Company

Tax N°

96,806,130-5

Address

Evaristo Lillo N° 78, piso 4, oficina N°41, Santiago, Chile.

Corporate Purpose

The company's objective is to provide natural gas and other fuel transport services on its own and through third parties, whereby it could construct, operate, and maintain gas pipelines, oil pipelines, poly-pipelines, and complementary installations.

Paid Capital (M\$)

10,566,940

Holding of Enersis (direct and indirect)
25.49%

Board
President
Felipe Aldunate Hederra
Vice President
Claudio Iglesias Guillard
Pedro Gatica Kerr
Enrique Donoso
Rosa Herrera Martínez
Alternate Directors
Enzo Quezada Zapata
Sergio Arévalo
Jaime Fuenzalida Alessandri
Jorge Bernardo Larrain Matte
Ricardo Santibañez
Principal Directors
Executive Officer
Carlos Andreani Luco

EMGESA

Name
Emgesa S.A. E.S.P.

Kind of Company
Public Service Publicly Held Limited
Liability Stock Company.

Address
Carrera 11 N° 82-76, Piso 4 Santa Fe
de Bogotá, D.C. Colombia.

Corporate Purpose
The company's objective is the
creation and commercialization
of electric energy, as well as the
carrying out of all activities that
are related, similar, connected,
complementary, and involved with the
production of energy.

Paid Capital (M\$)
723,671,093

Holding of Enersis (direct and indirect)
16.12%

Board
President
José Vargas
Astrid Martínez Ortiz

Rafael Errazuriz
Luisa Fernanda Lafourie
Lucio Rubio Díaz
Enrique Borda Villegas
Camilo Sandoval Sotelo
Alternate Directors
Renato Fernández Baeza
Gustavo Gomez
Henry Navarro Sánchez
David Yanovich
Martha Veleño Quintero
Manuel Jiménez Castillo
Principal Directors
Executive Officer
Lucio Rubio Díaz
Andrés Caldas Rico
Juan Manuel Pardo
Javier Blanco
Gustavo Gomez
Fernando Gutiérrez Medina
María Celina Restrepo

EMPRESA ELECTRICA DE COLINA

Name
Empresa Eléctrica de Colina Limitada

Kind of Company
Limited Partnership

Tax N°
96.783.910-8

Address
Chacabuco N°31, Colina, Santiago,
Chile

Telephone
(562) 844-4280

Fax:
(562) 844-4490

External Auditors
KPMG Auditores Consultores Ltda.

Paid Capital (M\$)
88,222

Holding of Enersis (direct and indirect)
99.09%

Corporate Purpose
The exploitation, production,
transport, distribution, and
buying and selling of energy and
electric equipment, as well as
the implementation of electrical
installations.

Principal Directors
Executive Officer
Leonel Martínez Garrido

ENDESA ARGENTINA

Name
Endesa Argentina S.A.

Kind of Company
Public Company

Address
Suipacha 268, piso 12, Buenos Aires,
Argentina.

Corporate Purpose
The company's corporate purpose is
to invest in businesses focused on the
production, transport, distribution, and
commercialization of electric energy,
as well as to carry out financial
transactions, with the exception of
those reserved by law exclusively for
banks.

Paid Capital (M\$)
104,677,212

Holding of Enersis (direct and indirect)
59.98%

Board
President
José Miguel Granged Bruñen
Vice President
Néstor José Belgrano
Director
Francisco Martín Gutiérrez
Alternate Directors
José María Hidalgo Martín-Mateos
Patricio Alberto Martín
Marcelo A. Den Toom

ENDESA BRASIL

Name
Endesa Brasil S.A.

Kind of Company
Public Company

Address
Praia do Flamengo, 200 – 16° andar
–Rio de Janeiro, Brasil

Telephone
(55 21) 3607 9500

Fax
(55 21) 3607 9555

Corporate Purpose
The company's corporate purpose is:
(i) Participation in the share capital
of other companies and corporations
that act or will be set up to act directly
or indirectly in any electrical segment
sector, including service-providing
companies to acting companies in
such a sector, in Brazil or abroad, as
a member, or stock holder, like as
in legally permitted limits and, when
the case is warranted, subject to the
securing of mandatory regulation
approval. (ii) The participation,
individually or through a joint venture,
company, consortium, or other
similar forms of association, in bids,
plans, and initiatives to carry out the
services mentioned in the preceding
article.

External Auditors
Deloitte Touche Tohmatsu
Independent Auditors

Total N° of Shares
170,877,378 Ordinary voting shares

Subscribed and paid capital (Br. Real)
916,878,914

Holding of Enersis (direct and indirect)
53.57%

Investments as proportion of Enersis
assets
5.11%

Board
President
Mario Fernando de Melo Santos

Board
Ignacio Antofañanzas Alvear
(Enersis Chief Executive Officer)
José María Calvo-Sotelo Ibañez
Martín
Antonio Basilio Pires de Carvalho e
Albuquerque
Rafael Mateo Alcalá
Rafael López Rueda
Principal Directors
Executive Officer
Marcelo Llévanes Rebolledo
Vice-CEO
Francisco Bugallo
CFO and Investor Relations
Luis Carlos Lorens Ortins
Planning and Control
Aurelio De Oliveira
Institutional Relationships
Eugenio Cabanes
Legal
Antonio Basilio Pires e Albuquerque
Regulation Officer
Jose Alves de Mello
Human Resources Officer
Carlos Naegale

ENDESA BRASIL PARTICIPAÇÕES LIMITADA

Name
Endesa Brasil Participacoes Limitada

Kind of Company
Limited Partnership

Address
Praia do Flamengo 200, 12° andar,
Rio de Janeiro, Brasil

External Auditors
Ernst & Young

Subscribed and Paid Capital (Th.\$)
\$ 387,568

Holding of Enersis (direct and indirect)
59.98%

Corporate Purpose
The corporate purpose is comprised in other companies, as in being a member, share holder or quotist; the offering of services, including the management of owned and third-party goods related to the electric sector; and the detection and study of new markets and investment alternatives, particularly in the electric sector.

Attorneys
Francisco Javier Bugallo Sánchez
Guilherme Gomes Lencastre
Aurelio Ricardo Bustillo de Oliveira
Manuel Rigoberto Herrera Vargas

ENDESA CHILE

Name
Empresa Nacional de Electricidad S.A.

Kind of Company
Publicly Held Limited Liability Stock Company

Tax N°
91.081.000-6

Address
Santa Rosa N°76, Santiago, Chile

Telephone
(56 2) 630 9000

Fax
(56 2) 635 4720

P.O. Box
1392, Santiago

Web site
www.endesa.cl

E-mail
comunicacion@endesa.cl

Securities Register Inscription
N°114

External Auditors
Ernst & Young Serv. Prof. de Auditoría Ltda.

Total N° of Shares
8,201,754,580

Subscribed and paid capital (Th\$)
1,222,877,948

Holding of Enersis (direct and indirect)
59.98%

Investments as proportion of Enersis assets
43.62%

Corporate Purpose (excerpt)
The production and supply of electric energy, the sale of consultancy and engineering services in the country and abroad and the construction and exploitation of infrastructure construction.

Board President
Mario Valcarce Durán
Vice President
Carlos Torres Vila

Directors
Raimundo Valenzuela
José María Calvo-Sotelo
Rafael Español Navarro
Enrique García
José María Fernández Olano
Jaime Estévez Valencia
Leonidas Vial Echeverría
Principal Directors
Executive Officer
Rafael Mateo Alcalá

Chief Communications Officer
Renato Fernández Baeza
Legal Counsel
Carlos Martín Vergara

Chief Administration and Finance Officer
Manuel Irrarrázaval Aldunate
Chief Human Resources Officer
Juan Carlos Mundaca Álvarez
Chief Planning and Control Officer
Julio Valbuena Sánchez
Chief Trading and Commercialization Officer
José Venegas Maluenda
Chief Energy Planning Officer
Sebastián Fernández Cox
Started on duty January 5, 2008
Chief Production and Transportation Officer
Juan Benabarre Benaiges
Chief Endesa Chile Generation Officer
Claudio Igleis Guillard

ENDESA ECO

Name
Endesa Eco S.A.

Kind of Company
Private Company

Tax N°
76.313.310-9

Address
Santa Rosa 76 piso 12, Santiago, Chile

External Auditors
Ernst & Young

Corporate Purpose
The objective of this company is to promote and develop plans that have to do with renewable energy, such as with minihydro, eolian, geothermic, solar, biomass, and others; to identify and develop Mecanismo de Desarrollo Limpio (Clean Growth Mechanism) projects and act as receiver and promoter of the emission reduction certificates that are obtained in said projects.

Paid Capital (M\$)
626,121

Holding of Enersis (direct and indirect)
59.98%

Board
Juan Benabarre Benaiges
Manuel Irrarrázaval Aldunate
Renato Fernández Baeza
Principal Directors
Executive Officer
Wilfredo Jara Tirapegui

ENDESA FORTALEZA

Name
CGTF -Central Geradora Termelétrica Fortaleza S.A.

Kind of Company
Closed Capital Publicly Held Liability Stock Company

Address
Rodovia 422, Km 1 s/n°, Complexo Industrial e Portuário de Pecém Caucaia – Ceará, Brasil

P.O. Box
61600-000

Telephone
(55 85) 3464-4100

Fax
(55 85) 3464-4197

E-mail
arebello@endesabr.com.br

External Auditors
Ernst & Young Auditores Independentes S/S

Corporate Purpose (excerpt)
(i) To study, project, construct, and explore production, transmission, distribution, and commercialization systems of electrical energy that are

awarded, permitted, or authorized by any legal title, such as the exercising of other activities associated with the offering of any services related to the above mentioned activities. (ii) The acquisition, obtaining, and exploration of any rights, concessions, and privileges related to the activities mentioned above, as well as the practice of all other business and activities necessary to attain its objective; and (iii) The participation in the share capital of other companies and corporations, as a share holder, member, or participant, whatever its objectives are.

Total N° of Shares
151,935,778

Subscribed and paid capital (Th\$)
32,113,007

Holding of Enersis (direct and indirect)
53.57%

Board President
Francisco Bugallo Sánchez
Director Vice President
Marcelo Liévenes Rebolledo
Director
Guilherme Gomes Lencastre

Principal Directors
Executive Officer
Manuel Herrera Vargas
Chief Human Resources and Administrative Officer
Raimundo Câmara Filho
Chief Financial Officer
Guilherme Gomes Lencastre
Chief Technical Officer
José Pires Medeiros
Chief Planning, Control and Accounting Officer
Aurélio Bustillo de Oliveira

ENDESA MARKET PLACE

Name
Endesa Market Place en
Liquidación S.A.

Kind of Company
Foreign Publicly Held Liability Stock
Company

Address
Ribera de Loira, 60 CEP 28042,
España

Telephone
(34 91) 213 1000

Fax
(34 91) 213 4199

External Auditors
Deloitte, S.L.

Subscribed and Paid Capital (euros)
6,743,800

Holding of Enersis (direct and indirect)
15.00%

Corporate Purpose (excerpt)
B2B and new technologies.

Liquidator
Ramón Cabezas Navas

Principal Directors
Liquidator
Ramón Cabezas Navas

ENERGEX

Name
Energex Co.

Kind of Company
Exent Company

Address
Caledonian House P.O. Box 265
G, George Town, Grand Cayman,
Cayman Islands.

Corporate Purpose
The company's objective is to
carry out all business or activity in
accordance with Cayman Islands
legislation. In the case of business
and activities referring to finances,
the exceptions would be those that
the law reserves for banks. It is also
prohibited to do business with firms or
people residing on Cayman Islands.

Paid Capital (Th\$)
4,969

Holding of Enersis (direct and indirect)
29.99%

Board
Manuel Irrarrázaval
Daniel Bortnik
Ricardo Rodriguez
Horacio Reyser

ENIGESA

Name
Endesa Inversiones Generales S.A.

Kind of Company
Private Company

Tax N°
96,526,450-7

Address
Santa Rosa 76, Santiago, Chile

Corporate Purpose
The company's objective is the
acquisition, sale, management, and
exploitation, on its own account or
through third parties, all types of
furniture goods, properties, furniture
values, and other business items; to
carry out studies and consultancy;
to offer all types of services; to
participate in all types of investment
and especially those related to the
energy business; to participate in all
types of companies and to carry out
all operations, actions, and contracts
that relate to the above mentioned
objectives.

Paid Capital (M\$)
2,806,095

Holding of Enersis (direct and indirect)
59.96%

Board
Manuel Irrarrázaval Aldunate
Juan Carlos Mundaca Álvarez
Jaime Montero Valenzuela
Principal Directors
Executive Officer
Juan Carlos Mundaca Álvarez

GASATACAMA

Name
Gasatacama S.A.

Kind of Company
Private Company

Tax N°
96,830,980-3

Address
Isidora Goyenechea 3365, Piso 8,
Santiago, Chile

Corporate Purpose
a) The administration and
management of the Gasoducto
Atacama Chile Limitada corporations,
Gasoducto Atacama Argentina
Limitada, Gasatacama Generación
Limitada, and the other companies
that the members agree on; b) The
investment of its resources, on its own
account or through third parties, in all
types of furniture goods or properties,
physical or nonphysical, securities,
stocks and business items.

Paid Capital (Th\$)
144,835,528

Holding of Enersis (direct and indirect)
29.99%

Board
President
Rafael Mateo Alcalá

Board
Manuel Irrarrázaval
Raúl Sotomayor
Gonzalo Dulanto
Alternate Directors
Juan Benabarre Benaiges
Claudio Iglesias Guillard
Pedro Pablo Errázuriz
Eduardo Ojeda
Principal Directors
Executive Officer
Rudolf Araneda Kauert

GASATACAMA GENERACIÓN

Name
Gasatacama Generación S.A.

Kind of Company
Private Company

Tax N°
78,932,860-9

Address
Isidora Goyenechea 3365, Piso 8,
Santiago, Chile.

Corporate Purpose
a) To exploit the production,
transmission, purchasing, distribution,
and sales of electric energy or of
any other type. b) The purchasing,
extraction, exploitation, processing,
distribution, commercialization, and
sale of solid, liquid, and gas fuels. c)
The sale and offering of engineering
services; d) The securing, transfer,
purchasing, renting, obligation,
and exploitation, by any means, of
the concessions that the general
law of electrical services, maritime
concessions, and water (of any
source) exploitation rights refers to.
e) To invest in all types of goods,
physical or non-physical, furniture or
properties; f) The organization and
setting-up of any type of company,
whose objectives are related or
involved with energy in any of its
forms or that mainly supply electric
energy or that have to do with any of

the activities defined above.

Paid Capital (Th\$)
60,072,828

Holding of Enersis (direct and indirect)
29.99%

Board
President
Rafael Mateo Alcalá
Board
Manuel Irrarrázaval
Raúl Sotomayor
Gonzalo Dulanto
Alternate Directors
Juan Benabarre Benaiges
Claudio Iglesias Guillard
Pedro Pablo Errázuriz
Eduardo Ojeda
Principal Directors
Executive Officer
Rudolf Araneda Kauert

GASODUCTO ATACAMA ARGENTINA

Name
Gasoducto Atacama Argentina S.A.

Kind of Company
Private Company

Tax N°
78,952,429-3

Address
Isidora Goyenechea 3365, Piso 8,
Las Condes, Santiago, Chile.

Corporate Purpose
The company's objective is the
transport of natural gas on its own
account, through outside sources
or in conjunction with third parties
within Chilean territory or in other
countries, including the construction,
emplacement, and exploitation of
gas pipelines and other activities
related directly or indirectly to said
objective. This company established
an agency in Argentina under the
name; "Gasoducto Cuenca Noroeste

Limitada Sucursal Argentina”, whose purpose is the implementation of the gas pipeline between the locality of Cornejo in the Salta Province and the Argentine-Chilean border near the Jama Pass in the 2nd. Region.

Paid Capital (Th\$)
103,439,144

Holding of Enersis (direct and indirect)
29.99%

Board
Pedro de la Sotta
Luis Vergara
Rafael Zamorano
Executive Officer
Rudolf Araneda Kauert

GASODUCTO ATACAMA CHILE

Name
Gasoducto Atacama Chile S.A.

Kind of Company
Private Company

Tax N°
78,882,820-9

Address
Isidora Goyenechea 3365, Piso 8, Las Condes, Santiago, Chile.

Corporate Purpose
The company's objective is the transport of natural gas on its own, or in conjunction with third parties within Chilean territory or in other countries, including the construction and emplacement of gas pipelines and other activities related directly or indirectly with said objective.

Paid Capital (Th\$)
31,864,337

Holding of Enersis (direct and indirect)
29.99%

Board
President
Rafael Mateo Alcalá
Manuel Irarrázaval
Raúl Sotomayor
Gonzalo Dulanto
Alternate Directors
Juan Benabarre Benaiges
Claudio Iglesias Guillard
Pedro Pablo Errázuriz
Eduardo Ojeda
Principal Board
Executive Officer
Rudolf Araneda Kauert

GASODUCTO TALTAL

Name
Gasoducto Taltal S.A.

Kind of Company
Private Company

Tax N°
77,032,280-4

Address
Santa Rosa 76, Santiago, Chile

Corporate Purpose
The company's objective is to transport, commercialize, and distribute natural gas on its own, through outside sources, or in conjunction with third parties, within Chilean territory, especially between the localities of Mejillones and Paposo in the 2nd. Region, including the construction, emplacement, and exploitation of gas pipelines and other activities related directly or indirectly with said objective.

Paid Capital (Th\$)
11,674,291

Holding of Enersis (direct and indirect)
29.99%

Board
Rudolf Araneda Kauert

Pedro de La Sotta Sánchez
Rafael Zamorano Chaparro
Luis Vergara
Alternate Board
Luis Cerda Ahumada
Alejandro Sáez Carreño
Gustavo Venegas Castro
Verónica Cortéz
Principal Board
Executive Officer
Rudolf Araneda

GENERANDES PERÚ

Name
Generandes Perú S.A.

Kind of Company
Public Company

Address
Av. Víctor Andrés Belaúnde N°147, Torre Real, Piso 7, San Isidro, Lima, Perú.

Corporate Purpose
The company's objective is to carry out activities related to the production of electric energy, directly and/or through companies set up for this purpose.

Paid Capital (Th\$)
211,203,411

Holding of Enersis (direct and indirect)
35.77%

Board
President
Rafael Mateo Alcalá
Vice President
Javier García Burgos Benfield
Juan Benabarre Benaiges
Mario Valcarce Durán
José Chueca Romero
Ignacio Blanco Fernández
Giora Almogy
Alberto Triulzi Mora
Alternate Board
Jullian Cabello Yong

Juan Antonio Rozas Mori
José María Hidalgo Martin Mateos
Fritz Du Bois Freund
Miguel Alberto López
Milagros Noriega Cerna
Roberto Cornejo Spickernagel
Guillermo Lozada Pozo
Principal Board
Executive Officer
Carlos Luna Cabrera
Milagros Noriega Cerna
Chief Finance Officer

GNL CHILE

Name
GNL Chile S.A.

Kind of Company
Private Company

Tax N°
76,418,940-K

Address
Isidora Goyenechea 3477, piso 19, Las Condes, Santiago

Corporate Purpose
The company will have as its sole objective the provision of management, administration, logistical, and coordination services as a contractor or agent of the group of companies that promotes a plan to secure the supply of liquid natural gas, its re-gasification, and delivery in Chile's central area.

Paid Capital (Th\$)
\$12,107

Holding of Enersis (direct and indirect)
19.99%

Board
President
Enrique Dávila Alveal
Rafael Mateo Alcalá
Eduardo Morandé Montt
Alternate Board
Sergio Arévalo

Claudio Iglesias Guillard
Gonzalo Palacios Vásquez

Principal Board
Executive Officer
Antonio Bacigalupo Gittins

GNL QUINTERO

Name
GNL Quintero S.A.

Kind of Company
Private Company

Tax N°
76,788,080-4

Address
Avenida Apoquindo 3.500, piso 6, Las Condes, Santiago, Chile

Corporate Purpose
Development, financing, designing and engineer, supply, construction, starting, tests, conclusion, purchase, operation and maintenance of a liquefied gas regasification terminal (“GNL”) and its expansions (if any) and any other activity conducting or relative to said purpose including, but not limited to, managing and direction of all the commercial agreements required to the LNG reception (or delivery to customers), LNG regasification, distribution of regasified LNG to the respective distribution point and sale of services, storage capacity, processing and regasification of Regasification Terminal and its expansions, if any.

The Company will have the faculty of Realize any kind of act or contract That may be necessary, useful or convenient in complying with said purpose.

Paid Capital (Th\$)
8,685,870

Holding of Enersis (direct and indirect)
12.00%

Board
Ricky Lynn Waddell
Carlos Quintana
Enrique Dávila Alveal
Rafael Mateo Alcalá
Eduardo Morandé Montt
Alternate Board
Graham Cockroft
Elizabeth Grace Spomer
Sergio Arévalo Espinoza
Claudio Iglesias Guillard
Francisco Gazmuri Schleyer
Principal Executives
Chief Executive Officer
Antonio Bacigalupo Gittins

HIDROINVEST

Name
Hidroinvest S.A.

Kind of Company
Public Company

Address
Av. España 3301, Buenos Aires;
Argentina.

Corporate Purpose
The company's objective is to acquire and maintain a principal share in Hidroeléctrica El Chocón S.A.

Paid Capital (Th\$)
25,924,853

Holding of Enersis (direct and indirect)
57.64%

Board
President
Rafael Mateo Alcalá
Vice President
José Miguel Granged

Board
Miguel Ortiz Fuentes
Fernando Claudio Antognazza
Julio Valbuena Sánchez
Carlos Martín
José Domingo Montelcone
Roberto José Fagan
Alternate Board
Daniel Garrido

José María Hidalgo Martín-Mateos
Juan Carlos Blanco
Manuel Irarrázaval
Jorge Burlando
Rodrigo Quezada
Vacant
Vacant

INGENDESA

Name
Empresa de Ingeniería
Ingendesa S.A.

Kind of Company
Private Company

Tax N°
96,588,800-4

Address
Santa Rosa 76, Santiago, Chile

Corporate Purpose
The company's objective is the provision of engineering services, job inspection, receiving and inspection of equipment and materials, a laboratory, industrial studies, business management in different fields, environment consultancy, including the carrying out of environmental impact studies, and consulting services in general in every field, in the country as well as abroad, be it directly, associated with or through third parties, by which the company could form, or incorporate itself with other companies, corporations, foundations, or consortiums of any kind.

Paid Capital (Th\$)
2,188,692

Holding of Enersis (direct and indirect)
59.98%

Board
President
Juan Benabarre Benaiges
Rafael de Cea Chicano
Aníbal Bascuñán Bascuñán

Principal Board
Executive Officer
Rodrigo Alcaíno Mardones

INGENDESA - ARA

Name
Sociedad Consorcio Ingendesa - Ara Ltda.

Kind of Company
Limited Partnership

Tax N°
76,197,570-6

Address
Santa Rosa 76 Piso 10, Santiago,
Chile

Corporate Purpose
The provision of engineering services which comprise the projection, planning and carrying out of engineering plans and studies, consultancy offices, granting of technical information and assistance, and work and design development. Additionally, the company offers on its own account, or through outside sources, all types of works, the setting up and initiating of all types of establishments for itself or third parties, industrial or non-industrial, commercializing for itself or third parties the goods and services produced. In general, to develop activities related directly or indirectly with the operations mentioned, all types of commercial activity, including the buying and selling of furniture, exports and imports, and all business that the members agree on and that are related to the activities indicated. Besides what has been mentioned, a special objective of the company is the awarding and carrying out of the Fiscal Inspection Consultancy

Contract and the Concession
Contract Justice Center of Santiago.

Paid Capital (Th\$)
1,000

Holding of Enersis (direct and indirect)
29.99%

Representatives
Rodrigo Alcaíno Mardones
Alejandro Santolaya de Pablo
Alternate Representatives
Cristian Araneda Valdivieso
Eliás Arce Cyr
Julio Montero Montegu
Fernando Orellana Welch

INGENDESA BRASIL

Name
Ingendesa do Brasil Ltda.

Kind of Company
Limited Partnership.

Address
Av. Rio Branco 115, pavimento 10,
sala 1005, Centro, Rio de Janeiro,
Brasil.

Corporate Purpose
The corporate purpose comprises the provision of engineering services, studies, plans, technical consultancy, administration, work control and supervision, inspection and receiving of materials and equipment, skills and laboratory services, as well as other services that legal authorities permit in practice regarding engineering, architecture, agronomy, geology, and meteorology, in all of its specializations, in the country and abroad, directly or indirectly, whereby the company could participate in companies or consortiums of any kind.

Paid Capital (Th\$)
139,179

Holding of Enersis (direct and indirect)
59.98%

Attorney
General Director
Sergio Campos Ribeiro

INGENDESA MINMETAL

Name
Consorcio Ingendesa–Minmetal Ltda.

Kind of Company
Limited Partnership

Tax N°
77,573,910-k

Address
Santa Rosa N° 76, Santiago, Chile

Corporate Purpose
The corporate purpose comprises the provision of engineering services which include the projection, planning and carrying out of engineering plans and studies, consultancy services, the granting of technical information and assistance, and the administration, inspection, and development of works and projects. The company could also carry out on its own account, or through outside sources, all types of establishments on its own account or through third parties, industrial or non-industrial, commercializing for itself or third parties the goods and/or services produced. In general, the company could develop all the activities related directly or indirectly with the operations mentioned, all types of commercial activity, including the buying and selling of furniture, imports and exports, and all other business that members agree on that relate to the activities already mentioned. Apart from what has already been stated, a special objective of the company is the awarding and carrying out of the construction and engineering jobs that constitute the contract named LD-14.1 Technical and Administrative Consultancy regarding the Fiscal Inspection of the Construction Contract LD-4.1 of the Laja Project – Diguillín.

Paid Capital (Th\$)
2,000

Holding of Enersis (direct and indirect)
29.99%

Representatives

Rodrigo Muñoz Pereira
Rodrigo Alcaíno Mardones
Alternate Representatives
Fernando Orellana Welch
Osvaldo Dinner Reich
Carlos Freire Canto

INMOBILIARIA MANSO DE VELASCO

Name
Inmobiliaria Manso de Velasco
Limitada.

Kind of Company
Limited Partnership.

Tax N°
79,913,810-7

Address
Santa Rosa N° 76, Piso 9, Santiago-
Chile.

Telephone
(56 2) 378 4700

Fax
(56 2) 378 4702

E-mail
rch@mvelasco.enersis.cl

External Auditors
Deloitte & Touche

Corporate Purpose (excerpt)
The acquisition, transfer,
commercialization, and exploitation
of real estate and an investment
company.

Subscribed and paid capital (Th\$)
25,916,800

Holding of Enersis (direct and indirect)
100%

Investments as proportion of Enersis
assets
1.11%

Attorneys Join Together
Cristóbal Sánchez
Andrés Salas

Principal
Executive Officer
Andrés Salas
Legal Asessor
Alfonso Salgado
Chief Real Estate Development
Officer
Gustavo Cardemil
Chief ENEA Project Officer
Bernardo Küpfer

INVERSIONES CODENSA S.A

Name
Inversiones Codensa S.A.

Kind of Company
Public Company

Address
Carrera 13 A N° 93-66, Bogotá,
Colombia

Telephone
(57 1) 601 6060

Fax
(57 1) 601 5917

External Auditors
Deloitte & Touche Ltda.

Subscribed and paid shares
1,000

Subscribed and paid capital (Col\$)
10.000.000

Holding of Enersis (direct and indirect)
21.67%

Corporate Purpose (excerpt)
Investment in energy utility activities,
especially in shares purchases of any

public energy utility company, or any
other company which in turn, invest
in public energy utility companies.

Board
Lucio Rubio
Andrés Caldas
Mario Trujillo
Alternate Directors
Margarita Olano
Álvaro Francisco Camacho
Fabiola Leal

Procedural Representative
José Alejandro Inostroza
First Alternate Procedural
Representative
Roberto Ospina
Second Alternate Procedural
Representative
Luis Fermín Larumbe

INVERSIONES DISTRILIMA

Name
Inversiones Distrilima S.A.

Kind of Company
Foreign Publicly Held Liability Stock
Company

Address
Jr. Teniente César López Rojas N°
201, Maranga, San Miguel, Lima,
Perú

Telephone
(51 1) 561 1604

Fax
(51 1) 452 3007

P.O. Box
32, Lima, Perú

External Auditors
Gris y Hernández y Asociados S.A.C.
– Deloitte & Touche

Total N° of Shares
334,150,505

Subscribed and Paid Capital (Per.
New Sun)
334,150,505

Holding of Enersis (direct and indirect)
55.90 %

Investments as proportion on Enersis
assets
0.52%

Corporate Purpose (excerpt)
The company's objective is to make
investments in general, especially
those that are involving the
distribution and production of electric
energy.

Board
President
Ignacio Blanco
Vice President
Reynaldo Llosa

Board
Rafael López
Ramiro Alfonsín
(Chief Planning and Audit Officer)
Vacant
Alternate Directors
Manuel Muñoz
Ricardo Camezzana
Fernando Fort
Walter Néstor Sciutto
Zoila Patricia Mascaró
Principal Directors
Executive Officer
Ignacio Blanco

INVERSIONES ELECTROGAS

Name
Inversiones Electrogas S.A.

Kind of Company
Private Company

Tax N°
96,889,570-2

Address
Apoquindo 3076, Oficina 402, Las
Condes, Santiago, Chile

Corporate Purpose
The company's objective is to buy,
sell, invest in and keep stocks in
the Electrogas S.A. closed public
corporation.

Paid Capital (Th\$)
12,117,936

Holding of Enersis (direct and indirect)
25.49%

Board
President
Felipe Aldunate
Vice President
Claudio Iglesias

Directors
Pedro Gatica
Enrique Donoso
Rosa Herrera
Alternate Directors
Enzo Quezada
Sergio Arévalo
Jaime Fuenzalida
Jorge Bernardo Larraín
Ricardo Santibáñez
Principal Directors
Executive Officer
Carlos Andreani

INVERSIONES ENDESA NORTE

Name
Inversiones Endesa Norte S.A.

Kind of Company
Private Company

Tax N°
96,887,060-2

Address
Santa Rosa 76, Santiago, Chile

Corporate Purpose

The company's objective is to make investments in energy projects in the north of Chile that are connected with Gasoducto Atacama Compañía Ltda., Gasoducto Cuenca Noroeste Ltda., and Noroeste Pacífico Generación de Energía Ltda.; as well as in Administradora Proyecto Atacama S.A.

Paid Capital (Th\$)
85,006,099

Holding of Enersis (direct and indirect)
59.98%

Board
President
Rafael Mateo
Directors
Manuel Irrarrázaval
Daniel Bortnick
Alternate Directors
Claudio Iglesias
Juan Benabarre
Vacant
Principal Directors
Chief Executive Officer
Juan Benabarre

INVERSIONES GASATACAMA HOLDING

Name
Inversiones Gasatacama Holding
Limitada

Kind of Company
Limited Partnership

Tax N°
76,014,570-K

Address
Santiago, Chile

Corporate Purpose
A) The direct or indirect participation through any type of association in companies whose objectives include one or more of the following activities:
i) The transport of natural gas in

all of its forms; ii) The production, transmission, purchasing, distribution, and sale of energy; iii) The financing of the activities indicated in i) and ii) a precedent developed by related third parties; B) The receipt and investment of the goods that are invested. The corporate purpose comprises all lucrative activities related to the ones already mentioned and other business that the members agree upon.

Paid Capital (Th\$)
165,722,352

Holding of Enersis (direct and indirect)
29.99%

Board
Directors
Rafael Mateo
Manuel Irrarrázaval
Raúl Sotomayor
Gonzalo Dulanto
Alternate Directors
Juan Benabarre
Claudio Iglesias
Pedro Pablo Errázuriz
Eduardo Ojea
Principal Directors
Chief Executive Officer
Rudolf Araneda

INVERSORA CODENSA LTDA. U

Name
Inversora Codensa Ltda. U

Kind of Company
Limited Unipersonal Partnership

Address
Carrera 13 A N° 93-66, Bogotá,
Colombia

Phone
(57 1) 601 6060

Fax
(57 1) 601 5917

External Auditors

This partnership does not have auditors, since there is not legal requirement for it.

Total Quotes
5,000

Subscribed and paid capital (Col. \$)
5,000,000

Holding of Enersis (direct and indirect)
21.73%

Corporate Purpose
Investment in energy utility activities, especially in shares purchases of any public energy utility company, or any other company which in turn, invest in public energy utility companies.

Procedural Representative
José Alejandro Inostroza
First Alternate Procedural Representative
Roberto Ospina
Second Alternate Procedural Representative
Luis Fermín Larumbe

INVESTLUZ

Name
Investluz S.A.

Kind of Company
Foreign Publicly Held Liability Stock
Company

Address
Av. Barão de Studart N° 2917, Bairro
Dionísio Torres Fortaleza, Ceará,
Brasil.

Telephone
(55 85) 3216 1350

Fax
(55 85) 3216 1247

External Auditors
Deloitte & Touche Tohmatsu

Total N° of Shares
100,461,895,427

Subscribed and paid capital (Br. Real)
954,618,954

Holding of Enersis (direct and indirect)
59.51%

Corporate Purpose (excerpt)
To participate in the share capital of the Companhia Energetica do Ceará and other companies in Brazil and abroad as a member or stock holder.

Board
Non Directors Society administrated by an executives Committee which President is Abel Alves. In addition, said Committee its comprised by:
Teobaldo Cavalcante
Silvia Pereira
José Renato Ferreira
Luciano Alberto Galasso

KONECTA CHILE

Name
Konecta Chile S.A.

Kind of Company
Private Company

Tax N°

Address
Miraflores 383, Piso 26, Santiago,
Chile

Phone
(56 2) 447 8687

Fax
(56 2) 4478688

Web Site
www.grupokonecta.com

E-mail
Agarcia@agslink.com.br

Total N° of Subscribed and Paid
Shares
1,000

Paid Capital (Th\$)
1,000

Corporate Purpose
Contact Center, Outsourcing, events organization, informatic services, collections, personal assets trading, and investments.

Board
President
José Ignacio González
Directors
Jesús Vidal
Rafael Miguel Barroso
Leonardo Covalschi
María Agustina Letelier
Juan Seco

Principal Directors
Chief Executive Officer
Alejandra García

LUZ ANDES

Name
Luz Andes Limitada

Kind of Company
Limited Partnership

Tax N°
96,800,460-3

Address
Santa Rosa 76 Piso 5, Santiago, Chile

Telephone
(562) 634 6310

Fax
(562) 634 6370

External Auditors
KPMG Auditores Consultores Ltda.

Paid Capital (pesos)
1,224,348

Holding of Enersis (direct and indirect)
99.09%

Corporate Purpose
The distribution and sale of electric energy. The exploitation, production, transport, distribution, and buying

and selling of energy and electrical equipment, and the implementation of electrical installations.

Principal Directors
Chief Executive Officer
Claudio Inzunza

LUZ DE RIO

Name
Luz de Río Limitada

Kind of Company
Limited Partnership

Address
Praça Leoni Ramos, nº 01, bloco 1, Planta 7 (parte) Niterói, Rio de Janeiro

Telephone
(55 21) 2613 7071

Fax
(55 21) 2613 7153

P.O. Box
24,210-205

E-mail
lbettencourt@ampla.com

Not applicable Securities Register
Inscription

External Auditors
Not Audited

Total Number of Quotes:
755,000

Subscribed and paid capital (Br. Real)
755,000

Holding of Enersis (direct and indirect)
99.48%

Corporate Purpose (excerpt)
To develop activities related to the electric sector, above all the importation, transmission, production, distribution, commercialization, and exploration of electric energy, and,

(if permitted), to participate in other electric-sector companies as a member or stock holder.

Board
President
Marcelo Llévénas

Directors
Financial Director
Abel Alves
Institutional Relationships Director
Eugenio Cabanes
Legal Director
Ana Cláudia Gonçalves

PANGUE

Name
Empresa Eléctrica Pangué S.A.

Kind of Company
Private Company

Tax N°
96,589,170-6.

Address
Santa Rosa 76, Santiago, Chile.

Corporate Purpose
The company's corporate purpose is to exploit the production, transport, distribution, and supply of electric energy of the Pangué head office of the Biobío river basin.

Paid Capital (Th\$)
83,601,007

Holding of Enersis (direct and indirect)
56.97%

Board
President
Claudio Iglesias
Vice President
Alan Fischer
Director
Alejandro García
Principal Directors
Chief Executive Officer
Lionel Roa

PEHUENCHE

Name
Empresa Eléctrica Pehuenche S.A.

Kind of Company
Publicly Held Limited Liability Stock
Company

Tax N°
96,504,980-0

Address
Santa Rosa 76, Santiago, Chile

Corporate Purpose
The company's objective is the production, transport, distribution, and supply of electric energy, by which the company could acquire and enjoy the respective favors and concessions.

Paid Capital (Th\$)
183,947,677

Holding of Enersis (direct and indirect)
55.57%

Board
President
Claudio Iglesias
Vice President
Alan Fischer
Directors
Pedro Gatica
Enrique Lozán
Osvaldo Muñoz
Alejandro García
Daniel Bortnik
Chief Executive Officer
Lucio Castro Márquez

PROGAS

Name
Progas S.A.

Kind of Company
Limited Partnership

Tax N°
77,625,850-4

Address
Isidora Goyenechea 3356, 8° Piso,
Santiago, Chile

Corporate Purpose
To develop the following lines of business in the first, second and third regions of the country: a) The acquisition, production, storage, transport, distribution, transformation, and commercialization of natural gas; b) The acquisition, production, storage, transport, distribution, transformation, and commercialization of other oil derivatives and other fuels in general; c) The provision of services, fabrication, commercialization of equipment and materials and the implementation of jobs related to the aforementioned objectives or that are necessary for their implementation and development. d) All other necessary activities or activities that are conducive to the performance of the aforementioned objectives.

Paid Capital (Th\$)
946

Holding of Enersis (direct and indirect)
29.99%

Board
Rudolf Araneda
Luis Cerda
Pedro de La Sotta
Principal Directors
Chief Executive Officer
Alejandro Sáez

SACME

Name
Sacme S.A.

Kind of Company
Private Company

Address
Avda. España 3251 – Ciudad
Autónoma de Buenos Aires,
Argentina

Telephone
(54 11) 4361 5107

Fax
(54 11) 4307 0701

External Auditors
Estudio Alonso Hidalgo & Asociados

Total N° of Shares
12,000

Subscribed and Paid Capital (Arg. \$)
12,000

Holding of Enersis (direct and indirect)
32.69%

Corporate Purpose (excerpt)
To carry out the management, supervision, and control of the production, transmission, and subtransmission system of electric energy for the Federal Capital and Greater Buenos Aires and the interconnections with the Argentine Interconnection System (AIS). To represent Edenor S.A. and Edesur S.A. companies in the operational management before the Wholesale Electricity Market Administration Company (CAMMESA). In general, to carry out all types of activities that allow its management to adequately develop, in virtue of the fulfillment distribution and commercialization services of electric energy for the concessionary companies in the Capital Federal and Greater Buenos Aires, all in accordance with what is stipulated in the Public International Tender for the sale of class A stocks from Edenor S.A. and Edesur S.A. and its applied regulations.

Board
President
Mario Nicolás Covacich
Vice President
Daniel Héctor Colombo

Directors
Eduardo Maggi
Leandro Ostuni
Executive Officer
Osvaldo Ernesto Rolando

SAN ISIDRO

Name
Compañía Eléctrica San Isidro S.A.

Kind of Company
Private Company

Tax N°
96,783,220-0.

Address
Santa Rosa 76, Santiago, Chile.

Corporate Purpose
The company's corporate purpose is the production, transport, distribution, and supply of electric energy.

Paid Capital (Th\$)
35,818,094

Holding of Enersis (direct and indirect)
59.98%

Board
President
Alejandro García
Vice President
Alan Fischer
Directors
Claudio Iglesias
Pedro Gatica
Ricardo Santibáñez
Alternate Directors
Rodrigo Naranjo
Carlo Carvallo
Osvaldo Muñoz
Claudio Betti
Enrique Lozán
Principal Directors
Executive Officer
Claudio Iglesias

SISTEMAS SEC

Name
Sistema SEC S.A.

Kind of Company
Private Company

Tax N°
99,584,600-4.

Address
Miraflores 383, Of. 1004, piso 10,
Santiago, Chile.

Corporate Purpose
To develop the engineering, supply, setting up, testing, installation and maintenance of signalling, electrification, and communication systems, for the areas of Alameda – Chillán. Hualqui – Talcahuano, and Concepción – Lomas Coloradas, which implies the development of all activities and provision of all services that are the objectives of the Provision of Signalling, Electrification, and Communication Systems Contract, in the process of a public bidding which was awarded by the Empresa de Ferrocarriles del Estado (State Railroad Company), as well as the activities and services permitted by said contract.

Paid Capital (Th\$)
2,110,431

Holding of Enersis (direct and indirect)
49.00%

Board
President
Cristóbal Sanchez
Directors
Ángel Aguilar
Klaus Winkler
Jaime Godoy
Francisco Fernández
Principal Directors
Chief Executive Officer
Jaime Pino
Chief Technical Officer
Sergio Zúñiga
Chief Production Officer
Gerardo Zecca

**SOUTHERN CONE
POWER ARGENTINA**

Name
Southern Cone Power Argentina S.A.

Kind of Company
Public Company

Address
Av. España 3301, Buenos Aires,
Argentina

Telephone
(54 11) 4307 3040

Fax
(54 11) 4307 1547

External Auditors
Deloitte

Total N° of Shares
19,874,798

Subscribed and Paid Capital (Ar. \$)
19,874,798

Holding of Enersis (direct and indirect)
59.98%

Corporate Purpose (excerpt)
To dedicate habitually, on its own charge or in the name of third parties, to wholesale purchase and sales of energy produced by third parties and to be consumed by third parties. Also, the company could hold participations on electricity generation companies. To comply its purposes, the company has full legal capacity, being able to purchase rights, incurrence of liabilities and exercise all the actions that are not forbidden by the laws or this statute.

SYNAPSIS

Name
Synapsis Soluciones y Servicios IT
Limitada

Kind of Company
Limited Partnership

Tax N°
96,529,420-1

Address
Miraflores 383 Piso 27, Santiago

Telephone
(56 2) 397 6600

Fax
(56 2) 397 6601

Web site
www.synapsis-it.com

E-mail
Synapsis@synapsis-it.com

External Auditors
Deloitte & Touche Soc. de Auditores
y Consultores Ltda.

Subscribed and paid capital (Th\$)
3,943,580

Holding of Enersis (direct and indirect)
100%

Investments as proportion in Enersis
assets
0.32%

Corporate Purpose (excerpt)
The supply and commercialization of services and equipment related to the computing, data processing, telecommunications systems, and control systems for public service and other national and international companies.

Attorneys and Principal Directors
Join Together Attorneys:
Cristóbal Sánchez
Leonardo Covalschi
Alternate
Eduardo López
Raúl Mella
Principal Directors
Executive Officer
Leonardo Covalschi
Administration, Finance and Human
Resources
Raúl Mella
Communication and Marketing
Jorge Orozco
Outsourcing
Antonio Bravo
Applications
Fernando Mayorano

General Manager Chile
María Agustina Letelier Reyes
Fiance and Administration Chile

Aldo Monje Roma
Human Resources Chile
Dario Marambio Molina
SAP Solutions Chile
Rocio Niño Guerra
Businesses Applications Chile
Luis Campos Rivas
Technica and Autom. Systems Chile
Aldo Cortes Diaz
Outsourcing Chile
Juan Miquel Durán

SYNAPSIS ARGENTINA

Name
Synapsis Argentina S.R.L.

Kind of Company
Limited Partnership

Address
Azopardo 1335, e/ Juan de Garay
y Cochabamba, Cod. Postal 1064,
Capital Federal, Buenos Aires,
Argentina

Telephone
(54 11) 4021 8300

Fax
(54 11) 4021 8300

Securities Register Inscription
Subscribed at General Justice
Inspection, dated November 10,
1992, under N°10842, Book 112,
Section A of Public Companies.
The transformation into a limited
partnership was registered at the
General Justice Inspection, dated
September 3, 202, under N°4839,
Book 116, of SRL.

External Auditors
Deloitte & Co SRL

Total N° of Shares (quotas)
466,129

Subscribed and Paid Capital (Arg. \$)
466,129

Holding of Enersis (direct and indirect)
100%

Corporate Purpose (excerpt)
 The company's principal objective is to provide services related to computing, data processing, and other telecommunications and control computing services, as well as to provide training in related activities with services provided, among others.

Principal Directors
 Cristóbal Sánchez
 Leonardo Covalschi
 Executive Officer
 Fernando Mayorano
 Alternate Executive Officer
 Mariano Grondona

SYNOPSIS BRASIL

Name
 Synapsis Brasil Limitada

Kind of Company
 Limited Partnership

Address
 Av. das Américas 3434, Bloco 2, Sala 403, Barra da Tijuca, Rio Janeiro, Brasil - Cep: 22640-102

Telephone
 (55 21) 3431-3850

Fax
 (55 21) 3431-3851

External Auditors
 Deloitte Touche Tohmatsu

Subscribed and paid capital (Br. Real)
 4,241,890

Holding of Enersis (direct and indirect)
 100%

Corporate Purpose
 The providing of consultancy services and technical assistance related to the computing and data processing sector for Brazilian or foreign companies; computing programs and systems development; the commercialization of computing equipment and data processing; the fabrication, purchasing,

sales, importation, exportation, representation, consignment, and distribution of all types of goods, mobile or nonmobile, connected with the object described in the topics mentioned; and the participation in other companies, civil or commercial, national or foreign, that operate in the computing, electric energy, or that still operate in the administration and/or public service operations of electric energy, telecommunications, water for domestic or industrial and sanitary sewage use, as a share holder, quotist, or member; consortiums and companies in participation accounts.

Board
 President
 Carlos Alberto Acero
 Principal Directors
 Carlos Alberto Acero
 (Chief Executive Officer Brazil)
 Administration and Finance Brazil
 Jacqueline Gómez
 Chief Human Resources Officer
 Marcia Caporazzo
 Trading Brazil
 José Roberto Galdino
 Business Application Brazil
 Alexandre Maiotto
 Outsourcing Brazil
 Marcelo Picchi

SYNOPSIS COLOMBIA

Name
 Synapsis Colombia Limitada

Kind of Company
 Limited Partnership

Address
 Carrera 11 No. 82-76 Piso 6° Bogotá, D.C.

Telephone
 (57-1) 607 6000

Fax
 (57 1) 636 4606

External Auditors
 Deloitte Colombia Ltda.

Subscribed and Paid Capital (Col. \$)
 238,446,000

Holding of Enersis (direct and indirect)
 100%

Corporate Purpose
 To supply and commercialize services and equipment related to computing and data processing for public service and other national or international companies.

Administration
 President
 Leonardo Covalschi
 Alternate President
 Edgar Enrique Martínez
 Procedural Representative
 Robin Barquin
 Alternate Procedural Representative
 Ana Patricia Delgado
 Chief Executive Officer Colombia
 Robin Barquin
 Administration and Finance Colombia
 Edgar Enrique Martínez
 Human Resources Colombia
 Sonia Rodríguez
 Trading Colombia
 Jesús Vallejo
 Sales Colombia
 Miguel Melo
 Business Applications Colombia
 Patricia Delgado
 Outsourcing Colombia
 Eduardo Ruiz

SYNOPSIS PERU

Name
 Synapsis del Peru S.R.L

Kind of Company
 Limited Partnership

Address
 Jr. Teniente César López Rojas 201, Piso 10, Maranga, San Miguel, Lima, Perú

Telephone
 (05 11) 561 0386

Fax
 (05 11) 517 1232

Securities Register Inscription
 Does not participate in stock market

External Auditors
 Gris y Hernández y Asociados S.AC.
 – Deloitte & Touche.

Total N° of Shares
 609,200

Subscribed and Paid Capital (Per. New Sun)
 609,200

Holding of Enersis (direct and indirect)
 100%

Corporate Purpose
 The company's objective is to provide services related to computing, data processing, and other telecommunications and control computing systems, as well as provide training in related activities with services provided, among others.

Principal Directors
 Executive Officer Peru
 Claudio Escudero
 Human Resources and Administration Peru
 Jessenia Quevedo
 Business Applications Peru
 Eduardo Bedoya
 Sales Peru
 Mario Nieto
 Outsourcing Peru
 Pedro Luna
 Quality and Process Control
 Carlos Castillo
 New Businesses
 José Silva

TERMoeLECTRICA JOSE DE SAN MARTIN

Name
 Termoelectrica Jose de San Martin S.A.

Kind of Company
 Public Company

Address
 Suipacha 1111 – Piso 18° - Buenos Aires, Argentina

Corporate Purpose
 The company's objective is the production of electric energy and its mass commercialization y, particularly, the managing of the equipment purchasing, construction, operation, and maintenance of a thermal plant en compliance with the "Definite agreement for the management and project operation for the readjustment of the MEM in the framework of resolution SE N° 1427/2004", approved by resolution SE N° 1193/2005 (the "Agreement"). For these purposes the company could carry out all complementary and subsidiary activities that involve its corporate purpose, having full legal capacity to acquire rights and to enter into obligations and exercise any activity that is not prohibited by law or these statutes.

Subscribed and paid capital (M\$)
 79,287

Holding of Enersis (direct and indirect)
 8.32%

Board
 President
 Horacio Jorge

Directors
 José Miguel Granged
 Fernando Claudio Antognazza
 Milton Gustavo Tomás Pérez
 Jorge Aníbal Rauber
 Gustavo Mariani
 Guillermo Luis Fíad
 Fermín Oscar Demonte
 Vacant
 Alternate Directors
 José María Vázquez
 Leonardo Marinaro
 Francisco D. Monteleone
 Roberto José Fagan
 Iván Diego Duronto
 Omar Ramiro Algcabiur
 Sergio Raúl Sánchez
 Benjamín Roberto Guzman
 Vacant

Principal Directors
Executive Officer
Florencio Alberto Olmos
Technical Officer
Armando Federico Duvo
Chief Administration and Finance
Officer
Daniel Gustavo Isse
Chief Commercial Officer
Marcelo Walter Holmgren

TERMOELECTRICA MANUEL BELGRANO

Name
Termoelectrica Manuel Belgrano S.A.

Kind of Company
Public Company

Address
Suipacha 268 – Piso 12° - Buenos
Aires

Corporate Purpose
The company's objective is the production of electric energy and its mass commercialization and, particularly, the managing of the equipment purchasing, construction, operation, and maintenance of a thermal plant in compliance with the "Definite agreement for the management and project operation for the readjustment of the MEM in the framework of resolution SE Nr. 1427/2004", approved by resolution SE Nr. 1193/2005 (the "Agreement"). For these purposes the company could carry out all complementary and subsidiary activities that involve its corporate purpose, having full legal capacity to acquire rights and to enter into obligations and exercise any activity that is not prohibited by law or these statutes.

Subscribed and paid capital (Th\$)
79,287

Holding of Enersis (direct and indirect)
8.32%

Board
President
José Miguel Granged
Vice President
Fernando Antognazza
Directors
Gustavo Mariani
Horacio Jorge T. Turri
Rubén Turienzo
Milton Gustavo Tomás Pérez
Jorge Aníbal Rauber
Guillermo Luis Fiad
Fermín Demonte
Alternate Directors
José María Vázquez
Leonardo Marinaro
Francisco D. Monteleone
Roberto José Fagan
Iván Diego Duronto
Sergio Raúl Sánchez
Benjamín Roberto Guzmán
Ramiro Omar Algacibiur
Vacant

Principal Directors
Executive Officer
Miguel Ortiz
Chief Technical Officer
Gustavo Manifesto
Chief Administration and Finance
Officer
Oscar Zapiola
Chief Commercial Officer
Daniel Garrido

TESA

Name
Transportadora de Energía S.A.

Kind of Company
Public Company

Address
Bartolomé Mitre N° 797, Piso 13,
Oficina 79, Buenos Aires, República
Argentina.

Corporate Purpose
The corporate purpose includes
providing hightension electric energy

transport services, involving national as well as international xlectrical systems, in accordance with existing legislation, to which end the company could participate in national and international bids, and become a public service licensee for the transport of high-tension national or international electric energy, and carry out activities necessary for the performance of its goals, expressly including but not limiting to forming part of construction, operation, and maintenance contracts for the commencement and/or extension of electric energy transport lines, to participate in financing projects directly or indirectly related with said undertakings as a borrower and/or moneylender and/or guarantor and/ or endorser, to which purpose the company could grant guarantees favoring third parties. Expressly excluded are those activities included in the financial entity law and any others that require public savings tendering.

Paid Capital (Th\$)
5,925,118

Holding of Enersis (direct and indirect)
53.57%

Board
President
José María Hidalgo
Vice President
Francisco Javier Bugallo

Directors
Arturo Pappalardo
Alternate Directors
José Agustín Venegas
Juan Carlos Blanco
Roberto José Fagan
Principal Directors
Executive Officer
Francisco Javier Bugallo

TRANQUILLOTA

Name
Transmisora Eléctrica de Quillota
Ltda.

Kind of Company
Limited Partnership

Tax N°
77,017,930-0

Address
Santa Rosa 76, Santiago, Chile.

Corporate Purpose
The company's corporate purpose is the transport, distribution, and supply of electric energy on its own account or through third parties.

Paid Capital (Th\$)
4,829,713

Holding of Enersis (direct and indirect)
29.99%

Attorneys
Felipe Aldunate
Gabriel Carvajal
Eduardo Morel
Ricardo Santibáñez
Alternate Attorneys
Alfonso Bahamondes
Carl Weber
Enrique Sánchez
Ricardo Sáez

TUNEL EL MELON

Name
Sociedad Concesionaria Tunel El
Melon S.A.

Kind of Company
Private Company

Tax N°
96,671,360-7

Address
Santa Rosa 76, Santiago, Chile

Corporate Purpose
The implementation, construction, and exploitation of the public work named the Melón Tunnel and the providing of complementary services that the ministry of public works authorizes.

Paid Capital (Th\$)
42,892,066

Holding of Enersis (direct and indirect)
59.98%

Board
President
Manuel Irarrazaval

Directors
Jorge Ale
Renato Fernández
Principal Directors
Executive Officer
Maximiliano Ruiz



DECLARATION OF RESPONSIBILITY

The directors of Enersis and the Chief Executive Officer signatories to this declaration swear to the truth of all information contained in this annual report, in accordance with general rule N° 30 of the Superintendency of Securities and Insurance.



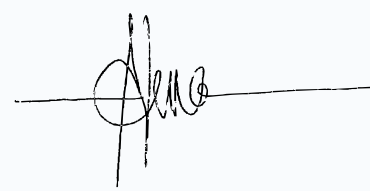
CHAIRMAN

Pablo Yrarrázaval
Tax N°: 5.710.967-K



VICE-CHAIRMAN

Rafael Miranda
Tax N°: 48.070.966-7



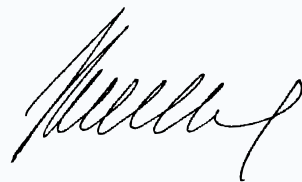
DIRECTOR

Pedro Larrea
Tax N°: 48.077.257-K



DIRECTOR

Juan Ignacio de la Mata
Tax N°: 48.101.910-9



DIRECTOR

Hernán Somerville
Tax N°: 4.132.185-7



DIRECTOR

Patricio Claro
Tax N°: 5.206.994-7



DIRECTOR

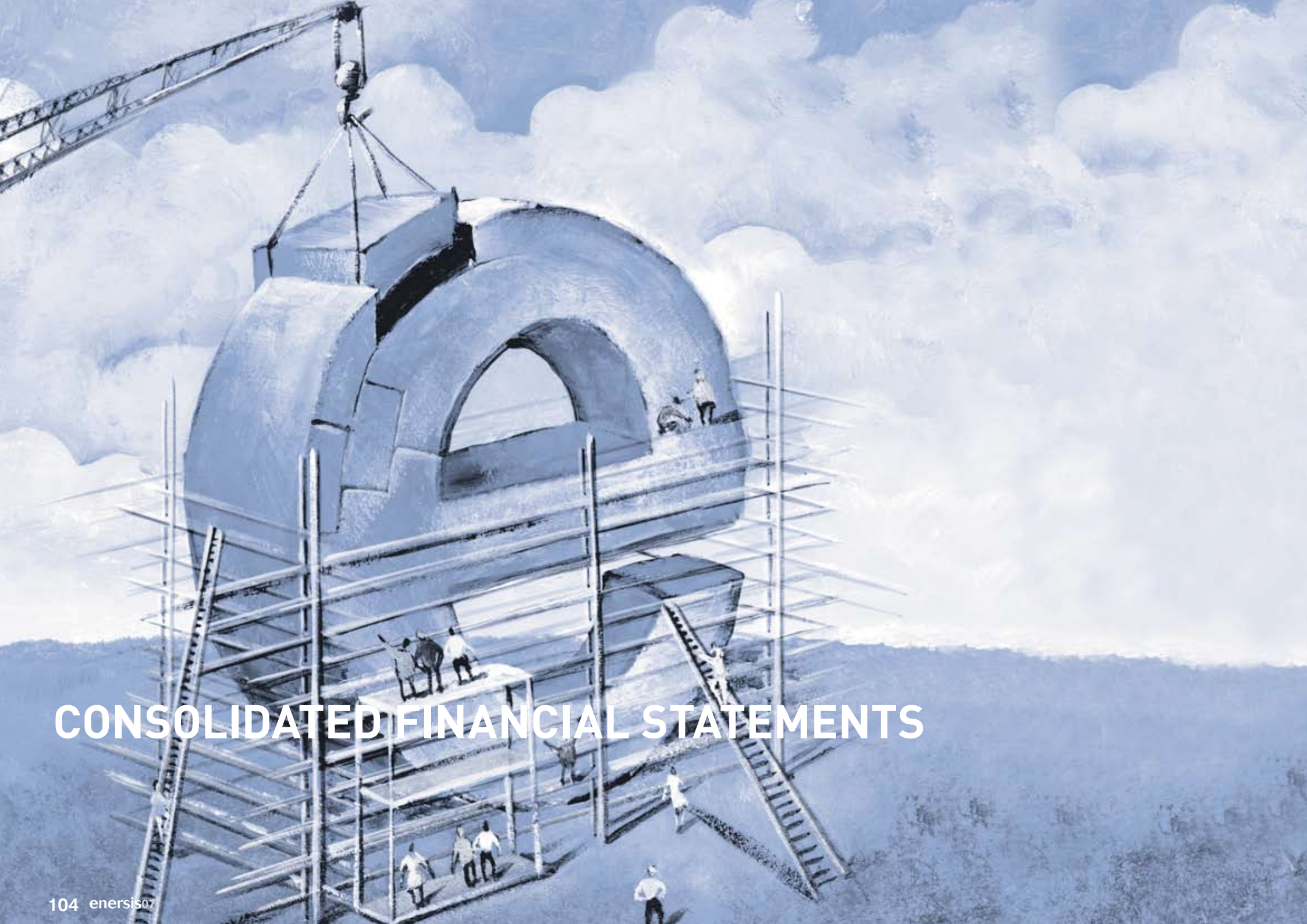
Eugenio Tironi
Tax N°: 5.715.860-3



CHIEF EXECUTIVE OFFICER

Ignacio Antoñanzas
Tax N°: 22.298.662-1





CONSOLIDATED FINANCIAL STATEMENTS



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REPORT OF INDEPENDENT ACCOUNTANTS


To the Shareholders of Enersis S.A.

We have audited the accompanying consolidated balance sheets of Enersis S.A. and Subsidiaries as of December 31, 2007 and 2006 and the related consolidated statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements at December 31, 2007 and 2006 of certain subsidiaries and investees whose financial statements for 2007 and 2006 reflect total assets and income of 43.78% and 50.61% and 42.35% and 40.13%, respectively. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Enersis S.A. and Subsidiaries at December 31, 2007 and 2006 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

The accompanying consolidated financial statements have been translated into English for the convenience of readers outside of Chile.


Santiago, Chile
February 19, 2008



Daniel Fernández P.

Una firma miembro de
Deloitte Touche Tohmatsu

**ENERSIS S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Restated for general price-level changes and expressed in thousands of constant
Chilean pesos of December 31, 2007)

ASSETS	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
CURRENT ASSETS		
Cash	81,979,611	107,178,991
Time deposits	404,583,941	303,002,428
Marketable securities	11,797,463	9,788,358
Accounts receivable, net	987,383,472	901,208,837
Notes receivable, net	11,839,116	8,020,849
Other accounts receivable, net	99,770,021	108,526,853
Amounts due from related companies	152,384,020	14,568,778
Inventories	105,439,534	71,789,477
Income taxes recoverable	144,712,085	76,630,339
Prepaid expenses	50,356,678	55,250,232
Deferred taxes	68,409,142	66,111,520
Other current assets	142,032,393	71,588,880
Total current assets	2,260,687,476	1,793,665,542
PROPERTY, PLANT AND EQUIPMENT		
Land	138,136,415	142,417,227
Buildings and infrastructure and works in progress	11,269,879,056	11,772,969,596
Machinery and equipment	1,984,794,585	2,134,240,240
Other plant and equipment	533,413,209	674,281,014
Technical appraisal	126,858,094	141,422,764
Accumulated depreciation	(6,045,735,243)	(6,179,423,073)
Total property, plant and equipment, net	8,007,346,116	8,685,907,768
OTHER ASSETS		
Investments in related companies	59,195,644	123,445,231
Investments in other companies	22,976,929	25,874,450
Goodwill, net	641,178,413	703,536,585
Negative goodwill, net	(37,394,320)	(39,755,524)
Long-term receivables	195,537,843	147,653,188
Amounts due from related companies	626,547	97,222,765
Deferred taxes	-	13,155,686
Intangibles	95,326,429	97,475,614
Accumulated amortization	(59,911,980)	(58,856,697)
Other assets	252,197,547	294,779,113
Total other assets	1,169,733,052	1,404,530,411
TOTAL ASSETS	11,437,766,644	11,884,103,721

The accompanying notes are an integral part of these consolidated financial statements.

**ENERSIS S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Restated for general price-level changes and expressed in thousands of constant
Chilean pesos of December 31, 2007)

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
CURRENT LIABILITIES:		
Short-term debt due to banks and financial institutions	169,694,879	144,194,111
Current portion of long-term debt due to banks and financial institutions	129,310,857	105,769,447
Current portion of bonds payable	366,034,697	121,584,960
Current portion of long-term notes payable	24,183,692	36,540,686
Dividends payable	32,885,815	80,213,385
Accounts payable	514,755,846	397,090,406
Short-term notes payable	15,961,727	16,890,479
Miscellaneous payables	106,100,650	119,630,007
Amounts payable to related companies	31,851,119	32,072,346
Accrued expenses	85,055,952	85,222,581
Withholdings	106,033,166	107,385,626
Income taxes payable	18,343,075	156,915,030
Deferred income	7,829,528	5,391,968
Other current liabilities	132,218,175	97,574,529
Total current liabilities	1,740,259,178	1,506,475,561
LONG-TERM LIABILITIES:		
Due to banks and financial institutions	1,024,723,413	972,982,285
Bonds payable	2,146,924,098	2,357,989,334
Long-term notes payable	122,967,653	120,705,276
Accounts payable	143,948,640	165,166,253
Amounts payable to related companies	8,161,792	12,082,887
Accrued expenses	328,299,704	348,993,080
Deferred income taxes	22,440,908	-
Other long-term liabilities	255,064,580	235,115,670
Total long-term liabilities	4,052,530,788	4,213,034,785
MINORITY INTEREST	2,741,767,047	3,082,340,206
SHAREHOLDERS' EQUITY:		
Paid-in capital, no par value	2,594,015,458	2,594,015,458
Additional paid-in capital	184,861,405	184,861,405
Other reserves	(435,491,419)	(255,979,636)
Retained earnings	388,982,534	291,354,472
Net income (loss) for the year	188,376,410	307,121,433
Provisional dividends	(17,534,757)	(38,924,762)
Deficit of subsidiaries in development stage	-	(195,201)
Total shareholders' equity	2,903,209,631	3,082,253,169
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,437,766,644	11,884,103,721

The accompanying notes are an integral part of these consolidated financial statements.

ENERSIS S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Restated for general price-level changes and expressed in thousands of constant
Chilean pesos of December 31, 2007)

	For the years ended December 31,	
	2007	2006
	ThCh\$	ThCh\$
OPERATING INCOME:		
SALES	4,686,675,559	4,155,844,703
COST OF SALES	<u>(3,163,865,117)</u>	<u>(2,782,687,091)</u>
GROSS PROFIT	1,522,810,442	1,373,157,612
ADMINISTRATIVE AND SELLING EXPENSES	<u>(267,243,749)</u>	<u>(241,526,970)</u>
OPERATING INCOME	<u>1,255,566,693</u>	<u>1,131,630,642</u>
NON-OPERATING INCOME AND EXPENSE:		
Interest income	116,407,766	139,286,384
Equity in income of related companies	2,732,317	5,546,450
Other non-operating income	199,327,497	113,673,478
Equity in loss of related companies	(57,493,370)	(134,628)
Amortization of goodwill	(59,814,172)	(60,045,277)
Interest expense	(407,285,992)	(419,622,162)
Other non-operating expenses	(348,716,130)	(224,762,650)
Price-level restatement, net	(10,803,572)	1,306,844
Exchange difference, net	6,786,479	5,721,747
NON-OPERATING EXPENSE, NET	<u>(558,859,177)</u>	<u>(439,029,814)</u>
INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL	696,707,516	692,600,828
INCOME TAXES	<u>(253,147,436)</u>	<u>(102,256,730)</u>
INCOME (LOSS) BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL	443,560,080	590,344,098
MINORITY INTEREST	<u>(259,605,529)</u>	<u>(289,749,961)</u>
INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL	183,954,551	300,594,137
AMORTIZATION OF NEGATIVE GOODWILL	<u>4,421,859</u>	<u>6,527,296</u>
NET INCOME FOR THE YEAR	<u>188,376,410</u>	<u>307,121,433</u>

The accompanying notes are an integral part of these consolidated financial statements.

ENERSIS S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant
Chilean pesos of December 31, 2007)

	For the years ended December 31,	
	2007	2006
	ThCh\$	ThCh\$
Net income for the year	188,376,410	307,121,433
GAIN (LOSSES) FROM SALES OF ASSETS:		
Losses (gain) on sale of property, plant and equipment	(562,731)	(19,947,183)
Losses (gain) in sale of investments	(3,077,984)	-
Losses (gain) on sale of other assets	(568,995)	(290,967)
Charges (credits) to income which do not represent cash flows:		
Depreciation	416,692,881	445,298,395
Amortization of intangibles	8,733,850	8,440,982
Write-offs and accrued expenses	25,431,844	27,992,780
Equity in income of related companies	(2,732,317)	(5,546,450)
Equity in loss of related companies	57,493,370	134,628
Amortization of goodwill	59,814,172	60,045,277
Amortization of negative goodwill	(4,421,859)	(6,527,296)
Price-level restatement, net	10,803,572	(1,306,844)
Exchange difference, net	(6,786,479)	(5,721,747)
Other credits to income which do not represent cash flows	(53,730,500)	(16,315,444)
Other charges to income which do not represent cash flows	204,009,880	73,902,631
Changes in assets which affect operating cash flows:		
Decrease (increase) in trade receivables	(216,050,555)	(193,956,180)
Decrease (increase) in inventory	(30,585,338)	5,011,884
Decrease (increase) in other assets	(66,934,474)	(104,362,820)
Changes in liabilities which affect operating cash flows:		
Increase (decrease) in accounts payable associated with operating results	233,699,604	156,946,384
Increase (decrease) in interest payable	30,089,971	29,991,724
Increase (decrease) in income tax payable	(96,770,840)	(32,879,227)
Increase (decrease) in other accounts payable associated with operating results	(15,723,876)	(39,663,944)
Net (increase) in value added tax and other similar taxes payable	(69,370,824)	(51,891,419)
Income attributable to minority interest	<u>259,605,529</u>	<u>289,749,961</u>
Net cash flows provided by operating activities	<u>954,434,311</u>	<u>926,226,558</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of debt	2,820,189	-
Proceeds from bond issuances	869,561,904	1,368,499,397
Other sources of financing	363,114,713	178,976,706
Distribution of capital in subsidiary	(553,116,614)	(191,825,479)
Dividends paid	(14,339,987)	(91,851,542)
Payment of debt	(713,170,383)	(1,062,289,729)
Payment of bonds	(129,596,682)	(503,548,490)
Payment of loans obtained from related companies	(2,374,719)	(8,675,671)
Payment of bond issuance costs	-	(537,063)
Other disbursements for financing	<u>(1,380,797)</u>	<u>(7,822,642)</u>
Net cash used in financing activities	<u>(178,482,376)</u>	<u>(319,074,513)</u>

The accompanying notes are an integral part of these consolidated financial statements.

d. Basis of consolidation - All significant intercompany transactions have been eliminated in consolidation. Investments in companies in the development stage are accounted for using the equity method, except that income or losses are included directly in equity instead of being reflected in the Company's consolidated statement of operations.

The consolidated financial statements have been prepared according to regulations stipulated in Technical Bulletin 72 (which partially revoked Technical Bulletin 42) of the Chilean Institute of Accountants and Circular 1697 (which revoked Circular 368) of the Superintendency of Securities and Insurance.

The financial statements of foreign companies at December 31, 2007 and 2006 have been prepared according to the regulations stipulated in Technical Bulletins 72, 64 and 42 of the Chilean Institute of Accountants.

These consolidated financial statements include the assets, liabilities, results and cash flows of the Parent and the following subsidiaries:

Tax Payer Number	Company	Percentage participation as of December 31.			
		2007		2006	
		Direct %	Indirect %	Total %	Total %
96.529.420-1	Synopsis Soluciones y Servicios IT Ltda.	99.99	0.01	100.00	100.00
79.913.810-7	Inmobiliaria Manso de Velasco Ltda.	99.99	0.01	100.00	100.00
96.543.670-7	Cia. Americana de Multiservicios Ltda.	99.99	0.01	100.00	100.00
91.081.000-6	Endesa Chile S.A.	59.98	-	59.98	59.98
96.800.570-7	Chilectra S.A. (ex Elesur S.A.)	99.07	0.01	99.08	99.08
Foreign	Inversiones Distrilima S.A.	30.14	38.25	68.39	68.39
Foreign	Edelnor S.A.	-	60.00	60.00	60.00
Foreign	Empresa Distribuidora Sur S.A. (Edesur)	16.02	49.87	65.89	65.89
Foreign	Codensa S.A. (*)	12.47	9.34	21.81	21.81
Foreign	Investluz	-	100.00	100.00	100.00
Foreign	Coelee S.A.	-	58.86	58.86	58.86
Foreign	Ampla Energia e Serviços S.A.	13.68	78.25	91.93	91.93
Foreign	Ampla Investimentos e Serviços S.A.	13.68	78.25	91.93	91.93
Foreign	Compañía de Interconexión Energética S.A. (Cien)	-	100.00	100.00	100.00
Foreign	Central Geradora Termelétrica Fortaleza S.A.	-	100.00	100.00	100.00
Foreign	Endesa Brasil S.A.	20.55	50.97	71.52	71.52
Foreign	Endesa Cachoeira S.A.	-	99.61	99.61	99.61

(*) Consolidation of Codensa S.A. takes place because the Company controls the majority of the Board pursuant to a shareholders' agreement of January 27, 2004 between Endesa Internacional and Enersis S.A..

e. Monetary correction - The financial statements have been price-level restated according to Chilean generally accepted accounting principles, in order to reflect the change in the purchasing power of the Chilean peso. The effects of such restatements are shown in Note 24.

f. Basis of conversion - Assets and liabilities in foreign currency or in other units of equivalence are presented at the following year-end exchange rates and values:

	December 31			
	2007 Units per US\$1	2006 Units per US\$1	2007 Ch\$	2006 Ch\$
United States dollar (as reported by Chilean Central Bank)	1.00	1.00	496.89	532.39
Euro	0.68	0.76	730.94	702.08
Japanese Yen	112.77	119.09	4.41	4.47
Pounds Sterling	0.50	0.51	989.43	1041.86
Colombian peso	1,987.56	2,238.79	0.25	0.24
New Peruvian Sol	2.99	3.20	165.96	166.58
Argentinian Peso	3.15	3.06	157.79	173.87
Brazilian real	1.77	2.14	280.32	249.01
Unidad de Fomento (UF= Inflation index-linked unit of account)	0.03	0.03	19,622.66	18,336.38

g. Time Deposits and Marketable Securities - Time deposits are presented at original placement plus accrued interest and UF indexation adjustments, as applicable. Marketable securities include investments in quoted shares that are valued at the lower of cost or market value. The investments are in both short-term highly liquid fixed rate investment shares and mutual fund units valued at cost plus interest and indexation or redemption value as appropriate (Note 4).

h. Inventories - Inventory of materials in transit, and operation and maintenance materials on hand, are valued at the lower of price-level restated cost or net realizable value. In the case of real estate projects under development inventory includes the cost of land, demolition, urbanization, payments to contractors and other direct costs.

The costs and revenues of construction in progress are accounted for under the completed contract method in accordance with Technical Bulletin No. 39 of the Chilean Institute of Accountants and are included in current assets as their realization is expected in the short-term.

i. Allowance for doubtful accounts - The estimates for the allowance for doubtful accounts have been made considering the aging and nature of the accounts receivable. Accounts receivable are classified as current or long-term, depending on their collection terms. Current and long-term trade accounts receivable, notes receivable and other receivables are presented net of allowances for doubtful accounts. The allowance for doubtful accounts amounted to ThCh\$187,039,400 (ThCh\$144,839,220 in 2006). In addition, the total sum owed by companies that have gone into bankruptcy amounting to ThCh\$1,388,725 (ThCh\$1,351,220 in 2006) is included in the bad debt allowance estimate.

j. Property, Plant and Equipment - Property, plant and equipment are valued at net replacement cost as determined by the former Superintendency of Electric and Gas Services (SEG) adjusted for price-level restatement in accordance with D.F.L. No.4 of 1959. The latest valuation under the D.F.L. 4 was in 1980.

Property, plant and equipment acquired after the latest valuation of net replacement cost are shown at cost, plus price-level restatement. Interest on debt directly obtained to finance construction of power generation projects is capitalized during the term of construction.

In 1986, an increase based upon a technical appraisal of property, plant and equipment was recorded in the manner authorized by the SVS in Circulars No.'s 550 and 566 dated October 15 and December 16, 1985, respectively, and Communication No.4790, dated December 11, 1985.

Under Bulletin 33, the Company is required to evaluate the recoverability of its property, plant and equipment when certain indicators of impairment exist. The Company has not identified any impairment to property, plant and equipment as a result of applying Technical Bulletin No. 33.

k. Depreciation - Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets.

The charge to income for depreciation was ThCh\$416,692,881 (ThCh\$445,298,395 in 2006). These are classified in Operating costs - ThCh\$407,388,420 (ThCh\$432,664,256 in 2006) - and Administrative and selling expenses - ThCh\$9,304,461 (ThCh\$12,634,139 in 2006).

l. Leased assets - The leased assets, whose contracts have financial lease characteristics, are accounted for as an acquisition of property, plant and equipment, recognizing the total obligation and the unaccrued interest. Said assets do not legally belong to the Company, for this reason, as long as the purchase option is not exercised, it will not be able to freely dispose of them.

m. Power installations financed by third parties - As established by D.F.L. 1 of the Ministry of Mines dated September 13, 1982, power facilities subsidized by third parties are treated as reimbursable contributions as such facilities form part of the Company's plant and equipment.

Contributions completed prior to D.F.L. 1 are deducted from Plant and equipment and their depreciation is charged to Power facilities financed by third parties.

n. Intangibles - Intangible assets are recorded and amortized at acquisition cost, and restated price level adjustment. Such assets are amortized over their estimated useful lives, not to exceed twenty years. Intangibles other than goodwill, correspond mainly to easements, rights of way and water rights.

o. Investments in related companies - Investments in related companies are recorded under the equity method of accounting based on the financial statements of the issuing companies.

Investments in foreign affiliates are recorded in accordance with Technical Bulletin No. 64 and 72 (which revoked Technical Bulletin 42) of the Chilean Association of Accountants. Under Technical Bulletin No.64 of the Chilean Association of Accountants, investments in foreign subsidiaries are price-level restated, the effects of which are reflected in income, while the effects of the foreign exchange gains or losses between the Chilean peso and the US dollar on the foreign investment measured in US dollars, are reflected in equity in the account "Cumulative Translation Adjustment".

The Company and its subsidiaries evaluate the recoverability of their foreign investments as required by Technical Bulletin No.72 of the Chilean Association of Accountants. At December 31, 2007 and 2006, the Company and its subsidiaries have not identified impairments in the net book values of its investments, except for the Inversiones Gas Atacama Holdings Ltda., where it's impairment test conclude that the recoverable value is lower than it's book value. According to that a loss accrual has been determine up to ThCh\$48,890,387.

p. Investments in other companies - Investments in other companies are recorded at price-level restated cost.

q. Goodwill and negative goodwill - Goodwill and negative goodwill are determined according to Circular No.1697 of the SVS (which superseded Circular 368 of December 30, 2003). Amortization is determined using the straight-line method, considering the nature and characteristic of each investment, foreseeable life of the business and investment return, not to exceed 20 years.

The Company evaluates the recoverability of its goodwill and negative goodwill value arising from investments abroad as stipulated in Technical Bulletin No.72 of the Chilean Association of Accountants. The Company has not identified any impairment as a result of that evaluation.

r. Reverse repurchase agreements - Reverse repurchase agreements are included in "Other current assets" and are stated at cost plus interest and indexation accrued at year-end, in conformity with the related contracts.

s. Bonds - Bonds payable are recorded at the face value of the bonds. The difference between the face value and the placement value, equal to the premium or discount, is deferred and amortized over the term of the bonds.

t. Income tax and deferred tax - The Company records current tax expense determined in accordance with the laws and regulations in each country in which it operates. The charge to income from income tax was ThCh\$206,597,064 (ThCh\$254,849,140 in 2006). It also records a deferred tax expense of ThCh\$46,550,372 (net of ThCh\$152,592,410 in 2006).

The Company and its subsidiaries record deferred income taxes in accordance with Technical Bulletin No.60 and supplements of the Chilean Association of Accountants, and with Circulars No. 1466 and 1560 of the SVS, recognizing, using the liability method, the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities using the tax rates estimated to be in effect at the time of reversal of the temporary differences that gave rise to them.

u. Severance Indemnities - The severance indemnity that the Company and its subsidiaries are obliged to pay to its employees under collective bargaining agreements is stated at the present value of the benefit under the vested cost method, discounted at 6.5% and assuming an average employment span which varies based upon years of service with the Company.

v. Employee vacations - In accordance with Technical Bulletin No.47 issued by the Chilean Association of Accountants, employee vacation expense is recorded on an accrual basis.

w. Pension and post-retirement benefits - Pension and post-retirement benefits are recorded in accordance with the respective collective bargaining contracts of the employees based on the actuarially determined projected benefit obligation, and using an annual discount rate of 6.5%.

x. Revenue recognition - The Company's revenues are primarily derived from electric power generation and distribution services, and include energy supplied and unbilled at each year-end. Revenues are valued using rates in effect when services are provided to customers. Accrued unbilled revenues are presented in current assets as trade receivable and the corresponding cost is included in cost of sales.

The Company also recognizes revenues for amounts received from highway tolls for motorized vehicles, income related to computer advisory services, engineering services and sale of materials.

y. Financial Derivative contracts - At December 31, 2007, the Company and its subsidiaries have forward contracts, currency swaps, and interest rate swaps and collars with several financial institutions, to hedge against mainly foreign currency and interest risk exposures, which are recorded according to Technical Bulletin No.57 of the Chilean Association of Accountants.

z. Research and development costs - Costs incurred by the Company in research and development relate mainly to general studies (water-level, hydroelectric research, seismic-activity surveys, etc.), which are expensed as incurred, and specific studies for new construction projects, which are capitalized.

aa. Statement of cash flows - Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin No.50 issued by the Chilean Association of Accountants, include time deposits, investments in fixed income securities classified as marketable securities, repurchase agreements classified as other current assets, and other cash balances classified as other accounts receivable with maturities at less than 90 days.

For classification purposes, cash flows from operations include collections from clients and payments to suppliers, payroll and taxes.

ab. Cost of share issue and debt securities - Costs incurred to date associated with issuing and placing shares are recorded according to the provisions of Circular No.1370 of 1998 of the Superintendency of Securities and Insurance.

NOTE 3. ACCOUNTING CHANGES

There were no changes in accounting principles during the year ended December 31, 2007 that would affect the comparison with the prior year financial statements.

Notwithstanding the above, on November 14, 2006 the SVS issued Circular 1819 with instructions on treating organization and start-up expenses, which superseded Circular 981, in force until December 31, 2006. This change meant that the subsidiary Endesa Chile S.A. recorded the effects of the losses of its investee companies in a development and start-up stage charging it to income for the period as of January 1, 2007 and absorbed the accumulated deficit in the period of development.

The increased charge to income in 2007 for investee companies in a development stage is ThCh\$1,269,847.

NOTE 4. TIME DEPOSITS

Details for 2007 and 2006 are as follows:

Tax Payer Number	Financial Institution	Annual rate %	Scheduled Maturity	As of December 31,	
				2007	2006
				ThCh\$	ThCh\$
Foreign	Alfa mix	-	-	-	2,692,712
Foreign	Alianza Valores	-	-	-	1,396,215
Foreign	AFIN S.A.	9.67%	03.01.08	4,047,845	-
Foreign	Banco Bilbao Vizcaya	7.50%	02.01.08	1,982	112,931
Foreign	Banco Colpatría	1.26%	02.01.08	9,086	3,858
Foreign	Banco Continental	-	-	-	9,031,979
Foreign	Banco Crédito	4.83%	02.01.08	1,832,612	1,262,835
Foreign	Banco Davivienda	9.71%	14.01.08	20,128,614	146
Foreign	Banco de Galicia	1.54%	02.01.08	1,809,212	2,040,457
Foreign	Banco Frances	1.13%	02.01.08	969,407	4,226,924
Foreign	Banco Hipotecario	-	02.01.08	1,719,812	-
Foreign	Banco Itau	0.96%	02.01.08	60,873,430	14,133,250
Foreign	Banco Lloyds	-	-	-	242
Foreign	Banco Mellon Brascan	-	-	-	4,424,863
Foreign	Banco Merrill Lynch	4.83%	14.01.08	3,693,436	63,491
Foreign	Banco Nordeste	1.06%	02.01.08	144,981	156,426
Foreign	Banco Pactual	0.93%	31.01.08	1,511,540	67,469
Foreign	Banco Paribas luxembourg	4.09%	02.01.08	3,775,051	4,652,499
Foreign	Banco Real	-	-	-	1,893,835
Foreign	Banco Rio de la Plata	1.81%	02.01.08	3,820,049	12,446,715
Foreign	Banco Santander Central Hispano	2.69%	02.01.08	18,169,448	15,619,248
Foreign	Banco Sudameris	9.65%	02.01.08	18,515,423	6,729,078
Foreign	Banco Votorantim	0.87%	02.01.08	24,919,321	17,900,189
Foreign	Bancolombia	8.46%	02.01.08	80	77
Foreign	Banistmo Colombia S.A.	-	-	-	752,811
Foreign	Bank Boston	0.93%	02.01.08	109,321	2,331,870
Foreign	Bank of America	2.85%	02.01.08	3,269,537	10,813,619
Foreign	BNY	-	-	-	6,414,232
Foreign	Bradesco	0.86%	02.01.08	73,267,958	71,079,327
Foreign	Caixa Economica	0.93%	31.01.08	1,471,426	-
Foreign	Certificates of post to terms	-	-	-	259,389
Foreign	Citibank N.Y.	3.59%	02.01.08	56,615,174	45,376,154
Foreign	Colmena	9.80%	02.01.08	17,904,026	-
Foreign	Comafi	1.19%	02.01.08	1,689,769	1,071,346
Foreign	Corficolombiana	7.45%	02.01.08	773,371	12,313,019
Foreign	Correval	-	-	-	925,081
Foreign	Corredores Asociados	-	-	-	783,065
Foreign	Encargo Fiduciario Banco Santander	6.91%	02.01.08	1,595,808	279,889
Foreign	FAM Fondo Ganadero	7.66%	02.01.08	87	851
Foreign	Fiduciaria Helm Trust	7.85%	02.01.08	87	85
Foreign	Fiducolombia	8.44%	02.01.08	6,102	7,120,679
Foreign	Fiducomericio	-	-	-	55
Foreign	Fiduoccidente	8.07%	02.01.08	205	251,322
Foreign	Fiduvale	-	-	-	1,583,470
Foreign	Fiduciaria Banco de Bogotá	6.98%	02.01.08	21,595	-
Foreign	Fondeos	-	-	-	3,155,144
Foreign	Fondo Sumar	6.98%	02.01.08	61	239,732
Foreign	Fondo Surgir	7.53%	02.01.08	118	2,356,562
Foreign	Fondo Surenta	-	-	-	2,816,788
Foreign	HSBC - Bamerindus	0.95%	02.01.08	45,414,832	5,352,652
Foreign	Panamericano	-	-	-	182,264
Foreign	Safra	0.85%	02.01.08	1,406,202	-
Foreign	Serfinco	-	-	-	689,082
Foreign	Standard Bank London	1.16%	02.01.08	1,035,120	3,566,339
Foreign	Suvalor	-	-	-	14,317,239
Foreign	Unibanco	0.88%	02.01.08	34,061,813	10,114,923
	Total			404,583,941	303,002,429

NOTE 5. ACCOUNTS, NOTES AND OTHER RECEIVABLES

Details at each year end are as follows:

Account	As of December 31,									
	Under 90 days		91 days to 1 year			Current		Long term		
	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	
Account receivable (1)	1,031,985,273	933,806,606	130,242,547	97,238,464	1,162,227,820	987,383,472	1,031,045,070	-	-	
Allowance for doubtful accounts	(93,762,655)	(54,153,397)	(81,081,693)	(75,682,836)	(174,844,348)	-	(129,836,233)	-	-	
Notes receivables	11,443,638	7,719,233	920,801	844,524	12,364,439	11,839,116	8,563,757	-	-	
Allowance for doubtful accounts	(153,787)	(380,491)	(371,536)	(162,417)	(525,323)	-	(542,908)	-	-	
Other receivables (1) (2)	97,600,900	102,950,685	12,253,895	12,830,082	109,854,795	99,770,021	115,780,767	197,122,798	154,859,353	
Allowance for doubtful accounts	(1,446,819)	(4,306,732)	(8,637,955)	(2,947,182)	(10,084,774)	-	(7,253,914)	(1,584,955)	(7,206,165)	
Total						1,098,992,609	1,017,756,539	195,537,843	147,653,188	

Country	Accounts receivable for country short and long term			
	As of December 31,			
	2007		2006	
	ThCh\$	%	ThCh\$	%
Chile	280,723,063	21.69%	256,797,683	22.03%
Perú	57,048,906	4.41%	67,159,968	5.76%
Argentina	195,460,802	15.10%	145,084,968	12.45%
Colombia	284,714,598	21.99%	247,006,296	21.19%
Brazil	466,045,865	36.00%	449,360,812	38.56%
Panamá	10,537,268	0.81%	-	0.00%
Total	1,294,530,452	100.00%	1,165,409,727	100.00%

(1) Includes ThCh\$29,980,100, which is the balance due from the rate increase pursuant to the Agreement signed in February, 2007 by the Argentinean government and the subsidiary Edesur S.A. in Argentina. This agreement generated income of ThCh\$37,513,207 (\$Arg 237,000,000 approximately) which will be collected in equal installments over 55 months starting from February, 2007.

(2) Includes ThCh\$29,343,531 (ThCh\$31,241,992 in 2006), which is the debt owed by the other Generating Companies in the system to Endesa Chile S.A. and its generating subsidiaries in Chile, for the collection of tolls due to the application, since March 13, 2004, of Law No.19,940.

NOTE 6. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

The balances of accounts receivable and payable with related companies are as follows:

a. Notes and accounts receivable

Taxpayer Number	Company	As of December 31,			
		Short-term		Long-term	
		2007	2006	2007	2006
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign	Atacama Finance Co. (1)	89,682,080	66,117	-	97,222,765
Foreign	Com. de Energía del Mercosur S.A.	9,061,690	6,651,990	-	-
Foreign	Empresa Eléctrica Piura S.A.	147,889	141,986	-	-
Foreign	Endesa España	272,825	295,375	-	-
Foreign	Endesa Europa	-	943	-	-
Foreign	Endesa Servicios	699,239	-	-	-
Foreign	Endesa Internacional S.A.	225,192	368,445	-	-
78.932.860-9	GasAtacama Generación Ltda.	18,421	65,906	-	-
78.882.820-9	Gasoducto Atacama Chile	13,096	304,823	-	-
77.032.280-4	Gasoducto Tal Tal Ltda.	180	2,119	-	-
76.197.570-6	Sociedad Consorcio Ara Ltda.	723	8,515	-	-
77.625.850-4	Consorcio Ara-Ingendesa Ltda.	50,423	158,496	-	-
Foreign	Sacme	772	1,661	-	-
99.584.600-4	Sistemas Sec S.A.	7,451,623	6,499,305	121,521	-
76.652.400-1	Centrales Hidroeléctricas de Aysén S.A.	777,623	-	-	-
76.788.080-4	GNLM Quinteros S.A. (2)	40,175,603	-	-	-
76.418.940-K	GNLM Chile S.A.	1,873,672	-	-	-
76.583.350-7	Konecta Chile S.A.	77,445	-	505,026	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	1,855,524	3,097	-	-
Total		152,384,020	14,568,778	626,547	97,222,765

(1) The balance receivable from Atacama Finance Co. relates to the loans granted by Compañía Eléctrica Cono Sur S.A. to finance the work in construction of Gasoducto Atacama Argentina S.A., Gasoducto Atacama Chile S.A. and Gas Atacama Generación S.A. The loans are expressed in US dollars, accrue interest at a rate of 7.5% per annum and are due in September 2008.

(2) The balance receivable from GNL Quinteros S.A. relates to financing operations. It is covenanted in US dollars, accrues interest at 5.56% per annum and is due in 2008.

b. Notes and accounts payable

Taxpayer Company Number		As of December 31,			
		Short-term		Long-term	
		2007	2006	2007	2006
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign	Com. de Energía del Mercosur S.A.	28,071,361	26,442,638	-	-
77.625.850-4	Consorcio Ara-Ingendesa Ltda.	333	164,338	-	-
96.806.130-5	Electrogas S.A.	209,417	239,557	-	-
Foreign	Endesa Servicios	386,482	-	-	-
Foreign	Empresa Eléctrica Piura S.A.	383,347	1,431,079	-	-
Foreign	Endesa Internacional S.A. (1)	2,619,592	3,039,973	8,161,792	12,082,887
77.032.280-4	Gasoducto Tal-Tal Ltda.	46,585	-	-	-
78.932.860-9	GasAtacama Generación S.A.	31,224	692,060	-	-
Foreign	Sacme	68,693	62,701	-	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	32,184	-	-	-
76.583.350-7	Konecta Chile S.A.	1,901	-	-	-
Total		31,851,119	32,072,346	8,161,792	12,082,887

(1) The balance payable to Endesa Internacional S.A. involves financing grants to Cien - Compañía Interconexao Energética S.A. - to purchase machinery, equipment and to complete construction of the second transmission line. The loan is denominated in US dollars, accrues interest at 8.08% per annum and are due in May, 2012.

c. Transactions

Company	Taxpayer number	Relationship	Nature of transaction	2007		2006	
				Amount ThCh\$	Income (Expense) ThCh\$	Amount ThCh\$	Income (Expense) ThCh\$
Atacama Finance Co.	Foreign	Affiliate	Interest	7,103,591	7,103,591	6,976,594	6,976,594
			Monetary correction	6,772,234	6,772,234	2,025,889	2,025,889
			Exchange difference	12,992,064	(12,992,064)	1,764,710	1,764,710
Consorcio ARA-Ingendesa	77.625.850-4	Affiliate	Services	30,155	30,155	859,252	859,252
			Consorcio Ingendesa Minmetal Ltda.	77.573.910-K	Affiliate	Services	-
Com. de Energia del Mercosur S.A.	Foreign	Affiliate	Sale of energy	9,317,681	9,317,681	6,275,933	6,275,933
			Purchase of energy	4,478,394	(4,478,394)	5,391,304	(5,391,304)
			Purchase of gas	15,725,078	(15,725,078)	-	-
			Services	13,360,951	(13,360,951)	6,348,132	6,348,132
Empresa Eléctrica Piura S.A.	Foreign	Member of Controlling Group	Sale of energy	261,641	261,641	728,503	728,503
			Purchase of energy	5,210,267	(5,210,267)	12,668,622	(12,668,622)
			Services	197,043	197,043	220,679	220,679
Electrogas S.A. Endesa España	96.806.130-5 Foreign	Parent company	Purchase of energy	2,740,516	(2,740,516)	2,112,880	(2,112,880)
			Interest	29,485	(29,485)	3,435,483	(3,435,483)
Endesa Servicios	Foreign	Member of Controlling Group	Exchange difference	9,720	(9,720)	157	157
			Monetary correction	-	-	156	(156)
			Services	812,886	812,886	-	-
Endesa Internacional S.A.	Foreign	Parent company	Interest	983,934	(983,934)	2,290,623	(2,290,623)
			Services	490	490	4,427,229	(4,427,229)
			Exchange difference	122,566	(122,566)	13,632	(13,632)
			Monetary correction	3,119,538	(3,119,538)	64,736	(64,736)
Fundación Endesa Gas Atacama Generación S.A.	78.932.860-9 Foreign	Affiliate	Services	46,328	46,328	101,721	101,721
			Services	353,218	353,218	1,042,030	1,042,030
Sacme	Foreign	Affiliate	Services	530,956	(530,956)	428,536	(428,536)
			Services	4,479,552	4,479,552	504,166	504,166
Sistema SEC S.A.	99.584.600-4	Affiliate	Interest	59,251	59,251	-	-
			Services	620,673	620,673	176,960	176,960
Soc. Consorcio Ingendesa ARA Ltda.	76.197.570-6	Affiliate	Services	620,673	620,673	176,960	176,960
			Konecta Chile S.A.	76.583.350-7	Affiliate	Exchange difference	23,873
Transmisora Eléctrica de Quillota Ltda.	77.017.930-0	Affiliate	Services	136,530	136,530	-	-
			Interest	-	-	28,879	28,879
Centrales Hidroeléctricas de Aysén S.A.	76.652.400-1	Affiliate	Services	-	-	5,497	5,497
			Monetary correction	23,844	23,844	-	-
			Interest	5,675	5,675	-	-
GNL Quinteros S.A.	76.788.080-4	Affiliate	Interest	802,022	802,022	-	-
			Monetary correction	1,310,042	1,310,042	-	-
			Exchange difference	3,114,788	(3,114,788)	-	-

The transfer of short-term funds between related companies is on the basis of a current cash account, at a variable interest rate based on market conditions. The resulting accounts receivable and accounts payable are essentially on 30 day terms, with automatic rollover for the same year and settlement in line with cash flows.

NOTE 7. INVENTORIES

Inventories have been valued as described in Note 2h and are recorded net of the provision for obsolescence of ThCh\$3,125,205 (ThCh\$4,151,804 in 2006). Details are as follows at each year-end:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Real estate under development	12,521,544	14,080,995
Materials in transit	494,721	2,604,926
Operation and maintenance material	51,263,206	42,127,671
Fuel	41,160,063	12,975,885
Total	105,439,534	71,789,477

NOTE 8. INCOME TAX AND DEFERRED TAXES

General information:

- a. Income tax at December 31, 2007 and 2006 is recorded in Income tax payable (refundable) in the balance sheet. Details are as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Income tax provision - current	218,722,960	263,056,470
Recoverable tax credits	(200,429,885)	(106,141,440)
Total income tax payable	18,343,075	156,915,030

- b. The parent has calculated a tax loss at December 31, 2007 of ThCh\$288,381,386 (ThCh\$349,267,668 in 2006).
- c. The net effect of recording the deferred tax expense (benefit) was ThCh\$46,550,372 (net credit of ThCh\$152,592,410 in 2006).

- d. In accordance with Technical Bulletin No. 60 and 69 of the Chilean Association of Accountants, and Circular No.1,466 of the SVS, the Company and its subsidiaries have recorded consolidated deferred income taxes at December 31, 2007 and 2006 as follows:

Description	As of December 31, 2007				As of December 31, 2006			
	Asset		Liability		Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Allowance for doubtful accounts	30,361,777	48,273,005	-	-	17,862,101	54,683,790	-	-
Deferred income	1,265,004	1,108,332	2,637,219	6,925,008	745,055	1,656,641	-	1,156,534
Vacation accrual	1,247,119	17,155	-	-	1,232,038	-	-	-
Leased assets	-	-	-	1,058,920	-	-	-	498,992
Fixed assets depreciation	-	34,305,549	683,056	456,681,950	-	37,175,549	847,577	475,432,214
Severance indemnities	-	7,548	-	1,701,576	-	686	-	1,801,981
Other	5,882,834	3,557,093	1,561,515	4,430,015	6,187,147	5,738,352	2,466,375	3,304,601
Contingencies	16,042,437	63,062,629	-	-	9,269,507	82,318,172	-	-
Bond discount	-	-	149,319	1,162,405	-	-	151,909	1,436,000
Cost of studies	-	-	-	8,960,610	-	-	-	9,043,752
Finance cost	-	893,075	-	19,427,055	-	-	-	16,490,104
Imputed interest on construction	1,772	-	-	3,959,224	-	-	-	4,034,502
Deferred charges	638,534	-	1,646,651	2,313,433	754,583	-	603,823	3,623,416
Actuarial deficit (Brasil)	-	12,297,971	-	-	-	11,277,352	-	-
Obsolescence	587,954	1,472,713	-	-	377,614	2,353,317	-	-
Materials used	-	-	-	806,387	-	-	-	871,574
Imputed salaries on construction	-	4,291,425	-	-	-	4,310,885	-	-
Tax losses	24,832,066	170,877,538	-	-	57,625,464	202,087,224	-	-
Provision real state project	295,526	2,134,677	-	-	-	2,543,050	-	-
Sie2000A project	-	-	-	487,855	-	-	-	509,235
Provision for employee benefits	2,599,987	1,556,802	-	-	2,666,877	3,291,938	-	-
Operating fees	-	-	-	-	-	-	-	-
Energy in measurers	-	-	16,581,950	9,108,453	-	2,489,140	-	-
Regulated assets	-	-	-	2,352,113	-	11,333,148	-	19,784,907
Capitalized expenses	6,897,750	-	-	-	-	-	-	2,288,007
Fixed assets	-	-	-	6,798,246	-	-	-	-
Exchange difference	1,016,092	-	-	-	-	-	-	20,060,608
Complementary account-net	-	(10,877,871)	-	(186,864,460)	-	(11,599,970)	-	(207,896,363)
Valuation allowance	-	(16,109,759)	-	-	(12,716,894)	(30,241,236)	-	-
Total	91,668,852	316,867,882	23,259,710	339,308,790	84,003,492	365,595,750	17,891,972	352,440,064

The charge to income for income tax at December 31, 2007 and 2006 is as follows:

Item	2007	2006
	ThCh\$	ThCh\$
Current income tax (expense) benefit:		
Income tax provision	(218,772,960)	(263,056,470)
Adjustment for tax expense - prior year	1,996,665	6,509,183
Deferred tax (expense) benefit:		
Deferred taxes	(58,881,158)	21,071,812
Benefits for tax losses	10,179,231	1,698,147
Amortization of complementary accounts	(12,460,703)	(9,198,039)
Valuation allowance (*)	24,791,489	140,718,637
Total	(253,147,436)	(102,256,730)

(*) During 2006, the valuation provision has been reversed as a consequence of the merger approved in Extraordinary Shareholders' Meetings of Chilectra S.A. (formerly Elesur S.A.) and Chilectra S.A. and the sale of the offices of the former Elesur S.A., whose proceeds of ThCh\$140,835,232 were credited to net income as a reduction in the allowance for valuation.

In 2007, the valuation provision has been reversed as a consequence of the merger of Emgesa S.A. y Betania S.A.. The amount credited to income in income tax was ThCh\$25,352,804.

NOTE 9. OTHER CURRENT ASSETS

Other current assets include the following:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Guaranties and indemnities	328,705	245,850
Deferred expenses	199,334	189,115
Post-retirement benefits	264,864	265,873
Deposits for commitments and guarantees (*)	34,562,538	8,608,242
Deferred expenses for bond placement	359,984	193,322
Assets available for sale	1,276,755	5,088,286
“Electricity for all” project (Coelce) (**)	21,800,111	-
Bond discount	1,007,009	1,045,668
Fair value derivatives contracts	457,414	2,110,604
Reverse repurchase agreements (1)	77,914,807	52,488,635
Others	3,860,872	1,353,285
Total	142,032,393	71,588,880

(*) See Note 28 (a).

(**) This is a subsidy to be collected from the Brazilian Government for investments in the rural area of the State of Ceará.

(1) Details of reverse repurchase agreements are as follows:

2007:

As of December 31, 2007									
Code	Date		Financial institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
	Start	End							
VRC	12-27-2007	01-02-2008	Banco Central de Chile	\$	CERO	0.58%	228	228	228
VRC	12-27-2007	01-03-2008	Banco Central de Chile	\$	CERO	0.59%	495	495	495
VRC	12-28-2007	01-02-2008	Banco Central de Chile	UF	CERO	0.46%	1,724	1,724	1,724
VRC	12-27-2007	01-02-2008	Banco Central de Chile	UF	CERO	0.46%	2,441	2,442	2,441
VRC	12-28-2007	01-03-2008	Banco Estado	UF	L.H.	0.46%	2,898	2,901	2,898
VRC	12-27-2007	01-07-2008	CorpBanca	\$	D.P.F.	0.58%	5,806	5,802	5,806
VRC	12-28-2007	01-02-2008	Banco Estado	\$	L.H.	0.58%	7,867	7,877	7,867
VRC	12-28-2007	01-07-2008	Banco Chile	\$	L.H.	0.58%	11,053	11,046	11,053
VRC	12-27-2007	01-07-2008	CorpBanca	\$	L.H.	0.59%	16,028	16,015	16,028
VRC	12-27-2007	01-03-2008	CorpBanca	UF	L.H.	0.46%	17,419	17,429	17,419
VRC	12-27-2007	01-03-2008	Banco Central de Chile	UF	CERO	0.46%	31,472	31,490	31,472
VRC	12-27-2007	01-03-2008	Banco Santander Santiago	UF	L.H.	0.46%	38,823	38,845	38,823
VRC	12-28-2007	01-07-2008	Banco Central de Chile	\$	CERO	0.59%	39,750	39,727	39,750
VRC	12-28-2007	01-07-2008	BBVA Banco BHIF	\$	L.H.	0.58%	102,623	102,564	102,623
VRC	12-28-2007	01-07-2008	Banco Crédito e Inversiones	\$	L.H.	0.58%	103,061	103,001	103,061
VRC	12-28-2007	01-07-2008	Banco Santander Santiago	UF	L.H.	0.46%	181,172	181,415	181,172
VRC	12-28-2007	01-07-2008	Banco Chile	\$	L.H.	0.58%	304,554	304,378	304,554
VRC	12-27-2007	01-02-2008	BBVA Banco BHIF	\$	D.P.R.	0.58%	338,170	337,908	338,170
VRC	12-28-2007	01-07-2008	Banco Crédito e Inversiones	\$	L.H.	0.58%	402,103	402,647	402,103
VRC	12-28-2007	01-07-2008	Banco Itaú Chile	\$	L.H.	0.59%	432,524	432,269	432,524
VRC	12-28-2007	01-07-2008	Banco Crédito e Inversiones	UF	L.H.	0.46%	812,733	813,831	812,733
VRC	12-27-2007	01-03-2008	CorpBanca	UF	D.P.F.	0.46%	880,200	880,710	880,200
VRC	12-27-2007	01-03-2008	Banco Chile	UF	D.P.F.	0.46%	1,014,792	1,015,380	1,014,792
VRC	12-27-2007	01-03-2008	Banco Chile	UF	D.P.R.	0.46%	1,076,820	1,077,443	1,076,820
VRC	12-28-2007	01-07-2008	BBVA Banco BHIF	\$	L.H.	0.58%	1,076,715	1,078,171	1,076,715
VRC	12-28-2007	01-07-2008	Banco Estado	\$	D.P.F.	0.59%	1,222,809	1,222,088	1,222,809
VRC	12-27-2007	01-03-2008	Banco Santander Santiago	UF	D.P.F.	0.46%	1,979,624	1,980,771	1,979,624
VRC	12-27-2007	01-03-2008	Banco Crédito e Inversiones	UF	L.H.	0.46%	2,022,504	2,023,676	2,022,504
VRC	12-28-2007	01-07-2008	BBVA Banco BHIF	\$	L.H.	0.59%	2,032,233	2,031,035	2,032,233
VRC	12-28-2007	01-07-2008	Banco Santander Santiago	\$	L.H.	0.58%	2,208,292	2,207,010	2,208,292
VRC	12-27-2007	01-03-2008	Banco Estado	UF	L.H.	0.46%	2,647,879	2,649,414	2,647,879
VRC	12-28-2007	01-07-2008	Banco Chile	\$	L.H.	0.58%	2,680,621	2,684,247	2,680,621
VRC	12-28-2007	01-07-2008	Banco Chile	\$	L.H.	0.59%	2,776,518	2,774,881	2,776,518
VRC	12-28-2007	01-07-2008	Banco Chile	UF	L.H.	0.46%	3,502,917	3,507,655	3,502,917
VRC	12-27-2007	01-02-2008	BBVA Banco BHIF	\$	D.P.F.	0.58%	4,659,663	4,656,062	4,659,663
VRC	12-28-2007	01-02-2008	Banco Central de Chile	UF	BONO	0.46%	5,001,226	5,003,191	5,001,226
VRC	12-27-2007	01-03-2008	Banco Crédito e Inversiones	UF	L.H.	0.46%	7,622,401	7,626,819	7,622,401
VRC	12-27-2007	01-03-2008	Banco Chile	UF	L.H.	0.46%	9,706,363	9,711,988	9,706,363
VRC	12-27-2007	01-03-2008	BBVA Banco BHIF	UF	D.P.F.	0.46%	10,188,164	10,194,170	10,188,164
VRC	12-27-2007	01-03-2008	BBVA Banco BHIF	\$	D.P.F.	0.59%	12,762,122	12,752,090	12,762,122
Total							77,914,807	77,930,835	77,914,807

2006:

As of December 31, 2006												
Code	Date		Financial institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$			
	Start	End										
VRC	12-29-2006	01-02-2007	Banco Central de Chile	\$	CERO	0.51%	174	173	174			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	CERO	0.51%	946	946	946			
VRC	12-26-2006	01-02-2007	Banco Central de Chile	\$	CERO	0.50%	3,047	3,045	3,047			
VRC	12-27-2006	01-03-2007	Banco Central de Chile	\$	CERO	0.53%	3,048	3,046	3,048			
VRC	12-29-2006	01-02-2007	BBVA Banco BHIF	\$	D.P.R.	0.51%	3,114	3,112	3,114			
VRC	12-28-2006	01-04-2007	Banco Santander Santiago	\$	L.H.	0.52%	3,143	3,141	3,143			
VRC	12-29-2006	01-02-2007	BBVA Banco BHIF	UF	D.P.R.	0.51%	6,795	6,793	6,795			
VRC	12-28-2006	01-04-2007	Banco Central de Chile	\$	CERO	0.54%	11,993	11,987	11,993			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	27,375	27,366	27,375			
VRC	12-29-2006	01-02-2007	Inv. Boston C. de B.	\$	CERO	0.48%	41,469	41,456	41,469			
VRC	12-29-2006	01-02-2007	Banco Crédito e Inversiones	\$	D.P.F.	0.51%	70,602	70,578	70,602			
VRC	12-28-2006	01-04-2007	Banco Boston	\$	D.P.F.	0.54%	75,041	75,001	75,041			
VRC	12-28-2006	01-02-2007	Banchile C. de B.	\$	L.H.	0.52%	114,372	114,313	114,372			
VRC	12-27-2006	01-03-2007	BBVA Banco BHIF	\$	D.P.R.	0.53%	119,298	119,213	119,298			
VRC	12-29-2006	01-02-2007	Banchile C. de B.	\$	BOND	0.35%	123,939	123,910	123,939			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	157,819	157,765	157,819			
VRC	12-29-2006	01-02-2007	Inv. Boston C. de B.	\$	D.P.F.	0.48%	161,429	161,377	161,429			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.R.	0.51%	170,165	170,107	170,165			
VRC	12-28-2006	01-02-2007	Banchile C. de B.	\$	L.H.	0.52%	206,402	206,295	206,402			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	215,969	215,894	215,969			
VRC	12-29-2006	01-02-2007	Banchile C. de B.	\$	L.H.	0.35%	218,142	218,092	218,142			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.R.	0.51%	221,735	221,660	221,735			
VRC	12-29-2006	01-02-2007	Banchile C. de B.	\$	L.H.	0.35%	273,696	273,632	273,696			
VRC	12-29-2006	01-02-2007	Inv. Boston C. de B.	\$	D.P.F.	0.48%	300,150	300,054	300,150			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	320,230	320,122	320,230			
VRC	12-28-2006	01-02-2007	Banchile C. de B.	\$	L.H.	0.52%	430,223	430,000	430,223			
VRC	12-29-2006	01-02-2007	Inv. Boston C. de B.	\$	D.P.F.	0.48%	541,213	541,040	541,213			
VRC	12-29-2006	01-02-2007	Banco Estado	UF	D.P.F.	0.51%	542,837	542,652	542,837			
VRC	12-29-2006	01-02-2007	Banco Chile	UF	D.P.F.	0.51%	550,204	550,017	550,204			
VRC	12-29-2006	01-02-2007	Scotiabank	UF	D.P.R.	0.51%	550,573	550,386	550,573			
VRC	12-29-2006	01-02-2007	Security	UF	D.P.R.	0.51%	675,547	675,317	675,547			
VRC	12-29-2006	01-02-2007	BBVA Banco BHIF	UF	D.P.R.	0.51%	783,823	783,557	783,823			
VRC	12-28-2006	01-02-2007	Banchile C. de B.	\$	L.H.	0.52%	1,094,493	1,093,924	1,094,493			
VRC	12-29-2006	01-02-2007	Banco Crédito e Inversiones	UF	D.P.F.	0.51%	1,168,059	1,167,661	1,168,059			
VRC	12-26-2006	01-02-2007	Banco Santander Santiago	\$	D.P.F.	0.50%	1,485,456	1,484,219	1,485,456			
VRC	12-28-2006	01-04-2007	Banco Crédito e Inversiones	\$	D.P.F.	0.54%	1,623,231	1,622,355	1,623,231			
VRC	12-29-2006	01-02-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	2,015,903	2,015,218	2,015,903			
VRC	12-29-2006	01-02-2007	Banco Santander Santiago	\$	D.P.F.	0.51%	2,090,097	2,089,387	2,090,097			
VRC	12-29-2006	01-02-2007	Banco Santander Santiago	UF	D.P.F.	0.51%	2,241,409	2,240,648	2,241,409			
VRC	12-26-2006	01-02-2007	Banco Chile	\$	D.P.F.	0.50%	2,244,764	2,242,895	2,244,764			
VRC	12-26-2006	01-02-2007	CorpBanca	\$	D.P.F.	0.50%	2,370,614	2,368,641	2,370,614			
VRC	12-26-2006	01-02-2007	Citibank	\$	O.P.F.	0.50%	2,768,427	2,766,122	2,768,427			
VRC	12-26-2006	01-02-2007	Banco Crédito e Inversiones	\$	D.P.F.	0.50%	3,654,675	3,651,632	3,654,675			
VRC	12-28-2006	01-04-2007	Banco Chile	\$	L.H.	0.52%	4,190,322	4,188,144	4,190,322			
VRC	12-26-2006	01-02-2007	Banco Estado	\$	D.P.F.	0.50%	4,817,834	4,813,822	4,817,834			
VRC	12-28-2006	01-04-2007	Banco Santander Santiago	\$	D.P.F.	0.54%	5,811,794	5,808,657	5,811,794			
VRC	12-27-2006	01-03-2007	BBVA Banco BHIF	\$	D.P.F.	0.53%	7,987,044	7,981,404	7,987,044			
Total							52,488,635	52,456,776	52,488,635			

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

The balance of property, plant and equipment at each year-end is as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Property, plant and equipment, gross		
Land	138,136,415	142,417,227
Buildings and infrastructure	6,803,456,467	7,088,886,496
Distribution and transmission lines and public lighting	4,604,970,885	4,797,370,988
Less: third party contributions	(138,548,296)	(113,287,888)
Sub-total	<u>11,269,879,056</u>	<u>11,772,969,596</u>
Machinery and equipment	<u>1,984,794,585</u>	<u>2,134,240,240</u>
Work in progress	247,008,085	325,780,367
Construction materials	34,775,543	54,720,857
Leased assets (1)	80,139,028	106,463,451
Furniture and fixtures, tools, and computing equipment	77,716,227	86,347,144
Vehicles	6,744,819	7,816,606
Equipment in transit	7,158,458	14,205,374
Other assets	<u>79,871,049</u>	<u>78,947,215</u>
Sub-total	<u>533,413,209</u>	<u>674,281,014</u>
Technical appraisal		
Buildings and infrastructure	126,536,716	141,101,386
Machinery and equipment	321,378	321,378
Total technical appraisal	<u>126,858,094</u>	<u>141,422,764</u>
Total property plant and equipment	<u>14,053,081,359</u>	<u>14,865,330,841</u>

Depreciation

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Accumulated depreciation at beginning of year		
Buildings and infrastructure	(4,678,944,782)	(4,754,590,323)
Machinery and equipment	(820,941,974)	(842,536,014)
Other assets	<u>(80,987,171)</u>	<u>(86,563,740)</u>
Accumulated depreciation at beginning of year	<u>(5,580,873,927)</u>	<u>(5,683,690,077)</u>
Accumulated depreciation at beginning of year technical appraisal		
Buildings and infrastructure	(47,556,001)	(49,995,470)
Machinery and equipment	(315,682)	(313,602)
Other assets	<u>(296,752)</u>	<u>(125,529)</u>
Total accumulated depreciation at beginning of year technical appraisal	<u>(48,168,435)</u>	<u>(50,434,601)</u>
Depreciation for the year (exploitation cost)	(407,388,420)	(432,664,256)
Depreciation for the year (administrative and selling expense)	(9,304,461)	(12,634,139)
Depreciation of the year	<u>(416,692,881)</u>	<u>(445,298,395)</u>
Total accumulated depreciation at end of year	<u>(6,045,735,243)</u>	<u>(6,179,423,073)</u>
Total property, plant and equipment, net	<u>8,007,346,116</u>	<u>8,685,907,768</u>

(*) Leased assets

- a. In Endesa Chile the amount of ThCh\$31,536,927 (ThCh\$31,536,927 in 2006) corresponds to a contract for power transmission lines and installations (Ralco-Charrúa 2X220 KV) between Empresa Nacional de Electricidad S.A. and Abengoa Chile S.A. This contract has a 20-year maturity and earns interest at a 6.5% annual rate.
- b. In the Peruvian subsidiary Edegel S.A., the amount of ThCh\$46,660,579 (ThCh\$74,926,523 in 2006) relates to contracts to finance the project of converting the thermo-electric plant to combination cycle (former Etevensa), being carried out by the Company and the financial institutions Banco de Crédito del Perú, BBVA - Banco Continental and Citibank. These contracts have a life of eight years and accrue interest at an annual rate of Libor + 2.5%.

The Company and its foreign subsidiaries have insurance contracts that include blanket, earthquake, and machinery failure policies up to a ThUS\$200,000 limit. This coverage includes losses due to business interruption. Premiums prepaid associated with these policies are recorded in prepaid expenses and charged to income over the life of the policy.

NOTE 11. INVESTMENTS IN RELATED COMPANIES

a. Details of investments at December 31, 2007 and 2006 are as follows:

b. Income and losses recognized by Enersis S.A., for its ownership interest in related companies at December 31, 2007, are ThCh\$2,732,317 (ThCh\$5,546,450 in 2006) and ThCh\$(57,493,370) (ThCh\$134,628 in 2006) respectively; they are stated in the statement of income under Gains from investments in related companies and Loss from investments in related companies, respectively.

Taxpayer No.	Related Companies	Country Of origin	Investment Control Currency	Number of shares	Percentage owned		Shareholders' equity of investee		Net income of investees		Equity in income		Investment book value	
					2007 %	2006 %	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$
78.932.860-9	Gas Atacama Generación S.A.	Chile	Dollar	-	0.050%	0.050%	(5,006,882)	27,812,324	(29,266,495)	(16,557,908)	(14,633)	(8,279)	(2,504)	13,958
78.952.420-3	Gasoducto Atacama Argentina S.A.	Chile	Dollar	-	0.050%	0.050%	117,961,103	78,726,403	(1,456,134)	11,325,225	(437)	5,663	35,388	39,363
78.882.820-9	Gasoducto Atacama Chile S.A.	Chile	Dollar	-	0.050%	0.050%	93,723,709	86,919,214	18,867,054	12,141,320	9,434	6,071	46,862	43,459
96.889.570-2	Inversiones Electrogas S.A.	Chile	Peso	425	42.50%	42.50%	17,260,328	18,429,720	5,286,673	4,718,427	2,246,836	2,005,331	7,335,639	7,832,630
Foreign	Cia. de Energía del Mercosur S.A. (2)	Argentina	Dollar	6,305,400	45.00%	45.00%	7,588,668	8,868,705	(118,348)	1,878	(53,257)	845	3,414,901	3,990,917
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Pesos	-	50.00%	50.00%	8,075,084	7,411,771	663,312	459,913	331,656	229,956	4,037,542	3,705,885
Foreign	Sacme	Argentina	Dollar	12,000	50.000%	50.000%	73,170	82,316	3,986	3,811	1,993	1,906	36,585	41,159
96.806.130-5	Electrogas S.A.	Chile	Pesos	85	0.021%	0.021%	16,028,805	17,026,601	5,461,865	4,866,893	1,161	1,034	3,406	3,618
77.625.850-4	Consorcio ARA- Ingendesa	Chile	Pesos	-	50.00%	50.00%	212,273	347,488	280,982	199,917	140,491	99,958	106,137	173,744
76.197.570-6	Sociedad Consorcio Ingendesa Ara Ltda (1)	Chile	Pesos	-	50.00%	50.00%	23,820	166,062	(27,931)	126,045	(13,966)	63,022	11,910	83,031
77.573.910-K	Consorcio Ingendesa - Minmetal Limited (1)	Chile	Pesos	-	50.00%	50.00%	32,800	31,311	1,492	157,880	746	78,940	16,400	15,656
96.830.980-3	Gas Atacama S.A.	Chile	Pesos	1,147	0.00115%	0.0015%	157,594,012	192,636,990	(9,809,964)	6,845,363	(113)	78	1,808	2,209
76.014.570-K	Inversiones Gas Atacama Holding Ltda.	Chile	Pesos	-	50.00%	50.00%	152,292,311	191,715,200	(14,310,417)	6,107,289	(56,045,596)	3,053,646	27,255,769	95,857,601
76.583.350-7	Konecta Chile S.A. (6)	Chile	Pesos	-	26.20%	-	1,056	-	-	-	-	-	277	-
99.584.600-4	Sistemas SEC S.A. (3)	Chile	Pesos	-	49.00%	49.00%	1,882,101	2,072,767	(190,667)	(257,855)	(93,427)	(126,349)	922,229	1,015,656
Foreign	Termoeléctrica José de San Martín S.A. (4)	Argentina	Dollar	500,006	23.10%	23.10%	70,987	84,163	-	-	-	-	16,398	19,442
Foreign	Termoeléctrica Manuel Belgrano S.A. (4)	Argentina	Dollar	500,006	23.10%	23.10%	70,983	84,158	-	-	-	-	16,397	19,440
76.418.940-K	GNL Chile S.A. (5)	Chile	Pesos	-	33.330%	23.57%	(1,708,857)	(1,493,484)	(412,488)	-	(137,496)	-	(569,619)	(352,011)
76.652.400-1	Centrales Hidroeléctricas de Aysén S.A. (5)	Chile	Pesos	1,020,000	51.000%	0.000%	29,258,515	21,449,949	(1,931,804)	-	(985,219)	-	14,921,838	10,939,474
76.788.080-4	GNL Quintero S.A. (5)	Chile	Pesos	-	20.00%	-	7,950,210	-	(735,660)	-	(147,132)	-	1,590,042	-
76.738.990-6	Consorcio Ara- Ingendesa Sener (1)	Chile	Pesos	-	33.33%	-	(5,283)	-	(6,282)	-	(2,094)	-	(1,761)	-
Total											(54,761,053)	5,411,822	59,195,644	123,445,231

- (1) Related companies of subsidiary Ingendesa Ltda. that cannot be consolidated
- (2) Related company of subsidiary Endesa Argentina S.A. that cannot be consolidated
- (3) Related company of subsidiary of CAM Chile Ltda. that cannot be consolidated
- (4) Related companies of subsidiaries Endesa Costanera S.A. and Hidroeléctrica El Chocón S.A. that cannot be consolidated
- (5) Companies of Endesa Parent that cannot be consolidated (in organization of start-up stage in 2006)
- (6) Related company of subsidiary Synapsis Ltda. that cannot be consolidated

c. In accordance with Technical Bulletin No.64 of the Chilean Institute of Accountants for the years ended December 31, 2007 and 2006, the Company has recorded foreign exchange gains and losses on liabilities related to net investments in foreign countries that are denominated in the same currency as the functional currency of those foreign investments. Such gains and losses are included in the cumulative translation adjustment account in shareholders' equity, and in this way, act as a hedge of the exchange risk affecting the investments. As of December 31, 2007 and 2006 the corresponding amounts are as follows:

2007

Company	Country of origin	Investment	Reporting currency	Liability
		ThCh\$		ThCh\$
Edesur S.A.	Argentina	154,877,795	US\$	53,275,201
Ampla Energía e Servicios S.A.	Brazil	139,554,346	US\$	130,222,037
Emgesa S.A.	Colombia	178,159,768	US\$	227,962,660
Edegel S.A.	Peru	123,522,245	US\$	105,048,701
Hidroeléctrica El Chocón S.A.	Argentina	209,430,225	US\$	70,068,527
Comercializadora de Energía del Mercosur S.A.	Argentina	3,414,901	US\$	2,328,177
Endesa Brasil S.A.	Brazil	447,199,840	US\$	378,631,505
Endesa Costanera S.A.	Argentina	76,640,125	US\$	42,241,091
Total		<u>1,332,799,245</u>		<u>1,009,777,899</u>

2006

Company	Country of origin	Investment	Reporting currency	Liability
		ThCh\$		ThCh\$
Edesur S.A.	Argentina	170,072,007	US\$	61,305,441
Ampla Energía e Servicios S.A.	Brazil	162,345,326	US\$	149,850,571
Emgesa S.A.	Colombia	355,604,911	US\$	262,323,761
Edegel S.A.	Peru	150,895,239	US\$	120,882,825
Hidroeléctrica El Chocón S.A.	Argentina	189,228,513	US\$	84,283,253
Comercializadora de Energía del Mercosur S.A.	Argentina	3,990,917	US\$	2,674,710
Endesa Brasil S.A.	Brazil	505,152,941	US\$	433,600,545
Endesa Costanera S.A.	Argentina	88,845,906	US\$	52,242,841
Total		<u>1,626,135,760</u>		<u>1,167,163,947</u>

d. The investments in related companies made by Enersis S.A. and its subsidiaries for the years ended December 31, 2007 and 2006, amounted to ThCh\$38,182,150 and ThCh\$24,219,165, respectively, which are detailed as follows:

Company	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Sistemas Sec S.A. (Cam)	-	277,492
Chilectra S.A. (Formerly Elesur S.A.) (1)	-	13,020,863
Centrales Hidroeléctricas de Aysén S.A. (Endesa S.A)	3,848,089	10,910,981
Pangue (Endesa S.A.)	-	9,829
Endesa Costanera S.A.	5,505,301	-
Central Hidroeléctrica El Chocón S.A.	28,828,760	-
Total	<u>38,182,150</u>	<u>24,219,165</u>

(1) These are partial disbursements made by Endesa Internacional for the purchase of Chilectra S.A. (Formerly Elesur).

e. Merger of Endesa Chile Internacional subsidiary of Endesa Chile

On August 3, 2007, Endesa Chile Internacional S.A. was subject to a takeover merger by Sociedad Compañía Eléctrica Cono Sur S.A., with the latter subsisting as the company making the takeover. This merger was approved and ratified in the Extraordinary Shareholders' Meetings of both companies on August 7, 2007.

This merger had no effect, since Endesa Chile was the main 100% shareholder of both companies.

f. Merger of Emgesa S.A. and Central Hidroeléctrica Betania S.A., subsidiaries of Endesa Chile

On September 1, 2007, the merger of the Colombian companies Emgesa S.A. and Central Hidroeléctrica Betania S.A., approved by the Shareholders' Meetings of both companies of February 21, 2007, took place by Betrania taking over Emgesa, with the former subsisting as the company making the take over and changing its name Emgesa S.A.

The above transaction has been recorded as stipulated in Technical Bulletin 72 of the Chilean Institute of Accountants as a combination of companies under common control based on the methodology of the unification of interests.

As a result of this merger Endesa Chile and its subsidiary Compañía Eléctrica Cono Sur S.A. hold a direct 26.87% (1.45% and 25.43%, respectively) share of this new company. This ownership interest eliminates the 99.99% previously held in Betania S.A.. Before the merger, Betania S.A. held a 23.45% ownership interest in Emgesa S.A.

As a result of the above, an equity reduction of reserves of ThCh\$56,695,443 has been recognized (See note 22e).

g. Incorporation of Companies

On March 9, 2007, Empresa Nacional de Electricidad S.A. subscribed 200 of the 1,000 registered shares issued by public deed of the Company GNL Quintero S.A.. It paid for them by assigning, transferring and capitalizing in the Company accounts receivable of ThCh\$2,011,863 from its investee GNL Chile S.A.. The ownership interest of Endesa Chile in GNL Quintero S.A. is 20%. On May 31, 2007 the pending contribution of ThCh\$708 in GNL Chile S.A. was paid by capitalizing the account receivable.

h. Purchase of shares

On February 27, 2007, Empresa Nacional de Electricidad S.A. proceeded to acquire 19,574,798 ordinary, registered, non-endorsable shares of Southern Cone Power Argentina S.A. for ThCh\$5,505,301. These shares represent 100% of the capital of Southern Cone Power Argentina S.A., which is the holder of 8,081,160 class A shares of Endesa Costanera S.A., representatives of 5.5% of this Company's capital stock, which is the only asset of Southern Cone Power Argentina S.A.. As a result of the above, Endesa Chile now directly and indirectly owns 69.77% of the stock of Endesa Costanera S.A..

- i. On March 08, 2007, Empresa Nacional de Electricidad S.A. finalized signature of a contract to purchase all the shares of Central Hidroeléctrica El Chocón S.A., held directly or indirectly by CMS Generation S.R.L.. Endesa Chile made use of its "first refusal" option giving it the preferential purchase option under a shareholders' agreement. The operation meant acquiring 2,734,110 class R shares and 1,733,390 class shares equivalent to 25% of the stock capital of Hidroinvest S.A., the company which controls 59% of Hidroeléctrica El Chocón S.A., as well as 7,405,768 shares of Central Hidroeléctrica El Chocón S.A., equivalent to 2.4803% of the stock capital of the Company, which gave it the preferential purchase option under a shareholders' agreement, for US\$50,000,000 (ThCh\$28,828,760). As a result of the above, Endesa Chile now directly and indirectly owns 67.67% of the stock capital of Central Hidroeléctrica El Chocón S.A.

According to the provisions of Technical Bulletin 72 of the Chilean Institute of Accountants and the standards stipulated in 1.697 of the Superintendency of Securities and Insurance, the Company evaluated the assets and liabilities acquired from Endesa Costanera S.A. and Central Hidroeléctrica El Chocón S.A. at their respective fair values. This evaluation showed that the fair values do not differ significantly from book values.

As a result of the above, the above minority interest was recorded as stipulated in Technical Bulletin 72 of the Chilean Institute of Accountants and a negative goodwill of ThCh\$2,035,385 was recognized in Endesa Costanera S.A. and ThCh\$5,356,840 in Central Hidroeléctrica El Chocón S.A. (See note 13b).

- On October 16, 2007, the Extraordinary Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A. was held. The Meeting increases its capital by ThCh\$13,375,000 representing 1,337,500 single series, no par value shares, which shall be subscribed and paid in within 3 years after the date of the Shareholders' Meeting. At the same time, Empresa Nacional de Electricidad S.A. subscribed 682,125 shares for a total of ThCh\$6,821,250, of which it paid ThCh\$1,119,500 by capitalizing credits and ThCh\$1,934,569 in cash. On December 17, 2007, Empresa Nacional de Electricidad S.A. paid in ThCh\$1,913,520 by means of a cash payment to the account of this capital increase.
- On October 29, 2007, the company Central Eólica Canela S.A. was incorporated. Its shareholders are the subsidiary Endesa Eco S.A., which owns 75%, and Centinela S.A., which owns 25%. As of this date, this subsidiary forms part of the consolidated financial statements of the company.
- By means of a shareholders' agreement of November 23, 2007, Endesa Eco S.A. and Centinela S.A. stipulated the terms and conditions for the latter's withdrawal 5 years after signing such agreement. The above agreement stipulates that Centinela S.A. will have the option of withdrawing from the company by selling its ownership interest in Endesa Eco S.A.. As a result of the above, minority interest has been recorded in sundry long-term creditors.

- j. Through a Memorandum of Understanding signed on October 5, 2004, the Corporación Financiera del Valle will stop being shareholder of the Central Hidroeléctrica de Betania S.A. through an asset exchange operation which will take place between the Corfivalle Group and Endesa Group when the legal processes defined by both parties prior to the delivery of the titles to the assets involved are completed. On December 29, 2006 the writ of the splitting of Betania was protocolized, and with that the transfer of ownership of the assets forming part of the Corfivalle group was formalized.

With this operation, the Endesa Chile Group gave to Corfivalle the electricity Sub-station of Betania S.A. E.S.P. and 3.81% of the ownership in Empresa de Energía de Bogotá S.A. E.S.P., in exchange for a 14.3% interest in Central Hidroeléctrica de Betania S.A. E.S.P which at that date was owned by Corfivalle; thus Endesa Chile Group increased its interest in Central Hidroeléctrica de Betania S.A. E.S.P from 85.62% to 99.99%.

In accordance with Technical Bulletin N° 72 of the Chilean Institute of Accountants and Circular N°1697 of the Superintendency of Securities and Insurance, the Company evaluated the assets and liabilities acquired from Central Hidroeléctrica de Betania S.A. at their respective fair market values. As a result of this evaluation it was concluded that the fair market values do not differ substantially from the book values.

As a result, the above mentioned purchase of the minority interest was recorded in conformity with Technical Bulletin No. 72 of the Chilean Institute of Accountants and involved recognizing negative goodwill amounting to Th\$7,855.746. (See note 13b).

k. Business Structure

As a result of the reduction of available capacity for power generation and the physical guarantee of energy and associated wattage, Companhia de Interconexão Energética (CIEN) is struggling to focus its business on a different compensation structure which would not be dependant on the energy coming from Argentina and Brazil for purchases and sales of power across borders. In this regard, CIEN is renegotiating its existing contracts for supplying energy while seeking at the same time a compensation that would be compatible with its position of transporter of energy across countries. CIEN expects to define its new business structure in the course of 2008.

1. On September 4, 2006, Endesa Chile and its subsidiary Endesa Inversiones Generales S.A. executed the incorporation deed that gave birth to a new subsidiary, whose name is Centrales Hidroeléctricas de Aysén S.A. and whose objective is the development, financing, ownership and operation of a hydroelectric project in the 11th Region (Aysén). The capital of the company is one million Chilean pesos divided into 100 ordinary, single-series, nominal, equivalent, no par-value shares. Endesa Chile subscribed 99 shares, representing 99% of the capital, and paid the total amount, a sum of ThCh\$1.059, while Endesa Inversiones Generales S.A. subscribed one share, representing 1% of the capital, and paid in Th\$11 for it.

On September 21, 2006 the First General Extraordinary Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A. was held and in it the increase in the paid-in capital of the Company to the new sum of \$ThCh20,000,000 divided into 2 million nominal, single-series, no par value shares, was approved. This will be subscribed to and paid in within three years of the date of the above mentioned First Extraordinary General Shareholders' Meeting. In this way, of the 1,999,900 shares corresponding to the increase in paid-in capital, Endesa Chile would subscribe to 1,019,900 shares, representing 51% of the increase in capital and 50.99995% of the new capital of the Company, while the new shareholder Colbún S.A. would subscribe to 980,000 shares, representing 49% of the increase in paid-in capital and 49% of the new paid-in capital. Endesa Inversiones Generales S.A. will not exercise its preferential subscription right, and therefore its interest in the paid-in capital of the Company will be 0.00005%.

On October 10, 2006, Endesa Chile subscribed to 1,019,899 shares, paying in a total of ThCh\$10,909,900 for them, or \$10,000 per share, a sum equivalent to the placement value agreed to in the First General Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A.. At the same time, it subscribed to an additional 1 share, paying in a total of \$10,000 for it, equivalent to the placement value agreed to in the First General Extraordinary Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A. However, the payment for this share was made in accordance with the terms set out in the public deed of "Payment of Shares Subscribed to for Transfer of Title and the Constitution of Usufruct on the Rights to Use the Water", which was executed by the parties as of the same date, and according to which Ch\$11 were paid in cash, plus a contribution for the ownership of the title to the rights to use the water that are identified in the above deed.

- m. On January 13, 2006, the Company purchased 5,500 shares in Empresa Eléctrica Pangue S.A. for ThCh\$6,055, increasing its direct ownership interest in such company to 94.973981%.
- n. As a company restructuring in Colombia, on January 30, 2006 Capital de Energía S.A. (Cesa), owner of 48.48% of Emgesa S.A. was liquidated. 51.00% of Cesa, in turn, was controlled by Central Hidroeléctrica Betania S.A.

As a result of such restructuring, as stipulated in Technical Bulletin 72 of the Chilean Institute of Accountants, this transaction by companies under common control was booked using the pooling of interests methodology, which meant reducing the ownership interest of Emgesa S.A. to 23.45% and recognizing an equity increase in reserves of ThCh\$1,912,870 (historic) (see note 22e).

- o. In Peru, on June 1, 2006, Empresa de Generación Termoeléctrica Ventanilla S.A. (Etevensa) was upstream merged into the subsidiary Edegel S.A.

As a result of the merger and in accordance with Technical Bulletin N° 72 of the Chilean Institute of Accountants, this business combination subject to common control was recorded under the pooling of interests methodology and led to decreasing the interest in Edegel S.A. to 55.44% and recognizing a reduction in other reserves, under shareholders' equity, by ThCh\$5,757,792 (See note 22e).

- p. On July 20, 2006, the Company acquired 3,500 shares of Empresa Eléctrica Pangue S.A. for ThCh\$3,774, increasing its direct ownership interest in that company to 94.975189%.

- q. On April 1, 2006, the subsidiaries Chilectra S.A. (formerly Elesur S.A.) and Chilectra S.A. merged, as was approved in a Meeting of Shareholders held on March 31, 2006. As a result of the merger and according to Technical Bulletin N°72 of the Chilean Institute of Accountants, this business combination subject to common control was recorded under the pooling of interests methodology, causing an increase of ThCh\$3,019,541 in shareholders' equity (see note 22e).

NOTE 12. INVESTMENTS IN OTHER COMPANIES

Details at December 31, 2007 and 2006 are as follows:

Taxpayer No.	Company	Number of shares	Percentage owned %	As of December 31,	
				2007 ThCh\$	2006 ThCh\$
77.286.570-8	CDEC-SIC Ltda.	-	14.36%	175,836	146,315
77.345.310-1	CDEC-SING Ltda.	-	7.69%	278,359	164,009
Foreign	Club de la Banca y Comercio	1	-	1,892	2,212
Foreign	Club Empresarial	1	1.00%	21,538	24,749
80.237.700-2	Cooperativa Eléctrica de Chillán	-	-	15,180	15,180
Foreign	Electrificadora de la Costa Atlántica	6,795,148	0.14%	85,398	98,271
Foreign	Electrificadora del Caribe	42,784,058	0.10%	1,123,983	1,293,404
88.272.600-2	Empresa Eléctrica de Aysén S.A.	2,516,231	-	2,326,312	2,326,312
Foreign	Empresa Eléctrica de Bogotá S.A. (1)	2,124,047	2.10%	18,842,721	21,682,909
Foreign	Financiera Eléctrica Nacional S.A.	4,098	0.10%	102,905	118,415
Foreign	Dardanelos Participações S.A.	-	-	2,805	2,674
	Total			<u>22,976,929</u>	<u>25,874,450</u>

NOTE 13. GOODWILL AND NEGATIVE GOODWILL

- a. In accordance with current standards, recognition has been given to the excess of purchase price of the proportional equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 2007 and 2006, as follows:

Taxpayer No.	Company	Balance at December 31			
		2007		2006	
		Amortization ThCh\$	Goodwill ThCh\$	Amortization ThCh\$	Goodwill ThCh\$
96.800.570-7	Chilectra S.A. (Formerly Elesur S.A.)	(7,310,303)	88,438,262	(7,310,211)	95,748,564
Foreign	Codensa S.A.	(852,786)	8,385,727	(981,328)	10,631,045
Foreign	Edegel S.A.	(25,967)	281,305	(32,639)	353,587
Foreign	Emgesa S.A.	(619,125)	6,704,537	(777,630)	8,427,566
96.288.410-8	Empresa Eléctrica de Colina S.A.	(217,796)	1,905,701	(217,794)	2,123,497
96.589.170-6	Empresa Eléctrica Pangue S.A.	(196,711)	2,868,698	(196,711)	3,065,409
91.081.000-6	Empresa Nacional de Electricidad S.A.	(50,522,159)	532,586,922	(50,522,158)	583,109,081
78.882.020-9	Gasoducto Atacama Chile Ltda.	(68,288)	-	(5,613)	68,288
Foreign	Inversiones Distrilima S.A.	(1,037)	7,261	(1,193)	9,549
	Total	<u>(59,814,172)</u>	<u>641,178,413</u>	<u>(60,045,277)</u>	<u>703,536,585</u>

- b. Following current standards, recognition has been given to the excess of the equity in the net assets purchased over the purchase price (negative goodwill) in the purchase of shares as of December 31, 2007 and 2006 as follows:

Taxpayer No.	Company	As of December 31,			
		2007		2006	
		Amortization ThCh\$	Goodwill ThCh\$	Amortization ThCh\$	Goodwill ThCh\$
Foreign	Endesa Costanera S.A. (*)	2,495,374	(6,247,414)	2,769,662	(7,616,584)
Foreign	Emgesa S.A. (*)	97,005	(6,296,047)	1,895,278	(7,855,746)
Foreign	Edegel S.A.	1,580,988	(19,103,601)	1,819,292	(23,802,401)
Foreign	Hidroeléctrica El Chocón (*)	208,709	(5,356,840)	-	-
Foreign	Inversiones Distrilima S.A.	21,771	(313,866)	25,052	(386,228)
96.539.420-1	Synapsis Soluciones y Servicios IT Ltda.	18,012	(76,552)	18,012	(94,565)
	Total	<u>4,421,859</u>	<u>(37,394,320)</u>	<u>6,527,296</u>	<u>(39,755,524)</u>

(*) See notes 11 i and j)

NOTE 14. OTHER ASSETS

Details of other long-term assets at December 31, 2007 and 2006 are as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Bond discount	13,082,799	15,921,224
Bond issuance cost	3,913,279	5,554,818
Unrealized losses derivative contracts	56,205,735	61,624,228
Deferred expenses	913,773	4,819,179
Bank fees and interest expense	6,591,406	8,341,972
Post-retirement benefits	2,911,612	3,107,649
Security deposits for judicial obligations	62,703,989	63,301,022
Recoverable taxes	42,065,143	51,146,164
Reimbursable contributions	669,369	875,556
Regulatory assets (Brazil)	59,537,262	76,304,778
Others	3,603,180	3,782,523
Total	<u>252,197,547</u>	<u>294,779,113</u>

NOTE 15. DUE TO BANKS AND FINANCIAL INSTITUTIONS SHORT TERM

Details at December 31, 2007 and 2006 are as follows:

	Types of currency and indexation												As of December 31	
	US\$		Yen		Other foreign currency		S readjusted		Cbs		2007	2006		
	2007 TbCh\$	2006 TbCh\$	2007 TbCh\$	2006 TbCh\$	2007 TbCh\$	2006 TbCh\$	2007 TbCh\$	2006 TbCh\$	2007 TbCh\$	2006 TbCh\$	2007 TbCh\$	2006 TbCh\$		
AIBN Amro Bank	-	-	-	-	5.843.483	7.273.626	-	-	-	-	5.843.483	7.273.626		
Banco Av Villas	-	-	-	-	9.906.699	8.250.424	-	-	-	-	9.906.699	8.250.424		
Banco Bayerische Landes	14.031	15.805	-	-	-	-	-	-	-	-	14.031	15.805		
Banco BBVA	-	-	-	-	46.791.820	25.895.982	-	-	-	-	46.791.820	25.895.982		
Banco BBVA Bbif	-	-	-	-	-	-	-	-	5	1	5	1		
Banco Continental	-	2.346	-	-	12.309.942	14.948.572	-	-	-	-	12.309.942	14.950.918		
Banco Credicoop	-	-	-	-	-	185.005	-	-	-	-	-	185.005		
Banco Crédito Perú	4.532.854	-	-	-	11.230.996	10.809.829	-	-	-	-	15.763.850	10.809.829		
Banco Crédito e Inversiones	-	158.702	-	-	-	-	-	-	8	843	8	159.545		
Banco de Bogotá	-	-	-	-	4.446.466	21.171.496	-	-	-	-	4.446.466	21.171.496		
Banco de Chile	-	-	-	-	-	-	-	-	10	215.239	10	215.239		
Banco de Galicia y Buenos Aires	885.686	634.838	-	-	-	-	-	-	-	-	885.686	634.838		
Banco de la Ciudad de Buenos Aires	-	-	-	-	-	2.258.158	-	-	-	-	-	2.258.158		
Banco de la Nación	-	-	-	-	33.167	24.323	-	-	-	-	33.167	24.323		
Banco de la Provincia de Buenos Aires	-	1.447.296	-	-	-	-	-	-	-	-	-	1.447.296		
Banco do Brasil	-	2.719.872	6.356.253	-	-	-	-	-	-	-	6.356.253	2.719.872		
Banco do Nordeste do Brasil	-	-	-	-	185.227	101.049	-	-	-	-	185.227	101.049		
Banco Estado	314.130	76.548	-	-	-	-	-	-	2.305	-	316.435	76.548		
Banco Hipotecario	-	-	-	-	-	75.009	-	-	-	-	-	75.009		
Banco Itau	1.219.637	1.099.429	-	-	1.114.970	736.453	-	-	-	-	2.334.607	1.835.882		
Banco Popular	-	-	-	-	-	7.769.057	-	-	-	-	-	7.769.057		
Banco Nationale de Paris	-	-	-	-	-	25.355	-	-	-	-	-	25.355		
Banco Real	-	-	-	-	1.082.368	12.571	-	-	-	-	1.082.368	12.571		
Banco Río de la Plata	-	-	-	-	-	264.118	-	-	-	-	-	264.118		
Banco Safra	-	-	-	-	892.315	786.680	-	-	-	-	892.315	786.680		
Banco Santander Central Hispano	-	124.334	-	-	2.288.410	4.904.556	-	-	-	-	2.288.410	5.028.890		
Banco Santander Santiago	7	149	-	-	-	-	4.089	2.244	4.294	2.403	8.390	4.796		
Banco Security	-	-	-	-	-	-	-	-	1	3.945	1	3.945		
Bank Boston	-	-	-	-	-	42.699	-	-	-	-	-	42.699		
Bancolombia	-	-	-	-	-	13.069.750	-	-	-	-	-	13.069.750		
Bladex	2.415.322	2.620.087	-	-	-	-	-	-	-	-	2.415.322	2.620.087		
Citibank N.A.	-	5.317	-	-	10.322.832	10.651.409	-	-	-	-	10.322.832	10.656.726		
Citibank (Agencia Chile)	-	-	-	-	-	-	-	-	-	1	-	1		
Colmena	-	-	-	-	4.984.892	-	-	-	-	-	4.984.892	-		
Comafi	158	-	-	-	-	21.077	-	-	-	-	158	21.077		
Deutsche Bank	6.516	7.958	-	-	-	-	-	-	-	-	6.516	7.958		
Interbank	-	-	-	-	1.363.321	1.434.031	-	-	-	-	1.363.321	1,434,031		
JP Morgan	-	-	-	-	-	110.930	-	-	-	-	-	110.930		
Standard Bank	528	37.319	-	-	-	-	-	-	-	-	528	37.319		
Scotiabank - Perú	-	-	-	-	13.422.455	4.197.276	-	-	-	-	13.422.455	4.197.276		
Scotiabank - Chile	2.032.414	-	-	-	-	-	-	-	4	-	2.032.418	-		
Unibanco	20.213.661	-	-	-	5.473.603	-	-	-	-	-	25.687.264	-		
Total	31.634.944	8.950.000	6.356.253	-	131.692.966	135.019.435	4.089	2.244	6.627	222.432	169.694.879	144.194.111		
Total principal	24,931,364	5,729,150	6,298,866	-	125,108,318	132,676,559	-	-	-	-	156,338,548	138,405,709		
Weighted average annual interest rate	9,20%	6,80%	12,75%	-	9,94%	3,00%	0,30%	0,30%	-	-	9,73%	7,85%		

	As of December 31,	
	2007 %	2006 %
Percentage of debt in foreign currency:	96.25%	99.84%
Percentage of debt in local currency:	3.75%	0.16%
Total	100.00%	100.00%

NOTE 15. DUE TO BANKS AND FINANCIAL INSTITUTIONS, LONG-TERM, SHORT-TERM PORTION

Details at December 31, 2007 and 2006 are as follows:

Taxpayer No.	Financial Institution	Types of currency and indexation										As of December 31	
		US\$		Euros		Other foreign currency		ChS		S not readjusted		2007	2006
		TbChS	TbChS	TbChS	TbChS	TbChS	TbChS	TbChS	TbChS	TbChS	TbChS	TbChS	TbChS
Foreign	Bancafe	-	-	-	-	-	1,315,277	-	-	-	-	-	1,315,277
Foreign	Banco ABN Amro Bank	35,024	38,928	-	-	-	-	-	-	-	-	35,024	38,928
Foreign	Banco Alfa	-	-	-	-	332,402	-	-	-	-	-	332,402	-
Foreign	Banco Bayerische Landes	617,908	710,376	-	-	-	-	-	-	-	-	617,908	710,376
Foreign	Banco BBVA	111,076	123,641	-	-	2,453,214	1,087,464	-	-	-	-	2,564,290	1,211,105
Foreign	Bng Paribas	3,208,466	3,767,729	-	-	-	-	-	-	-	-	3,208,466	3,767,729
Foreign	Banco Colpatría	-	-	-	-	-	876,944	-	-	-	-	-	876,944
Foreign	Banco Continental	1,486,139	1,425,122	-	-	9,784,862	10,556,713	-	-	-	-	11,271,091	11,981,835
Foreign	Banco de Crédito (Perú)	-	-	-	-	10,045,982	10,874	-	-	-	-	10,045,982	10,874
Foreign	Banco Corfinsura	-	-	-	-	-	3,507,407	-	-	-	-	-	3,507,407
Foreign	Banco Davivienda	-	-	-	-	938,051	3,046,376	-	-	-	-	938,051	3,046,376
Foreign	Banco do Brasil	-	-	-	-	2,190,699	1,704,099	-	-	-	-	2,190,699	1,704,099
Foreign	Banco do Nordeste do Brasil	-	-	-	-	3,972,149	-	-	-	-	-	3,972,149	-
97.090.00007	Banco Estado	-	-	-	-	-	-	415,497	-	-	-	-	415,497
Foreign	Banco Europeo de Inversiones	4,976,289	7,438,498	-	-	-	-	-	-	-	-	4,976,289	7,438,498
76.645.030K	Banco Itau (Chile)	19,213	-	-	-	-	-	-	-	-	-	19,213	-
Foreign	Banco Medio Crédito	-	-	-	-	2,003,678	2,178,467	-	-	-	-	2,003,678	2,178,467
Foreign	Banco Monte Paschi	12,008	13,347	-	-	-	-	-	-	-	-	12,008	13,347
Foreign	Banco Pactual	-	-	-	-	522,209	453,528	-	-	-	-	522,209	453,528
Foreign	Banco Santander Central Hispano	149,336	121,096	-	-	2,793,017	1,238,237	-	-	-	-	2,942,353	1,359,333
Foreign	Bancolombia	-	-	-	-	2,884,954	4,786,166	-	-	-	-	2,884,954	4,786,166
Foreign	Banesto	2,047,648	4,739,978	-	-	-	-	-	-	-	-	2,047,648	4,739,978
Foreign	Bank of Tokio O Mitsubishi	102,425	96,131	-	-	-	-	-	-	-	-	102,425	96,131
Foreign	Bndes	1,152,278	-	-	-	35,513,066	9,317,863	-	-	-	-	36,665,344	9,317,863
Foreign	Bndesco	-	-	-	-	1,079,868	30,866	-	-	-	-	1,079,868	30,866
Foreign	Caja de Ahorros y Monte de Piedad de Madrid	111,076	139,167	-	-	-	-	-	-	-	-	111,076	139,167
Foreign	Caixa General de Depósitos	-	-	-	884,787	-	-	-	-	-	-	-	884,787
Foreign	Citibank N.A.	5,083,979	2,416,303	-	-	-	-	-	-	-	-	5,083,979	2,416,303
97.008.00007	Citibank (Agencia en Chile)	-	-	-	-	-	-	-	32	32	-	32	32
Foreign	Comafi	-	-	-	-	-	660,408	-	-	-	-	-	660,408
Foreign	Compagnie Belge de la Webull	-	4,149,596	-	-	-	-	-	-	-	-	-	4,149,596
Foreign	Conavi	-	-	-	-	-	2,192,130	-	-	-	-	-	2,192,130
Foreign	Credit Suisse First Boston	4,278,999	12,048	-	-	-	-	-	-	-	-	4,278,999	12,048
Foreign	Deutsche Bank A.G.	5,088,107	256,296	-	-	-	-	-	-	-	-	5,088,107	256,296
Foreign	Deesdner	24,016	26,693	-	-	-	-	-	-	-	-	24,016	26,693
Foreign	Export Develop. Coop.	1,681,779	1,933,960	-	-	-	-	-	-	-	-	1,681,779	1,933,960
Foreign	Ganahorrar	-	-	-	-	-	1,315,277	-	-	-	-	-	1,315,277
Foreign	Hibe	70,048	77,856	-	-	343,970	-	-	-	-	-	414,018	77,856
Foreign	Instituto Crédito Oficial	35,024	38,928	-	-	-	-	-	-	-	-	35,024	38,928
Foreign	International Finance Corporation	4,144,063	5,075,181	-	-	-	-	-	-	-	-	4,144,063	5,075,181
Foreign	J.P. Morgan Chase Bank	-	14,397,116	-	-	-	-	-	-	-	-	-	14,397,116
Foreign	Kreditanstalt Für Wiederaufbau	276,815	322,269	-	-	-	-	-	-	-	-	276,815	322,269
Foreign	Sao Paulo USA	84,057	93,427	-	-	-	-	-	-	-	-	84,057	93,427
Foreign	Scotiabank	3,639,187	-	-	-	8,380,864	98,246	-	-	-	-	12,020,051	98,246
Foreign	Skandinaviska Enskilda Banken	-	947,920	-	-	-	-	-	-	-	-	-	947,920
Foreign	Standard Bank	2,986,309	132,655	-	-	-	-	-	-	-	-	2,986,309	132,655
Foreign	The Bank of Nova Scotia	24,016	-	-	-	-	-	-	-	-	-	24,016	-
Foreign	Unibanco	-	-	-	-	861,177	9,092,762	-	-	-	-	861,177	9,092,762
Foreign	Votorantim	-	-	-	-	3,610,197	-	-	-	-	-	3,610,197	-
Foreign	West LB	131,165	2,479,074	-	-	-	-	-	-	-	-	131,165	2,479,074
Total		41,600,466	51,000,027	-	884,787	87,710,359	53,469,104	-	415,497	32	32	129,310,857	105,766,447
Total principal		40,498,614	39,417,434	-	882,636	80,014,889	53,469,104	-	415,497	-	-	120,512,500	94,184,671
Weighted average annual interest rate		8.44%	7.85%	-	4.03%	9.93%	10.92%	-	9.00%	0.30%	0.30%	9.45%	9.37%

As of December 31,

2007	2006
%	%

Percentage of debt in foreign currency:	100.00%	99.61%
Percentage of debt in local currency:	0.00%	0.39%

Total	100.00%	100.00%
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NOTE 16. DUE TO BANKS AND FINANCIAL INSTITUTIONS LONG-TERM

Details at December 31, 2007 and 2006 are as follows:

Financial Institution	Currency	As of December 31, 2007						Total Long-term portion 2007 ThCh\$	Annual interest rate average	Total long-term portion - 2006 ThCh\$
		After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 5 years	After 5 years but within 10 years	After 10 years				
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	Years	ThCh\$			
ABN Amro Bank	US\$	7.246.312	1.759.819	-	-	-	-	9.006.131	5,39%	9.410.659
	\$ Arg	-	-	-	-	-	-	-	0,00%	1.867.059
Banco Alfa	Rs	-	-	19.636.453	-	-	-	19.636.453	12,18%	-
Banco Bayerische Landes	US\$	2.869.540	-	-	-	-	-	2.869.540	8,31%	4.009.655
Banco BBVA	US\$	22.981.162	5.279.456	-	-	-	-	28.260.618	5,39%	30.069.863
	\$ Colom	-	-	20.348.091	-	-	-	20.348.091	12,19%	21.072.211
Banco Continental	US\$	2.829.541	7.663.038	-	-	-	-	10.492.579	7,33%	20.314.028
Banco Crédito Perú	Soles	-	-	-	-	-	-	-	0,00%	18.247.278
Banco Estado	US\$	-	-	4.475.116	-	-	-	4.475.116	5,18%	589.655
Banco Europeo de Inversiones	US\$	4.140.750	4.140.750	8.281.500	-	-	-	16.563.000	18,33%	23.824.454
Banco Davivienda	\$ Colom	-	-	7.780.630	-	-	-	7.780.630	12,19%	8.057.469
Banco do Brasil	US\$	166.994	146.439	254.194	103.609	16	1.379.633	2.050.885	4,31%	2.596.089
	Rs	1.860.559	2.786.689	5.943.830	31.674.356	-	-	42.265.434	13,56%	9.980.391
Banco do Nordeste do Brasil	Rs	5.350.038	9.585.340	19.834.978	9.882.372	-	-	44.652.728	7,68%	4.403.437
Banco Hipotecario	\$ Arg	-	-	-	-	-	-	-	0,00%	3.976.836
Banco Itau	US\$	1.490.670	2.981.340	2.981.340	-	-	-	7.453.350	7,63%	-
	Rs	-	-	3.744.952	-	-	-	3.744.952	12,40%	-
Banco Itau Chile	US\$	3.975.122	-	-	-	-	-	3.975.122	5,44%	-
Banco Medio Crédito	\$ Arg	1.990.992	1.990.992	995.577	-	-	-	4.977.561	1,75%	7.601.335
Banco Monte Paschi	US\$	2.484.450	-	-	-	-	-	2.484.450	5,44%	2.532.199
Banco Nacionale de Paris	US\$	2.448.533	812.948	8.135.155	2.438.844	-	-	13.835.480	5,58%	12.833.546
	\$ Arg	-	-	-	-	-	-	-	0,00%	1.344.283
Banco Pactual	Rs	9.389.506	-	-	-	-	-	9.389.506	19,03%	8.295.048
Banco Río de la Plata	\$ Arg	-	-	-	-	-	-	-	0,00%	14.002.944
Bancolombia	\$ Colom	-	-	23.927.531	-	-	-	23.927.531	12,19%	24.778.886
Banco Santander Central Hispano	US\$	14.101.209	3.590.030	10.984.374	-	-	-	28.675.613	5,30%	22.579.625
	\$ Colom	-	-	23.166.434	-	-	-	23.166.434	12,19%	23.990.533
	Rs	-	56.104.512	112.209.025	-	-	-	168.313.537	14,84%	160.463.977
Banco Votorantim	Rs	-	28.052.075	-	-	-	-	28.052.075	12,65%	-
Banesio	US\$	-	-	3.254.630	-	-	-	3.254.630	5,18%	2.757.739
Bank Boston	\$ Arg	-	-	-	-	-	-	-	0,00%	8.401.767
Bank Tokio - Mitsubishi	US\$	17.391.150	4.223.565	10.984.374	-	-	-	32.599.089	5,32%	24.032.914
BNDES	US\$	-	-	-	-	-	-	-	0,00%	8.926.074
	Rs	-	1.705.532	64.281.184	-	-	-	65.986.716	12,30%	76.949.295
Bradesco	Rs	18.566.326	-	3.744.952	-	-	-	22.311.278	12,39%	11.460.398
Caja de Ahorro de Galicia	US\$	4.968.901	-	-	-	-	-	4.968.901	5,44%	5.064.400
Caja de Ahorros y Monte de Piedad de Madrid	US\$	22.981.162	2.745.317	-	-	-	-	25.726.479	5,41%	27.153.750
Citibank N.Y.	US\$	27.950.062	5.279.456	10.984.374	-	-	-	44.213.892	5,41%	42.952.935
Comafi	\$ Arg	-	-	-	-	-	-	-	0,00%	1.260.265
Credit Swiss First Boston	US\$	4.259.057	6.388.585	-	-	-	-	10.647.642	10,95%	17.153.606
Deutsche Bank A.G.	US\$	17.808.837	7.204.822	10.351.958	-	-	-	35.365.617	8,30%	63.739.482
Dresdner	US\$	4.968.900	-	-	-	-	-	4.968.900	5,44%	5.064.398
Export Develop. Corp.	US\$	1.432.928	1.072.162	9.559.372	1.422.799	-	-	13.487.261	5,70%	8.878.213
HBSC	US\$	14.492.624	3.519.638	-	-	-	-	18.012.262	5,74%	18.821.317
	Rs	-	-	42.078.113	-	-	-	42.078.113	12,09%	-
ING Bank	US\$	-	6.757.704	-	-	-	-	6.757.704	5,18%	7.776.301
Instituto de Crédito Oficial	US\$	7.246.312	1.759.819	6.509.259	-	-	-	15.515.390	5,30%	10.268.340
International Finance Corporation	US\$	5.356.008	5.179.780	11.514.111	28.530.517	11	1.926.447	52.506.874	7,83%	64.997.300
J.P.Morgan Chase Bank	\$ Arg	-	-	-	-	-	-	-	0,00%	5.881.236
Kreditanstalt Fur Weideraubau	US\$	135.908	-	-	-	-	-	135.908	4,85%	469.180
Sao Pablo USA.	US\$	17.391.150	4.223.565	-	-	-	-	21.614.715	5,39%	22.585.581
Scotiabank	US\$	7.155.216	5.366.412	-	-	-	-	12.521.628	6,70%	-
	Soles	-	-	-	-	-	-	-	6,75%	8.942.554
Standard Bank	US\$	5.796.967	5.796.967	10.351.958	-	-	-	21.945.892	9,19%	40.025.079
The Royal Bank of Scotiand	US\$	-	-	3.254.630	-	-	-	3.254.630	5,18%	428.840
The Bank of Nova Scotia	US\$	4.968.901	1.689.426	-	-	-	-	6.658.327	5,18%	-
Unibanco	Rs	22.113.610	-	3.730.926	-	-	-	25.844.536	12,52%	43.001.272
West LB	US\$	7.950.240	-	-	-	-	-	7.950.240	6,83%	9.148.589
Totals		296.259.637	187.806.178	463.299.021	74.052.497		3.306.080	1.024.723.413		972.982.285

As of December 31,

2007 **2006**
% %

Percentage of debt in local currency:

0.00% 0.00%

Percentage of debt in foreign currency:

100.00% 100.00%

Total

100.00% 100.00%

In November 2004 the Company obtained a syndicated loan amounting to MUS\$350 through overdraft (revolving) lines, falling due in November, 2008. The spread depends on the corporate rating given by S&P. At December 31, 2007, the risk rating is BBB, and the current spread is 0.375%. On December 7, 2006 Enersis S.A. signed a new revolving loan for US\$200 million, falling due on December 7, 2009 with a spread above libor of 0.250%. At December 31, 2007, no withdrawals have been made.

On November 10, 2004, Endesa Chile entered into a new credit for MUS\$250 million, to be amortized on November 11, 2004 with a spread above Libor of 0.375%, of which US\$85 million have been drawn at December 31, 2007.

On January 26, 2006, Endesa Chile entered into a Revolving Facility for MUS\$200, falling due on July 26, 2011 with a spread above Libor of 0.300%, of which it has drawn US\$131 million at December 31, 2007.

On December 7, 2006, Endesa Chile signed a third Revolving Facility for US\$200 million, falling due on December 7, 2009 with a spread above Libor of 0.250%. At December 31, 2007, it has not made any withdrawals.

The revolving credits of Enersis and Endesa Chile may be prepaid and drawn during the time the credit is in force.

The operation was carried out without warranties, endorsements, or investment or indebtedness restrictions.

NOTE 17. OTHER CURRENT LIABILITIES

Details for 2007 and 2006 are as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Advances and guarantee on construction	79,972	50,901
Taxes payables	2,982,582	2,733,491
Contingencies - third party claims	51,968,781	25,139,075
Reimbursable contributions	1,126,772	1,126,772
Energy efficiency program (Brazil)	32,107,184	30,183,048
Azopardo provision	840,384	3,044,643
Accrued employees benefits - other	2,653,051	2,917,001
Derivative contracts	10,886,369	4,490,119
Fair value - derivative contracts	4,451,629	2,110,604
Emergency energy provision (Brazil and Argentina)	19,969,795	8,445,192
Obligations of payment to third parties	1,182,542	11,772,142
Advances to clients	1,680,420	1,686,543
Other current liabilities	2,288,694	3,874,998
	<u>132,218,175</u>	<u>97,574,529</u>
Total	<u>132,218,175</u>	<u>97,574,529</u>

NOTE 18. BONDS PAYABLE

Details of bonds payable short term are as follows:

Instrument	Series	Face value outstanding	Currency	Interest rate %	Maturity date	Periodicity		2007	2006
						Interest	Amortization	ThCh\$	ThCh\$
Bond N°269 - Enersis	B-1	19,529	UF	5.50%	06-15-2009	Six. monthly	Six. monthly	192,188	183,272
Bond N°269 - Enersis	B-2	1,858,064	UF	5.75%	06-15-2022	Six. monthly	Six. monthly	1,726,036	1,646,336
Yankee Bonds - Enersis	Two	350,000,000	US\$	7.40%	12-01-2016	Six. monthly	At maturity	765,224	1,101,122
Yankee Bonds - Enersis	Three	858,000	US\$	6.60%	12-01-2026	Six. monthly	At maturity	2,345	2,698
Yankee Bonds II - Enersis	One	350,000,000	US\$	7.38%	12-01-2014	Six. monthly	At maturity	5,878,571	6,764,656
Bonds Edelnor	One	4,981,900	Soles	9.61%	02-01-2011	Annually	At maturity	6,433	7,281
Bonds Edelnor	I° Prog.	18,570,000	Soles	VAC + 6.2%	04-26-2007	Six. monthly	At maturity	-	3,714,517
Bonds Edelnor	I° Prog.	40,000,000	Soles	4.47%	09-11-2007	Six. monthly	At maturity	-	7,252,219
Bonds Edelnor	I° Prog.	30,000,000	Soles	5.86%	01-15-2008	Six. monthly	At maturity	5,106,572	141,356
Bonds Edelnor	I° Prog.	20,000,000	Soles	6.25%	01-15-2012	Six. monthly	At maturity	93,026	100,349
Bonds Edelnor	I° Prog.	20,000,000	Soles	VAC + 5.4%	04-22-2014	Six. monthly	At maturity	36,718	38,274
Bonds Edelnor	I° Prog.	20,000,000	Soles	8.56%	06-01-2009	Six. monthly	At maturity	16,568	17,872
Bonds Edelnor	I° Prog.	20,000,000	Soles	VAC + 6.5%	06-01-2014	Six. monthly	At maturity	13,527	14,101
Bonds Edelnor	I° Prog.	40,000,000	Soles	VAC + 6.5%	06-01-2014	Six. monthly	At maturity	7,716	8,043
Bonds Edelnor	I° Prog.	30,000,000	Soles	7.38%	06-01-2014	Six. monthly	At maturity	20,386	21,991
Bonds Edelnor	I° Prog.	30,000,000	Soles	8.75%	06-10-2010	Six. monthly	At maturity	24,187	26,091
Bonds Edelnor	II° Prog.	20,000,000	Soles	7.31%	01-05-2011	Six. monthly	At maturity	117,910	127,192
Bonds Edelnor	II° Prog.	4,000,000	Soles	7.84%	01-05-2013	Six. monthly	At maturity	25,295	27,286
Bonds Edelnor	II° Prog.	18,000,000	Soles	8.16%	01-05-2016	Six. monthly	At maturity	118,363	127,681
Bonds Edelnor	II° Prog.	20,000,000	Soles	7.06%	02-01-2011	Six. monthly	At maturity	96,960	104,593
Bonds Edelnor	II° Prog.	27,200,000	Soles	8.00%	02-01-2016	Six. monthly	At maturity	149,369	161,129
Bonds Edelnor	II° Prog.	19,250,000	Soles	6.63%	03-17-2009	Six. monthly	At maturity	60,516	65,280
Bonds Edelnor	II° Prog.	15,000,000	Soles	6.75%	05-22-2009	Six. monthly	At maturity	17,726	19,120
Bonds Edelnor	II° Prog.	15,000,000	Soles	7.56%	05-22-2013	Six. monthly	At maturity	19,859	21,422
Bonds Edelnor	II° Prog.	15,000,000	Soles	6.66%	10-06-2013	Six. monthly	At maturity	38,638	41,680
Bonds Edelnor	II° Prog.	20,000,000	Soles	5.69%	04-19-2012	Six. monthly	At maturity	37,207	-
Bonds Edelnor	II° Prog.	20,000,000	Soles	5.91%	04-19-2015	Six. monthly	At maturity	38,638	-
Bonds Edelnor	II° Prog.	15,000,000	Soles	7.22%	08-31-2016	Six. monthly	At maturity	59,862	64,574
Bonds Edelnor	II° Prog.	40,000,000	Soles	5.97%	07-06-2012	Six. monthly	At maturity	191,385	-
Bonds Edelnor	III° Prog.	40,000,000	Soles	6.94%	08-29-2015	Six. monthly	At maturity	154,691	-
Bonds Edelnor	III° Prog.	30,000,000	Soles	6.56%	09-12-2012	Six. monthly	At maturity	97,956	-
Bonds Codensa	B3	50,000,000,000	\$ Col.	9.99%	03-15-2009	Six. monthly	At maturity	71,521	62,573
Bonds Codensa	B5	200,000,000,000	\$ Col.	11.20%	03-15-2011	Six. monthly	At maturity	320,612	286,047
Bonds Codensa	B8	250,000,000,000	\$ Col.	11.40%	03-15-2014	Six. monthly	At maturity	406,931	363,945
Bonds Codensa	A	13,980,000,000	\$ Col.	10.06%	03-14-2010	Quarterly	At maturity	277,803	-
Bonds Codensa	B	391,500,000,000	\$ Col.	10.80%	03-14-2017	Quarterly	At maturity	503,334	-
Bonds Codensa	C	33,720,000	\$ Col.	10.94%	03-14-2012	Quarterly	At maturity	44,867	-
Bonds Edesur	Six	20,000,000	\$ Arg.	10.41%	10-05-2007	Quarterly	Quarterly	-	11,208,759
Bonds Edesur	Seven	16,500,000	\$ Arg.	11.75%	06-19-2012	Quarterly	Quarterly	101,860	-
Bonds Ampia	I° serie	290,000,000	Reales	CDI+1.2%	03-01-2008	Six. monthly	At maturity	84,400,949	3,531,722
Bonds Ampia	2° serie	110,000,000	Reales	IGP-M+11.4%	03-01-2010	Annually	At maturity	3,247,611	2,861,015
Bonds Ampia	Unit	370,000,000	Reales	DI + 0.85% aa	08-01-2012	Six. monthly	At maturity	4,920,086	5,766,377
Bonds Endesa	F	1,500,000	UF	6.20%	08-01-2022	Six. monthly	Six. monthly	1,337,624	751,639
Bonds Endesa	H	4,000,000	UF	6.20%	10-15-2028	Six. monthly	Six. monthly	998,591	1,002,184
Bonds Endesa	K	4,000,000	UF	3.80%	04-15-2027	Six. monthly	At maturity	615,596	-
Bonds Endesa	One	230,000,000	US\$	7.88%	02-01-2027	Six. monthly	At maturity	3,369,834	3,871,740
Bonds Endesa	Two	220,000,000	US\$	7.33%	02-01-2037	Six. monthly	At maturity	3,336,409	3,839,312
Bonds Endesa	Three	200,000,000	US\$	8.13%	02-01-2097	Six. monthly	At maturity	769,352	844,131
Bonds Endesa	One	400,000,000	US\$	7.75%	07-15-2008	Six. monthly	At maturity	205,815,978	8,124,138
Bonds Endesa	One	400,000,000	US\$	8.50%	04-01-2009	Six. monthly	At maturity	4,223,565	4,860,188
Bonds Endesa	G	4,000,000	U.F.	4.80%	10-15-2010	Six. monthly	At maturity	-	778,497
Bonds Endesa	144A	400,000,000	US\$	8.35%	08-01-2013	Six. monthly	At maturity	6,915,053	7,957,367
Bonds Endesa	144A	200,000,000	US\$	8.63%	08-01-2015	Six. monthly	At maturity	3,571,397	4,109,718
Bonds Edegel	Two	30,000,000	US\$	8.41%	02-14-2007	Six. monthly	At maturity	-	17,700,586
Bonds Edegel	Three	30,000,000	US\$	8.75%	06-13-2007	Six. monthly	At maturity	-	17,229,716
Bonds Edegel	5 A 2° issue	10,000,000	US\$	3.75%	01-26-2009	Six. monthly	At maturity	79,710	91,724
Bonds Edegel	6 A 2° issue	30,000,000	Soles	5.88%	02-27-2008	Six. monthly	At maturity	5,073,714	107,702
Bonds Edegel	6 B 2° issue	20,000,000	Soles	8.50%	06-18-2008	Six. monthly	At maturity	3,325,311	10,980
Bonds Edegel	7 A 2° issue	10,000,000	US\$	7.16%	07-26-2009	Six. monthly	At maturity	152,092	179,519
Bonds Edegel	8 A 2° issue	22,370,000	Soles	6.00%	03-10-2008	Six. monthly	At maturity	3,776,847	73,350
Bonds Edegel	8 B 2° issue	25,700,000	Soles	6.47%	03-30-2008	Six. monthly	At maturity	4,329,860	74,334
Bonds Edegel	9 A 2° issue	70,000,000	Soles	6.91%	01-06-2009	Six. monthly	At maturity	66,793	72,053
Bonds Edegel	10 A 2° issue	35,000,000	Soles	6.72%	10-21-2010	Six. monthly	At maturity	74,727	80,611
Bonds Edegel	11 A 2° issue	20,000,000	US\$	6.06%	11-18-2012	Six. monthly	At maturity	70,289	80,884
Bonds Edegel	13 A 2° issue	25,000,000	Soles	6.47%	10-20-2013	Six. monthly	At maturity	52,135	56,240
Bonds Edegel	14 A 2° issue	25,000,000	Soles	6.09%	10-21-2010	Six. monthly	At maturity	44,201	47,682
Bonds Edegas	15 A 2° issue	17,235,158,229	\$ Col.	6.16%	01-27-2011	Six. monthly	At maturity	28,069	30,278
Bonds Edegel	13 B 2° issue	25,000,000	Soles	6.16%	01-15-2014	Six. monthly	At maturity	116,953	-
Bonds Edegel	14 B 2° issue	25,000,000	Soles	5.91%	02-22-2011	Six. monthly	At maturity	87,043	-
Bonds Edegel	1 A 3° issue	25,000,000	Soles	6.31%	06-21-2022	Six. monthly	At maturity	6,541	-
Bonds Edegel	2 A 3° issue	8,000,000	US\$	5.97%	07-18-2011	Six. monthly	At maturity	106,769	-
Bonds Edegel	3 A 3° issue	25,000,000	Soles	6.28%	03-07-2019	Six. monthly	At maturity	128,006	-
Bonds Edegel	4 A 3° issue	25,000,000	Soles	6.75%	08-31-2014	Six. monthly	At maturity	74,608	-
Bonds Edegel	5 A 3° issue	25,000,000	Soles	6.50%	03-18-2013	Six. monthly	At maturity	77,084	-
Bonds Edegel	6 A 3° issue	25,000,000	Soles	6.44%	05-21-2013	Six. monthly	At maturity	29,647	-
Bonds Edegel	7 A 3° issue	25,000,000	Soles	6.63%	06-13-2013	Six. monthly	At maturity	13,730	-
Bonds Emgesa	B-10 1° issue	229,825,000,000	\$ Col.	11.31%	09-10-2009	Quarterly	At maturity	1,475,623	1,242,288
Bonds Emgesa	B-10	60,000,000,000	\$ Col.	11.43%	10-11-2009	Quarterly	At maturity	226,963	204,277
Bonds Emgesa	C-10	9,684,517,481	\$ Col.	9.88%	09-10-2009	Quarterly	At maturity	102,994	101,125
Bonds Emgesa	C-10	17,235,158,229	\$ Col.	11.25%	09-10-2009	Quarterly	At maturity	55,771	54,765
Bonds Emgesa	A-10	210,000,000,000	\$ Col.	10.32%	02-23-2015	Quarterly	At maturity	570,961	622,367
Bonds Emgesa	A-10 1° issue	40,000,000,000	\$ Col.	10.32%	02-23-2015	Quarterly	At maturity	108,755	-
Bonds Emgesa	A-10 4° issue	170,000,000,000	\$ Col.	10.84%	02-23-2017	Annually	At maturity	3,921,727	-
Bonds Betania	B	400,000,000,000	\$ Col.	11.29%	11-10-2011	Quarterly	At maturity	1,494,929	1,504,943

Total

366,034,697 121,584,960

Details of bonds payable long term are as follows:

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	Periodicity		As of December 31,	
						Interest	Amortization	2007 ThCh\$	2006 ThCh\$
Bond N°269 - Enersiss	B-1	28,356	UF	5.50%	06-15-2009	Six.monthly	Six-monthly	99,684	292,263
Bond N°269 - Enersiss	B-2	1,935,000	UF	5.75%	06-15-2022	Six.monthly	Six-monthly	34,031,290	35,801,421
Yankee Bonds - Enersiss	Two	350,000,000	US\$	7.40%	12-01-2016	Six.monthly	At maturity	124,090,327	142,794,622
Yankee Bonds - Enersiss	Three	858,000	US\$	6.60%	12-06-2026	Six.monthly	At maturity	426,332	490,594
Yankee Bonds II - Enersiss	One	350,000,000	US\$	7.38%	12-01-2014	Six.monthly	At maturity	173,911,500	200,125,401
Bonds Edelnor	One	4,891,900	Soles	9.61%	02-01-2011	Annually	At maturity	811,327	875,195
Bonds Edelnor	I° Prog.	30,000,000	Soles	5.86%	01-15-2008	Six.monthly	At maturity	-	5,367,211
Bonds Edelnor	I° Prog.	20,000,000	Soles	6.25%	15-01-2012	Six.monthly	At maturity	3,317,022	3,578,141
Bonds Edelnor	I° Prog.	20,000,000	Soles	VAC + 5,4%	22-04-2014	Six.monthly	At maturity	3,574,937	3,726,471
Bonds Edelnor	I° Prog.	20,000,000	Soles	8.56%	01-06-2009	Six.monthly	At maturity	4,975,535	5,367,211
Bonds Edelnor	I° Prog.	20,000,000	Soles	VAC + 6,5%	01-06-2014	Six.monthly	At maturity	3,567,477	3,718,693
Bonds Edelnor	I° Prog.	40,000,000	Soles	VAC + 6,5%	01-06-2014	Six.monthly	At maturity	7,122,566	7,424,472
Bonds Edelnor	I° Prog.	30,000,000	Soles	7.38%	10-06-2010	Six.monthly	At maturity	4,975,535	5,367,211
Bonds Edelnor	I° Prog.	30,000,000	Soles	8.75%	08-06-2015	Six.monthly	At maturity	3,317,022	3,578,141
Bonds Edelnor	II° Prog.	20,000,000	Soles	7.31%	05-01-2011	Six.monthly	At maturity	3,317,022	3,578,141
Bonds Edelnor	II° Prog.	4,000,000	Soles	7.84%	05-01-2013	Six.monthly	At maturity	663,404	715,628
Bonds Edelnor	II° Prog.	18,000,000	Soles	8.16%	05-01-2016	Six.monthly	At maturity	2,985,321	3,220,327
Bonds Edelnor	II° Prog.	20,000,000	Soles	7.06%	01-02-2011	Six.monthly	At maturity	3,317,022	3,578,141
Bonds Edelnor	II° Prog.	27,200,000	Soles	8.00%	02-01-2016	Six.monthly	At maturity	4,511,151	4,866,271
Bonds Edelnor	II° Prog.	19,250,000	Soles	6.63%	03-17-2009	Six.monthly	At maturity	3,192,635	3,443,960
Bonds Edelnor	II° Prog.	15,000,000	Soles	6.75%	05-22-2009	Six.monthly	At maturity	2,487,767	2,683,606
Bonds Edelnor	II° Prog.	15,000,000	Soles	7.56%	05-22-2013	Six.monthly	At maturity	2,487,767	2,683,606
Bonds Edelnor	II° Prog.	15,000,000	Soles	6.66%	06-10-2013	Six.monthly	At maturity	2,487,767	2,683,606
Bonds Edelnor	II° Prog.	20,000,000	Soles	5.69%	04-19-2012	Six.monthly	At maturity	3,317,022	-
Bonds Edelnor	II° Prog.	20,000,000	Soles	5.91%	04-19-2015	Six.monthly	At maturity	3,317,022	-
Bonds Edelnor	II° Prog.	15,000,000	Soles	7.22%	08-31-2016	Six.monthly	At maturity	2,487,767	2,683,606
Bonds Edelnor	II° Prog.	40,000,000	Soles	5.97%	07-06-2012	Six.monthly	At maturity	6,634,046	-
Bonds Edelnor	III° Prog.	30,000,000	Soles	6.94%	08-29-2015	Six.monthly	At maturity	6,634,046	-
Bonds Edelnor	III° Prog.	30,000,000	Soles	6.56%	09-12-2012	Six.monthly	At maturity	4,975,535	-
Bonds Codensa	B3	50,000,000,000	\$ Col.	9.99%	03-15-2009	Six.monthly	At maturity	12,331,245	12,769,997
Bonds Codensa	B5	200,000,000,000	\$ Col.	11.20%	03-15-2011	Six.monthly	At maturity	49,324,982	51,079,991
Bonds Codensa	B8	250,000,000,000	\$ Col.	11.40%	03-15-2014	Six.monthly	At maturity	61,656,227	63,849,987
Bonds Codensa	A	139,800,000,000	\$ Col.	10.06%	03-14-2010	Quarterly	At maturity	55,436,347	-
Bonds Codensa	B	391,500,000,000	\$ Col.	10.80%	03-14-2017	Quarterly	At maturity	96,553,652	-
Bonds Codensa	C	33,720,000	\$ Col.	10.94%	03-14-2012	Quarterly	At maturity	8,316,192	-
Bonds Edesur	Six	80,000,000	\$ Arg.	11.75%	06-19-2012	Quarterly	Quarterly	26,006,931	-
Bonds Ampla	1° serie	290,000,000	Reales	CDI + 1,2% aa	03-01-2008	Sixmonthly	At maturity	34,672,030	30,698,200
Bonds Ampla	2° serie	110,000,000	Reales	IGP-M+11,4%	03-01-2010	Annually	At maturity	-	77,557,619
Bonds Ampla	Unit	370,000,000	Reales	DI + 0,85% aa	08-01-2012	Six.monthly	At maturity	103,793,429	98,952,825
Bonds Endesa	F	1,500,000	UF	6.20%	08-01-2022	Six.monthly	Six-monthly	28,845,310	29,539,908
Bonds Endesa	G	4,000,000	UF	4.80%	10-15-2010	Six.monthly	Six-monthly	78,490,640	78,773,088
Bonds Endesa	H	4,000,000	UF	6.20%	10-15-2008	Six.monthly	At maturity	78,490,640	-
Bonds Endesa	One	230,000,000	US\$	7.88%	02-01-2027	Six.monthly	At maturity	102,300,210	117,720,051
Bonds Endesa	Two	220,000,000	US\$	7.33%	02-01-2037	Six.monthly	At maturity	109,315,800	125,793,109
Bonds Endesa	Three	200,000,000	US\$	8.13%	02-01-2097	Six.monthly	At maturity	20,082,306	23,109,337
Bonds Endesa	One	400,000,000	US\$	7.75%	07-15-2008	Six.monthly	At maturity	-	228,714,744
Bonds Endesa	Unit	400,000,000	U.F.	8.50%	04-01-2009	Six.monthly	At maturity	198,756,000	228,714,744
Bonds Endesa	G	4,000,000	U.F.	4.80%	10-15-2010	Six.monthly	At maturity	-	78,773,088
Bonds Endesa	144A	400,000,000	US\$	8.35%	08-01-2013	Six.monthly	At maturity	198,756,000	228,714,744
Bonds Endesa	144A	200,000,000	US\$	8.63%	08-01-2015	Six.monthly	At maturity	99,378,000	114,357,372
Bonds Edegel	5 A 2° issue	10,000,000	US\$	3.75%	01-26-2009	Six.monthly	At maturity	4,968,900	5,717,869
Bonds Edegel	6 A 2° issue	30,000,000	Soles	5.88%	02-27-2008	Six.monthly	At maturity	-	5,365,532
Bonds Edegel	6 B 2° issue	20,000,000	Soles	5.88%	06-18-2008	Six.monthly	At maturity	-	3,577,021
Bonds Edegel	7 A 2° issue	10,000,000	US\$	8.50%	07-26-2009	Six.monthly	At maturity	4,968,900	5,717,869
Bonds Edegel	8 A 2° issue	22,370,000	Soles	6.00%	03-10-2008	Six.monthly	At maturity	-	4,000,897
Bonds Edegel	8 B 2° issue	25,700,000	Soles	6.47%	03-30-2008	Six.monthly	At maturity	-	4,596,472
Bonds Edegel	9 A 2° issue	70,000,000	Soles	6.91%	06-01-2009	Six.monthly	At maturity	11,605,706	12,519,575
Bonds Edegel	10 A 2° issue	35,000,000	Soles	6.72%	10-21-2010	Six.monthly	At maturity	5,802,853	6,259,788
Bonds Edegel	11 A 2° issue	20,000,000	US\$	3.71%	11-18-2012	Six.monthly	At maturity	9,937,800	11,435,737
Bonds Edegel	13 A 2° issue	25,000,000	Soles	6.47%	10-20-2013	Six.monthly	At maturity	4,144,895	4,471,277
Bonds Edegel	14 A 2° issue	25,000,000	Soles	6.09%	10-21-2013	Six.monthly	At maturity	4,144,895	4,471,277
Bonds Edegel	15 A 2° issue	30,000,000	Soles	6.16%	11-27-2011	Six.monthly	At maturity	4,973,874	5,365,532
Bonds Edegel	13 B 2° issue	25,000,000	Soles	6.16%	01-15-2014	Six.monthly	At maturity	4,144,895	-
Bonds Edegel	14 B 2° issue	25,000,000	Soles	5.91%	02-22-2011	Annually	At maturity	4,144,895	-
Bonds Edegel	1 A 3° issue	25,000,000	Soles	6.31%	06-21-2022	Six.monthly	At maturity	4,144,895	-
Bonds Edegel	2 A 3° issue	8,000,000	US\$	5.97%	07-18-2011	Six.monthly	At maturity	3,975,118	-
Bonds Edegel	3 A 3° issue	25,000,000	Soles	6.28%	03-07-2019	Six.monthly	At maturity	4,144,895	-
Bonds Edegel	4 A 3° issue	25,000,000	Soles	6.75%	08-31-2014	Six.monthly	At maturity	3,315,916	-
Bonds Edegel	5 A 3° issue	25,000,000	Soles	6.50%	03-18-2013	Six.monthly	At maturity	4,144,895	-
Bonds Edegel	6 A 3° issue	25,000,000	Soles	6.44%	05-21-2013	Six.monthly	At maturity	4,144,895	-
Bonds Edegel	7 A 3° issue	25,000,000	Soles	6.63%	06-13-2013	Six.monthly	At maturity	4,144,895	-
Bonds Emgesa	B-10	229,825,000,000	\$ Col.	10.30%	10-09-2009	Quarterly	At maturity	56,680,570	58,697,031
Bonds Emgesa	B-10	60,000,000,000	\$ Col.	9.87%	11-10-2009	Quarterly	At maturity	14,797,494	15,323,997
Bonds Emgesa	C-10	8,928,433,000	\$ Col.	10.25%	10-09-2009	Quarterly	At maturity	2,485,162	2,409,167
Bonds Emgesa	C-10	15,889,565,000	\$ Col.	10.62%	10-09-2009	Quarterly	At maturity	4,333,425	4,287,499
Bonds Emgesa	A-10	250,000,000,000	\$ Col.	10.33%	02-23-2015	Quarterly	At maturity	51,791,231	63,850,037
Bonds Emgesa	A-10 1° issue	40,000,000,000	\$ Col.	10.32%	02-23-2015	Quarterly	At maturity	9,864,996	-
Bonds Emgesa	A-10 4° issue	170,000,000,000	\$ Col.	10.84%	02-23-2017	Annually	At maturity	41,926,234	-
Bonds Betania	B	400,000,000,000	\$ Col.	10.70%	11-10-2011	Quarterly	At maturity	98,650,075	102,160,015
Total								2,146,924,098	2,357,989,334

18.1 Current bonds are as follows:

18.1.1 Domestic Bonds

On September 11, 2001, the Superintendency of Securities and Insurance registered the issue of adjustable bearer bonds of Enersis S.A. dated June 14, 2001 in the Securities Register under No. 269. This placement was made in two series, as follows:

Series	Total amount In UF	No. of bonds per series	Face value In UF
B1	1,000,000	1,000	1,000
B1	3,000,000	300	10,000
B2	1,000,000	1,000	1,000
B2	1,500,000	150	10,000

The scheduled maturity of the Series B-1 bonds is 8 years, with no grace period; interest and principal are payable semi-annually. Annual interest is 5.5%, compounded semi-annually.

The scheduled maturity of the Series B-2 bonds is 21 years, principal payments beginning after 5 years, interest and principal payable semi-annually. Annual interest is 5.75%, compounded semi-annually.

18.1.2 International Bonds (Yankee Bonds)

On November 21, 1996, the Company, acting through its agency in the Cayman Islands, issued and placed Yankee Bonds for US\$800 million in the US market. This placement was made in three series, as follows:

Series	Total amount in US\$	Years to Maturity	Stated annual interest rate
1	300,000,000	10	6.90%
2	350,000,000	20	7.40%
3	150,000,000	30	6.60%

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders have a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

During the second quarter of 2004, UF/US\$ swap contracts were entered into for US\$100,000,000 associated with the series 1 bond and US\$250,000,000 associated with series 2.

During November, 2006 US\$ 300 million from series one of the Yankee Bonds were amortized. This operation meant liquidating swap for US\$ 100 million associated with this bond.

During November, 2001, Enersis Internacional made a Tender Offer for total or partial cash purchase of the series 2 Yankee Bonds, with a face value of ThUS\$ 350,000 maturing at 20 years in 2016, issued by the agency of the parent Enersis S.A.

As a result of this offer, which expired on November 21, 2001, series 2 bonds for ThUS\$ 95,536, with a face value of ThUS\$ 100,266, were purchased.

As a result of the liquidation of Enersis Internacional S.A. on September 21, 2006, the Agency of the parent Enersis S.A. was allocated the assets and liabilities, which included such bond repurchase among its assets.

Given the above, at December 31, 2007 the bonds are presented net of the repurchase.

18.1.3 International Bonds (Yankee Bonds II)

On November 24, 2003, the Company, through its Cayman Islands Agency, issued and placed Yankee Bonds on the American market for US\$350 million. This placement was made in a single tranche, whose features are as follows:

Series	Total amount in US\$	Years to Maturity	Stated annual interest rate
1	350,000,000	10	7.375%

Interest is paid semi-annually and amortization of capital is a single installment at the end of the term.

During the second half of 2004, debts have been re-denominated through US\$/UF swap contracts for the total of this issue.

18.1.4 Chilectra S.A. Bonds

On October 13, 2003, Chilectra S.A. registered, in the Superintendency of Securities and Insurance, 2 lines of bonds corresponding to N° 347 and 348 for a maximum line amount of UF4,200,000 and UF4,000,000 respectively; the placement has a maturity of 10 years from August 22, 2003. To date, the placement of the related bonds has not been made.

18.1.5 Edelnor Bonds (subsidiary of Distrilima S.A.)

Current issues at December 31, 2007 are as follows:

First issue

Date of Issue	: March 1, 1996
Number of bonds subscribed	: 48,919
Face value	: S/. 100 (100 new soles) each
Redemption term	: 15 years
Interest rate	: 9.61% annual
Interest payment	: Annually, on coupon maturity
Principal amortization	: Amortization of total principal upon maturity

First program of Corporate Bonds

Seventh issue

Date of issue	: January 16, 2004.
Number of bonds subscribed	: 6,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 4 years.
Interest rate	: 5.86%.
Interest payment	: Semi-annual.

Eighth issue

Date of issue	: January 16, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 8 years.
Interest rate	: 6.25%.
Interest payment	: Semi-annual.

Ninth issue

Date of issue : April 22, 2004.
 Number of bonds subscribed : 4,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 10 years.
 Interest rate : VAC + 5.4%.
 Interest payment : Semi-annual.

Tenth issue

Date of issue : June 9, 2004.
 Number of bonds subscribed : 4,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 5 years.
 Interest rate : 8.56%.
 Interest payment : Semi-annual.

Eleventh issue

Date of issue : June 9, 2004.
 Number of bonds subscribed : 4,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 10 years.
 Interest rate : VAC + 6.50%.
 Interest payment : Semi-annual.

Twelfth issue

Date of issue : June 24, 2004.
 Number of bonds subscribed : 8,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 10 years.
 Interest rate : VAC + 6.50%.
 Interest payment : Semi-annual.

Thirteenth issue

Date of issue : June 10, 2005.
 Number of bonds subscribed : 6,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 10 years.
 Interest rate : 7.38%.
 Interest payment : Semi-annual.

Fourteenth issue

Date of issue : June 10, 2005.
 Number of bonds subscribed : 6,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 15 years.
 Interest rate : 8.75%.
 Interest payment : Semi-annual.

Second program of Corporate Bonds**First issue**

Date of Issue : January 5, 2006
 Number of bonds subscribed : 4,000 bonds
 Face value : 5,000 new soles each
 Redemption term : 5 years
 Interest rate : 7.31%
 Interest payment : Semi-annual

Second issue

Date of Issue : January 5, 2006
 Number of bonds subscribed : 800 bonds
 Face value : 5,000 new soles each
 Redemption term : 7 years
 Interest rate : 7.84%
 Interest payment : Semi-annual

Third issue

Date of issue : January 5, 2006
 Number of bonds subscribed : 3,600 bonds
 Face value : 5,000 new soles each
 Redemption term : 10 years
 Interest rate : 8.16%
 Interest payment : Semi-annual

Fourth issue

Date of issue : February 1, 2006
 Number of bonds subscribed : 4,000 bonds
 Face value : 5,000 new soles each
 Redemption term : 5 years
 Interest rate : 7.06%
 Interest payment : Semi-annual

Fifth issue

Date of issue : February 1, 2006.
 Number of bonds subscribed : 5,440 bonds.
 Nominal value : 5,000 new soles each.
 Term : 10 years.
 Interest rate : 8.00%.
 Interest payment : Semi-annual.

Sixth issue

Date of issue : March 17, 2006.
 Number of bonds subscribed : 3,850 bonds.
 Nominal value : 5,000 new soles each.
 Term : 3 years.
 Interest rate : 6.63%.
 Interest payment : Semi-annual.

Seventh issue

Date of issue : May 22, 2006.
 Number of bonds subscribed : 3,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 3 years.
 Interest rate : 6.75%.
 Interest payment : Semi-annual.

Eighth issue

Date of issue : May 22, 2006.
 Number of bonds subscribed : 3,000 bonds.
 Nominal value : 5,000 new soles each.
 Term : 7 years.
 Interest rate : 7.56%.
 Interest payment : Semi-annual.

Tenth issue – Series B

Date of issue	: October 6, 2006.
Number of bonds subscribed	: 3,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 7 years.
Interest rate	: 6.66%.
Interest payment	: Semi-annual.

Twelfth Issue - Series A

Date of Issue	: April 19, 2007
Issuer	: Edelnor S.A.A.
Bonds issued	: Marketable Securities in thousands of new soles (4,000 bonds of S/.5,000.00 each)
Number of bonds subscribed	: S/. 30,000,000
Number of bonds placed	: S/. 20,000,000
Principal due	: All due on April 19, 2012
Interest rate	: 5.69%
Interest payment	: Semi-annual.

Eighteenth Issue - Series A

Date of Issue	: April 19, 2007
Issuer	: Edelnor S.A.A.
Bonds issued	: Marketable Securities in thousands of new soles (4,000 bonds of S/.5,000.00 each)
Number of bonds subscribed	: S/. 40,000,000
Number of bonds placed	: S/. 20,000,000
Principal due	: All due on April 19, 2015
Interest rate	: 5.91%
Interest payment	: Semi-annual.

Third Issue - Series B

Date of issue	: August 31, 2007
Number of bonds subscribed	: 3,000
Nominal value	: 5,000 (new soles) each
Term	: 9 years
Interest rate	: 7.22%
Interest payment	: Semi-annual

Seventeenth Issue

Date of issue	: July 6, 2007
Number of bonds subscribed	: 8,000
Nominal value	: 5,000 (new soles) each
Term	: 5 years
Interest rate	: 5.97%
Interest payment	: Semi-annual

Third program of Corporate Bonds**First Issue**

Date of issue	: August 29, 2007
Number of bonds subscribed	: 8,000
Nominal value	: 5,000 (new soles) each
Term	: 8 years
Interest rate	: 6.94%
Interest payment	: Semi-annual

Second Issue

Date of issue	: September 12, 2007
Number of bonds subscribed	: 6,000
Nominal value	: 5,000 (new soles) each
Term	: 5 years
Interest rate	: 6.56%
Interest payment	: Semi-annual

18.1.6 Codensa S.A.

Codensa S.A. has issued bonds on March 11, 2004.

First Issue

Issuer	: Codensa.
Issued securities	: marketable securities in Colombian pesos.
Amount issued	: 500,000,000,000 Colombian pesos.
1st principal payment	: Maturity in 2009 for 50,000,000,000 Colombian pesos.
Nominal interest rate	: 9.99% average annual rate.
Interest payment	: Quarterly. Interest accrued at year end is ThCh\$71,521 (ThCh\$62,573 in 2006), and it is presented in current liabilities.
2nd principal payment	: Maturity in 2011 for 200,000,000,000 Colombian pesos.
Nominal interest rate	: 11.20% average annual rate.
Interest payment	: Quarterly. Interest accrued at year end is ThCh\$320,612 (ThCh\$286,047 in 2006), and it is presented in current liabilities.
3rd principal payment	: Maturity in 2014 for 250,000,000,000 Colombian pesos.
Nominal interest rate	: 11.40% average annual rate.
Interest payment	: Quarterly. Interest accrued at year-end is ThCh\$406,931 (ThCh\$363,945 in 2006), and it is presented in the current liabilities.

Second Issue

The first and second issues, which were distributed in two series, with terms of three and ten years, have been issued. These were placed at CPI + 4.60% and CPI + 5.30%, respectively. A third issue was made, distributed in two series, with terms of three and five years. These were placed at DTF TA + 2.09% and DTF TA + 2.40%. Payment is quarterly in arrears.

1st principal payment	: Maturity in 2010 for 139,800,000,000 Colombian pesos.
Nominal interest rate	: 10.06% average annual rate
Interest payment	: Quarterly. Year-end interest is ThCh\$168,150 in 2007, and it is presented in current
Liabilities.	
2nd principal payment	: Maturity in 2017 for 391,500,000,000 Colombian pesos.
Nominal interest rate	: 10.80% average annual interest rate
Interest payment	: Quarterly. Year-end interest is ThCh\$503,344 in 2007, and it is presented in current
Liabilities.	
3rd principal payment	: Maturity in 2017 for 84,980,000 Colombian pesos and 33,720,000
Colombian pesos	
Nominal interest rate	: 10.06% average annual interest rate
Nominal interest rate	: 10.94% average annual interest rate
Interest payment	: Quarterly. Year-end interest is ThCh\$109,653 and ThCh\$44,866 in 2007, respectively, and it is presented in current liabilities.

18.1.7 Edesur S.A.

On October 5, 2004, under its medium-term certificate of indebtedness issue program, the Company issued negotiable bonds in Argentinean pesos for a total of ThUS\$58,803 in two series - 18 months (class 5) and 3 years (class 6), respectively.

Issuer	: Edesur S.A.
Issued securities	: Negotiable bonds in Argentinean pesos.
Amount issued	: ThUS\$6,464.
Principal due	: Maturity in 2007.
Nominal interest rate	: 10.41% minimum annual rate.
Interest payment	: Quarterly.

At December 31, 2007, this issue has been fully paid.

Issuer	: Edesur S.A.
Issued securities	: Negotiable bonds in Argentinean pesos.
Amount issued	: ThUS\$52,339.
Principal due	: Maturity in 2012.
Nominal interest rate	: 11,75% minimum annual rate.
Interest payment	: Quarterly.

18.1.8 Ampla Energia e Serviços S.A.

On March 1, 2005, the Company issued bonds in Brazilian reais for a total of R\$400,000,000.00 in two series.

First Series	
Issuer	: Ampla Energia e Serviços S.A.
Issued securities	: Negotiable bonds in Brazilian reais.
Amount issued	: R\$290,000,000.
Principal due	: Maturity in 2008.
Nominal interest rate	: CDI + 1,2% per annum
Interest payment	: Semi-annual.
Principal due	: Maturity in 2008.

Second Series	
Issuer	: Ampla Energia e Serviços S.A.
Issued securities	: Negotiable bonds in Brazilian reais.
Amount issued	: R\$110,000,000.
Principal due	: Maturity in 2010.
Nominal interest rate	: IGP - M + 11.4% per annum
Interest payment	: Annual.
Principal due	: Maturity in 2010.

On August 1, 2006, the Company issued bonds in reais for R\$370,000,000.00 in a single series.

Issuer	: Ampla Energia e Serviços S.A.
Issued securities	: Negotiable bonds in Brazilian reais.
Amount issued	: R\$370,000,000.
Principal due	: Maturity in 2012
Nominal interest rate	: DI + 0.85% per annum
Interest payment	: Semi-annual.

18.1.9 Endesa Individual

a. At December 31, 2007, the following bond issues are current on the domestic market:

- On August 9, 2001, it registered the fourth bond issue of U.F. 7,500,000 under No. 264; this was totally placed at December 31, 2001. Series E-1 and E-2 were totally redeemed through payment at July 31, 2006.
- On November 26, 2002, it registered the fifth bond issue of U.F. 8,000,000 under Nos. 317 and 318 and then amended it on October 2, 2003; this issue was totally placed at December 31, 2003.
- On April 15, 2007, it redeemed series G for UF 4,000,0000 (UF = Inflation index-linked unit of account) in advance, refinancing it by placing series K for the same amount; both series were registered under No. 318 of November 26, 2002

Risk rating of the last two bond issues is as follows at the date of these financial statements is as follows:

Rating Agency	Category
- Féller – Rate Clasificadora de Riesgo Ltda.	AA-
- Comisión Clasificadora de Riesgo	A+
- Fitch Chile Clasificadora de Riesgo Ltda.	AA-

Issuance Terms

Fourth Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Bearer bonds in local currency, denominated in Unidades de Fomento (UF-Inflation Index-linked Units of Account)
Issuance Value (1)	: Up to seven and a half million (UF7,500,000) divided into: Series F: 150 bonds at UF10,000 each.
Adjustment base	: Variation in the UF
Amortization period	: Series F: August 1, 2022.
Early redemption	: As of February 1, 2012.
Nominal interest rate	: 6.20% annually, compounded semi-annually and effective on the outstanding principal adjusted for the value of the Unidad de fomento. The semi-annual interest rate will be 3.0534%.
Placement period	: 36 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance
Security	: There is no specific security, other than the general security of all the issuer's properties
Interest payment	: Interest will be paid semi-annually each August 1 and February 1, starting August 1, 2001. Accrued interest at year end is ThCh\$748,944 (M\$751,639 in 2006) and it is presented in current liabilities.

Fifth Issue	
Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Dematerialized bearer bonds in local currency, expressed in Unidades de Fomento (UF-Inflation Index-linked Units of Account)
Amount of issue	: Eight million Unidades de Fomento (U.F. 8,000,000) divided into: <ul style="list-style-type: none"> - Series H: 4,000 bonds U.F. 1,000 each. - Series K: 4,000 bonds U.F. 1,000 each.
Adjustment base	: Variation in Unidad de Fomento.
Amortization period	: Series H: Semi-annually and successively as of April 15, 2010. Series K: April 15, 2027
Early redemption	: Only for series K bonds, as of October 16, 2011.
Nominal interest rate	: Series H: 6.2% per year, compounded every six months and effective on the principal not fully paid adjusted by the value of the Unidad de Fomento. The interest rate to be paid every six months will be 3.0534%. Series K: 3,8% per year, compounded every six months and effective on the principal not fully paid adjusted by the value of the Unidad de Fomento. The interest rate to be paid every six months will be 1.8823%.
Interest payment	: Interest will be paid semi-annually, due on April 15 and October 15 of each year starting from April 15, 2007. Interest accrued at year-end is ThCh\$1,614,187 (ThCh\$1,780,681 in 2006) and it is presented in current liabilities
Security	: No specific security, except for general security of all the issuer's properties
Placement deadline	: 36 months as of date of registration in Securities Register of the Superintendency of Securities and Insurance.

b. The Company has issued and placed four public offerings of bonds in the international market as follows:

The risk ratings of these bond issues at the date of these financial statements are as follows:

Rating Agency	Category
- Standard & Poor's	BBB
- Moodys Investors Services	Baa3
- Fitch	BBB

First Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable bonds denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	: Six hundred and fifty million US Dollars (US\$650,000,000) divided into: <ul style="list-style-type: none"> Series 1: US\$230,000,000 Series 2: US\$220,000,000 Series 3: US\$200,000,000
Adjustment	: Variation in the US Dollar in relation to the Chilean peso
Amortization period	: Series 1 principal matures on February 1, 2027; Series 2 matures on February 1, 2037 (Put Option on February 1, 2009, on which date the holders may redeem 100% of bonds plus accrued interest). Series 3 matures on February 1, 2097.
Nominal interest rate	: Series 1: 7.88% annually Series 2: 7.33% annually Series 3: 8.13% annually

Interest Payments : Interest will be paid semi-annually on February 1 and August 1 every year, starting January 27, 1997. Accrued interest at year end is ThCh\$10,450,735 (ThCh\$12,025,990 in 2006), and it is presented in current liabilities.

Second Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable bonds denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	: Four hundred million US Dollars (US\$400,000,000)
Adjustment	: Variation in the US Dollar in relation to the Chilean peso
Principal due	: Series 1 matures on July 15, 2008
Nominal interest rate	: Series 1: 7.75% annually
Interest Payment	: Interest will be paid semi-annually on January 15 and July 15 of each year, starting January 15, 1999. Accrued interest at year end is ThCh\$7,059,978 (ThCh\$8,124,138 in 2006), and it is presented in current liabilities.

Third Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable bonds denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	: Four hundred million US Dollars (US\$400,000,000).
Adjustment	: Variation in the US Dollar in relation to the Chilean peso
Principal due	: Series 1 matures on April 1, 2009.
Nominal interest rate	: Series 1: 8.50% annually
Interest Payment	: Interest will be paid semi-annually on October 1 and April 1 of each year, starting October 1, 1999. Accrued interest at year end is ThCh\$4,223,565 (ThCh\$4,860,188 in 2006), and it is presented in current liabilities.

Fourth Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Electronic bonds expressed in US dollars on the American and European markets, under "Rule 144A" and "Regulation S".
Amount of issue	: Six hundred million US dollars (US\$600,000,000) divided into: <ul style="list-style-type: none"> Series August 1, 2013: US\$400,000,000 Series August 1, 2015: US\$200,000,000
Adjustment	: Variation in US dollar.
Principal due	: Series of ThUS\$400 total maturity on August 1, 2013. Series of ThUS\$200 total maturity on August 1, 2015.
Nominal interest rate	: Series of ThUS\$400 8.35% per year. Series of ThUS\$400 8.63% per year.
Payment of interest	: Interest will be paid semi-annually on February 1 and August 1 each year starting from July 23, 2003. Interest accrued at year-end was ThCh\$10,486,450 (ThCh\$12,067,085 in 2006) and it is presented in current liabilities.

Repurchase of Cono Sur (formerly Endesa Chile Internacional) Bonds

This Company, 100% a subsidiary of Endesa Chile, made a tender offer in November 2001, for the total or partial purchase, in cash, of the first issue of the following bond series in US dollars (Yankee Bonds).

Series 1: ThCh\$230,000 at 30 years, maturing in 2027.

Series 3: ThCh\$200,000 at 100 years, maturing in 2097.

As a result of the offer which expired on November 21, 2001, series 1 and series 3 bonds, for ThUS\$21,324 and ThUS\$134,828, respectively, were purchased, whose nominal values amounted to ThUS\$24,119 and ThUS\$159,584 for each series.

18.1.10 Subsidiaries of Endesa S.A.

Edegel S.A.

The company has made twenty eight bond issues. Issues current at December 31, 2007 are as follows:

Issuance Terms

Issuer : Edegel S.A.
 Issued securities : Negotiable bonds in new Peruvian soles (6,000 bonds.)
 Amount issued : Thirty million new Peruvian soles (NS 30,000,000.)
 Principal due : Total maturity on February 27, 2008.
 Nominal interest rate : 5.88% per year
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$99,840 (ThCh\$107,702 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in US dollars (10,000 bonds)
 Amount issued : Ten million US dollars (US\$10,000,000).
 Principal due : Total maturity at January 29, 2009.
 Nominal interest rate : 3.75% per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$79,710 (ThCh\$91,724 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Issued securities : Negotiable bonds in new Peruvian soles (4,000 bonds.)
 Amount issued : Twenty million new Peruvian soles (NS 20,000,000.)
 Principal due : Total maturity on June 18, 2008.
 Nominal interest rate : 8.50% per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$9,395 (ThCh\$10,980 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in New Soles (4,474 bonds)
 Amount issued : Twenty two million three hundred and seventy nine New Soles (NS22,370,000)
 Principal due : Total maturity at March 10, 2008.
 Nominal interest rate : 6.00% per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$67,995 (ThCh\$73.350 en 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in US dollars (10,000 bonds)
 Amount issued : Ten million US dollars (US\$10,000,000).
 Principal due : Total maturity at July 26, 2009.
 Nominal interest rate : 7.16% per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$152,092 (ThCh\$179,519 in 2006) and it is presented in current.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in New Soles (5,140 bondos)
 Amount issued : Twenty five million seven hundred thousand soles (S/. 25,700,000)
 Principal due : Total maturity at March 30, 2008
 Nominal interest rate : 6.47% per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$68,908 (ThCh\$74,334 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in New Soles (14,000 bonds)
 Amount issued : Seventy million soles (S/. 70,000,000)
 Principal due : Total maturity at June 1, 2009
 Nominal interest rate : 6.91%
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$66,793 (ThCh\$72,053 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in New Soles (7,000 bonds)
 Amount issued : Thirty five million soles (S/35,000,000)
 Principal due : Total maturity at October 21, 2010
 Nominal interest rate : 6.72 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$74,727 (ThCh\$80,611 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in US dollars (20,000 bonds)
 Amount issued : Twenty million US dollars (US\$20,000,000)
 Principal due : Total maturity at November 18, 2012
 Nominal interest rate : 6.06 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$70,289 (ThCh\$80,884 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at October 20, 2013
 Nominal interest rate : 6.47 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$52,135 (ThCh\$56,240 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at October 21, 2010
 Nominal interest rate : 6.09 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$44,201 (ThCh\$47,682 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (6,000 bonds)
 Amount issued : Thirty million soles (S/.30,000,000)
 Principal due : Total maturity at November 27, 2011
 Nominal interest rate : 6.16 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$28,069 (ThCh\$30,279 in 2006) and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at January 15, 2014
 Nominal interest rate : 6.16 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$116,953 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at February 22, 2011
 Nominal interest rate : 5.91 %
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$87,043 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at June 21, 2022.
 Nominal interest rate : 6.31% per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$6,541 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable bonds in US dollars (8,000 bonds)
 Amount issued : Eight million US dollars (US\$8,000,000)
 Principal due : Total maturity at July 18, 2011.
 Nominal interest rate : 5.97 % per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$106,769 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at July 3, 2019.
 Nominal interest rate : 6.28 % per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$128,006 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (4,000 bonds)
 Amount issued : Twenty million soles (S/.20,000,000)
 Principal due : Total maturity at August 31, 2014.
 Nominal interest rate : 6.75 % per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$74,608 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at March 18, 2013.
 Nominal interest rate : 6.50 % per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$77.084 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at May 21, 2013.
 Nominal interest rate : 6.44 % per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$29,647 and it is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable Bonds in Soles (5,000 bonds)
 Amount issued : Twenty five million soles (S/.25,000,000)
 Principal due : Total maturity at June 13, 2013.
 Nominal interest rate : 6.63 % per year.
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$13,730 and it is presented in current liabilities.

Emgesa S.A.

The company has made four bond issues. Current issues at December 31, 2007 are as follows:

First Issue

Issuer : Emgesa S.A.
 Securities issued : Marketable bonds in Colombian pesos
 Issuance Value : \$Col 530,000,000,000
 Principal due : Maturities between 2004 and 2009 amounting to Col\$316,744,675,710
 Interest nominal rate : 10.72% per year average rate
 Interest payment : Interest will be paid on a quarterly and yearly basis. Accrued interest at year end is ThCh\$1,861,351 (ThCh\$1,602,455 in 2006) and it is presented in current liabilities.

Third Issue

Issuer : Emgesa S.A.
 Securities issued : Marketable bonds in Colombian pesos
 Issuance value : \$Col 250,000,000,000
 Principal due : Maturity at February 23, 2015.
 Nominal interest rate : 10.32% per quarter (10.33%)
 Interest payment : Interest will be paid annually. Accrued interest at year end is ThCh\$679,716 (ThCh\$622,367 in 2006) and it is presented in current liabilities.

Fourth Issue

Issuer : Emgesa S.A.
 Securities issued : Marketable bonds in Colombian pesos
 Issuance value : \$Col 170,000,000,000
 Principal due : Maturity at February 20, 2017.
 Nominal interest rate : 10.84% per year
 Interest payment : Interest will be paid annually. Accrued interest at year end is ThCh\$3,921,727 and it is presented in current liabilities.

Emgesa S.A. (formerly Central Hidroeléctrica Betania S.A.)

The company has made one Bond issue on November 11, 2004, completing the first issue.

First issue

Issuer : Central Hidroeléctrica Betania S.A. E.S.P.
 Issued securities : Bonds in Colombian pesos.
 Amount issued : 400,000,000,000 Colombian pesos.
 Principal due : Maturity between 2009 and 2011, for 400,000,000,000 Colombian pesos.
 Nominal interest rate : 11.29% per annum.
 Interest payment : Quarterly. Interest accrued at year end is ThCh\$1,494,929 (ThCh\$1,504,943 in 2006) and it is presented in current liabilities

Deduction of the bond placements of Enersis and subsidiaries has been deferred in the same period as the respective issues. The long-term deferred value at December 31, 2007 is ThCh\$13,082,799 (ThCh\$15,921,224 in 2006) and it is presented in Other Long Term Assets (Note 14). The balance for deductions in short term bond placements classified under Other current assets is ThCh\$1,007,009 (ThCh\$1,045,668 in 2006) (Note 9)

NOTE 19. ACCRUALS AND WRITE-OFFS

a. Short term accruals:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Bonus and other employee benefits	42,188,329	42,353,181
Litigation and other contingencies	11,202,426	12,826,438
Post-retirement benefits foreign subsidiaries	12,470,086	9,728,468
Post-retirement benefits local subsidiaries	1,162,643	1,192,086
Suppliers and services	15,744,703	17,151,569
Others	2,287,765	1,970,839
Total	85,055,952	85,222,581

b. Long term accruals

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Post-retirement benefits-local subsidiaries	15,540,220	17,094,367
Employee and retired personnel benefits (Ampla-Coelce)	33,470,014	35,223,590
Severance indemnity	15,965,230	15,700,343
Legal, labor and tax contingencies (Ampla, Coelce and Cien)	160,444,874	179,286,307
Post-retirement benefits-foreign subsidiaries	70,361,582	77,071,460
Regulatory contingencies (Brazil)	30,828,546	23,369,570
Others	1,689,238	1,247,443
Total	328,299,704	348,993,080

In 2007 ThCh\$1,734,841 (ThCh\$1,115,428 in 2006) in uncollectible debts were written off.

NOTE 20. SEVERANCE INDEMNITIES

Long-term accruals include employee severance indemnities, calculated in accordance with the policy described in Note 2u. An analysis of the changes in the accruals in each year is as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Opening balance	15,700,343	14,445,331
Increase in accrual	2,097,948	3,647,409
Transfer to short-term	(238,664)	(200,093)
Payments during the period	(1,594,397)	(2,192,304)
Total	15,965,230	15,700,343

NOTE 21. MINORITY INTEREST

a. Minority shareholders' participation in the shareholders' equity of the Company's subsidiaries is as follows:

Company	As of December 31, 2007			As of December 31, 2006		
	Equity ThCh\$	Participation %	Total ThCh\$	Equity ThCh\$	Participation %	Total ThCh\$
Agrícola e imobiliária Pastos Verdes Ltda.	76,759,777	45.00%	34,541,899	75,051,973	45.00%	33,773,388
Agua Santiago Poniente	4,856,358	21.12%	1,025,884	4,795,854	21.12%	1,013,103
Ampla Energia e Serviços S.A.	444,907,878	8.07%	35,890,302	517,566,929	8.07%	41,751,639
Ampla Investimentos	38,539,151	8.07%	3,108,917	43,824,715	8.07%	3,535,298
Cam Argentina S.A.	285,292	0.001%	4	341,390	0.00%	4
Cam Brasil S.A.	-	0.0000%	-	3,550,857	0.00%	5
Cam Colombia S.A.	3,655,123	0.001%	2	3,184,278	0.00%	43
Cam Perú S.A.	5,246,695	0.0001%	4	-	-	-
Central Hidroeléctrica Betania S.A.	-	-	-	363,482,619	0.01%	21,961
Chilectra S.A. (ex. Elesur S.A.)	759,014,600	0.92%	6,902,320	740,198,338	0.92%	6,734,658
Cia. Peruana de Electricidad S.A.	16,777,538	49.00%	8,220,993	22,932,626	49.00%	11,236,986
Codensa S.A.	445,351,089	78.19%	348,199,548	563,056,451	78.19%	440,227,954
Companhia Energetica Do Ceara - Coelce	413,535,909	41.14%	170,115,582	489,745,614	41.14%	201,465,843
Compañía de Transmisión del Mercosur S.A.	11,564,172	0.01%	338,480	11,888,281	0.01%	1,093
Construtora y Proyectos Los Maitenes S.A.	(1,522,263)	45.00%	(685,019)	(1,587,080)	45.00%	(722,131)
Edecel S.A.	407,048,817	44.56%	181,370,667	498,365,151	44.56%	222,058,918
Edenor S.A.	111,739,732	40.00%	44,695,893	152,041,634	40.00%	60,816,654
Edesur S.A.	448,357,338	34.11%	152,928,429	492,345,362	34.11%	167,905,959
Emesa S.A.	686,373,037	73.13%	501,937,249	664,042,954	76.55%	508,304,296
Empresa Eléctrica Panque S.A.	118,093,601	5.01%	5,923,811	125,430,647	5.00%	6,291,852
Endesa Argentina S.A.	134,393,664	0.01%	13,439	42,737,894	0.01%	4,273
Endesa Brasil S.A.	948,146,991	28.48%	270,055,452	1,079,738,211	28.48%	307,536,005
Endesa Cachoeira S.A.	338,480,971	0.39%	1,334,021	355,072,779	0.39%	1,399,412
Endesa Costanera S.A.	119,304,734	30.23%	36,071,676	150,100,911	35.74%	53,638,422
Endesa S.A.	1,884,226,640	40.02%	754,049,950	1,927,088,780	40.02%	771,203,118
Generandes Perú S.A.	206,672,674	40.37%	83,431,733	252,455,436	40.37%	101,913,786
Hidroeléctrica El Chocón S.A.	170,188,801	32.33%	55,015,232	202,116,934	34.81%	70,356,904
Hidroinvest S.A.	103,672,237	3.91%	4,048,816	82,180,015	30.07%	24,711,531
Inversiones Distirilla S.A.	67,065,126	31.61%	21,199,286	84,486,888	31.61%	26,706,305
Pehuénche S.A.	259,455,281	7.35%	19,069,963	232,588,570	7.35%	17,095,261
Soc. Agrícola de Cameros Ltda.	7,764,663	42.50%	3,299,982	7,911,719	42.50%	3,362,480
Túnel El Melón S.A.	-	0.00%	-	(9,629,565)	0.05%	(4,815)
Total			2,241,767,047			3,082,340,706

b. Minority shareholders' participation in the net (income) or loss of the Company's subsidiaries is as follows:

Company	As of December 31, 2007			As of December 31, 2006		
	Net income ThCh\$	Participation %	Total ThCh\$	Net income ThCh\$	Participation %	Total ThCh\$
Soc. Agrícola Pastos Verdes Ltda.	(6,227,268)	45.00%	(2,802,271)	(5,272,789)	45.00%	(2,372,755)
Agua Santiago Poniente	(60,504)	21.12%	(12,781)	107,570	41.70%	44,858
Ampla Energia e Serviços S.A.	(6,224,959)	8.07%	(502,162)	(27,002,236)	8.07%	(2,178,246)
Ampla Investimentos	(2,588,340)	8.07%	(208,800)	(4,465,169)	8.07%	(360,201)
Cam Argentina S.A.	11,380	0.001%	-	23,219	0.001%	-
Cam Brasil S.A.	(17,725)	0.0002%	-	711,001	0.0001%	1
Cam Colombia S.A.	(887,942)	0.001%	(1)	(813,650)	0.001%	(11)
Cam Perú S.A.	(1,205,347)	0.0001%	(1)	-	-	-
Central Hidroeléctrica Betania S.A.	-	-	-	(1,088,685)	0.01%	(66)
Chilectra S.A. (ex. Elesur S.A.)	(122,314,926)	0.92%	(11,112,306)	(249,208,722)	0.92%	(1,418,260)
Cia. Peruana de Electricidad S.A.	(1,501,954)	49.00%	(735,957)	(1,343,977)	49.00%	(658,549)
Codensa S.A.	(67,811,187)	78.19%	(53,018,451)	(93,599,914)	78.19%	(73,181,470)
Companhia Energetica Do Ceara - Coelce	(43,167,349)	41.14%	(17,757,682)	(78,209,142)	41.14%	(32,172,765)
Compañía de Transmisión del Mercosur S.A.	(1,233,106)	0.01%	(62)	(2,085,994)	0.01%	(363)
Construtora y Proyectos Los Maitenes S.A.	(82,471)	45.00%	(37,112)	(311,091)	45.00%	(139,991)
Edecel S.A.	(3,803,113)	44.56%	(1,694,571)	(9,277,188)	44.56%	(4,133,681)
Edenor S.A.	(10,711,550)	40.00%	(4,284,620)	(9,096,431)	40.00%	(3,638,572)
Edesur S.A.	(20,503,003)	34.11%	(6,991,928)	25,121,561	34.11%	8,567,279
Emesa S.A.	(51,012,220)	73.13%	(46,295,004)	(67,282,159)	76.55%	(51,502,407)
Empresa Eléctrica Panque S.A.	(34,138,191)	5.01%	(1,712,440)	(41,830,532)	5.01%	(2,098,303)
Endesa Argentina S.A.	(38,363,392)	0.01%	(5,836)	2,592,233	0.01%	259
Endesa Brasil S.A.	(109,050,767)	28.48%	(31,060,324)	(99,049,597)	28.48%	(28,211,705)
Endesa Costanera S.A.	11,134,854	30.23%	3,366,613	6,644,735	35.74%	2,374,489
Endesa Cachoeira S.A.	(62,023,300)	0.39%	(244,446)	(37,239,907)	0.39%	(146,770)
Endesa S.A.	(192,439,270)	40.02%	(77,012,403)	(203,567,376)	40.02%	(81,465,783)
Generandes Perú S.A.	(3,514,474)	40.37%	(1,418,759)	(6,844,543)	40.37%	(2,763,074)
Hidroeléctrica El Chocón S.A.	(8,814,829)	32.33%	(2,860,563)	(14,840,727)	34.81%	(5,166,057)
Hidroinvest S.A.	(20,907,848)	3.91%	(1,058,126)	(7,174,042)	30.07%	(2,157,244)
Inversiones Distirilla S.A.	(6,366,811)	31.61%	(2,012,549)	(5,209,454)	31.61%	(1,646,708)
Pehuénche S.A.	(138,741,293)	7.35%	(10,197,485)	(72,668,962)	7.35%	(5,341,169)
Soc. Agrícola de Cameros Ltda.	147,055	42.50%	62,498	42,919	42.50%	18,241
Túnel El Melón S.A.	-	-	-	(1,896,959)	0.05%	(948)
Total			(259,605,529)			(289,749,961)

NOTE 22. SHAREHOLDERS' EQUITY
a. Consolidated statements of changes in shareholders' equity:

Variations	Paid-in Capital ThCh\$	Share Premium ThCh\$	Other Reserves ThCh\$	Retained Earnings ThCh\$	Surplus (Deficit of subsidiaries in Development Stage ThCh\$	Interim Dividens	Net income (loss) for the period ThCh\$	Total Shareholders' Equity ThCh\$
Balances at 31.12.2005	2,365,606,672	168,583,950	(236,727,351)	230,391,292	-	-	68,016,865	2,595,871,428
Distribution of prior year income	-	-	-	68,016,865	-	-	(68,016,865)	-
Investment equity variations	-	-	(10,585,093)	-	-	-	-	(10,585,093)
Accumulated deficit of subsidiaries in development stage	-	-	-	-	(181,751)	-	-	(181,751)
Final dividend 73	-	-	-	(32,651,166)	-	-	-	(32,651,166)
Reserve Technical Bulletin 72	-	-	(825,381)	-	-	-	-	(825,381)
Reserve cumulative translation adjustment	-	-	14,766,794	-	-	-	-	14,766,794
Price-level restatement of capital	49,677,740	3,540,263	(4,971,274)	5,522,778	-	-	-	53,769,507
Income for the year	-	-	-	-	-	-	285,960,366	285,960,366
Interim dividend 74	-	-	-	-	-	(36,242,795)	-	(36,242,795)
Balances at 31.12.2006	2,415,284,412	172,124,213	(238,342,305)	271,279,769	(181,751)	(36,242,795)	285,960,366	2,869,881,909
Price-level restatement	178,731,046	12,737,192	(17,637,331)	20,074,703	(13,450)	(2,681,967)	21,161,067	212,371,260
Balances at 31.12.2006 price-level restated	2,594,015,458	184,861,405	(255,979,636)	291,354,472	(195,201)	(38,924,762)	307,121,433	3,082,253,169
Balances at 31.12.2006	2,415,284,412	172,124,213	(238,342,305)	271,279,769	(181,751)	(36,242,795)	285,960,366	2,869,881,909
Distribution of prior year income	-	-	-	249,535,820	181,751	36,242,795	(285,960,366)	-
Investment equity variations	-	-	(7,702,898)	-	-	-	-	(7,702,898)
Final dividend 75	-	-	-	(159,675,172)	-	-	-	(159,675,172)
Reserve Technical Bulletin 72	-	-	(56,595,443)	-	-	-	-	(56,695,443)
Reserve cumulative translation adjustment	-	-	(115,113,442)	-	-	-	-	(115,113,442)
Price-level restatement of capital	178,731,046	12,737,192	(17,637,331)	27,842,117	-	(190,784)	-	201,482,240
Income for the year	-	-	-	-	-	-	188,376,410	188,376,410
Interim dividend 76	-	-	-	-	-	(17,343,973)	-	(17,343,973)
Balances at 31.12.2007	2,594,015,458	184,861,405	(435,491,419)	388,982,534	-	(17,534,757)	188,376,410	2,903,209,631

b. **Distribution of dividends** – There are no restrictions of payment of dividends.

Dividend Number	Payment Date	Historical value (\$)	Type of dividend
73	March 2006	1.000	Final 2005
74	December 2006	1.110	Interim 2006
75	May 2007	4.890	Final 2006
76	December 2007	0.530	Interim 2007

c. **Number of shares**

	At December, 2007		
	No. of subscribed Shares	No. of paid-in Shares	Number of Voting Shares
Single	32,651,166,465	32,651,166,465	32,651,166,465

d. Subscribed and paid in capital is as follows:

Series	At December, 2007	
	Paid-in Capital ThCh\$	Paid-in capital ThCh\$
Single	2,594,015,458	2,594,015,458

e. **Other information**

Details of other reserves are as follows:

	Initial balance at January 1, 2007 ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2007 ThCh\$
Reserve for entities using remeasurement method	(34,751,311)	(7,702,898)	(42,454,209)
Reserve for accumulated conversion differences	(227,169,859)	(115,113,442)	(342,283,301)
Reserve for Technical Bulletin No. 72 (1)	5,941,534	(56,695,443)	(50,753,909)
Total	(255,979,636)	(179,511,783)	(435,491,419)

(1) Decrease in other reserves in 2007 due to the merger of the Colombian subsidiaries Emgesa S.A. and Betania S.A. (See note 11f).

In 2006, Other Reserves diminished owing to the corporate restructuring conducted by generation companies subject to common control in Colombia and Peru, which had a net effect of ThCh\$3,844,972 (see notes 11n-o), offset by ThCh\$3,019,541 (see note 11q).

Investment hedge reserve:

	Initial balance at January 1, 2007 ThCh\$	Reserve for assets ThCh\$	Reserve for liabilities ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2007 ThCh\$
Cumulative translation adjustment	(227,169,859)	(214,590,405)	99,476,963	(115,113,442)	(342,283,301)
Total	(227,169,859)	(214,590,405)	99,476,963	(115,113,442)	(342,283,301)

The balance of this investment hedge reserve is as follows:

	ThCh\$
Edesur S.A.	(62,330,178)
Distrilec Inversora S.A.	(39,343,811)
Inversiones Distrilima S.A.	(16,458,393)
Cía. Peruana de Electricidad S.A.	(2,856,029)
Ampla Energia e Servicios S.A.	(63,417,051)
Ampla Investimentos e Servicios S.A.	575,883
Endesa Brasil S.A.	(57,469,692)
Codensa S.A.	(56,108,490)
Investluz S.A.	(6,723,652)
Central Geradora Termelétrica Fortaleza S.A.	(6,901,247)
Synapsis de Colombia S.A.	(2,171,006)
Endesa Market Place	427,380
Endesa Argentina S.A.	(6,911,186)
Ingendesa Do Brasil Ltda.	(249,213)
Endesa Costanera S.A.	(1,686,422)
Cía. Eléctrica Cono Sur S.A.	(17,361,846)
Emgesa S.A. E.S.P.	(890,605)
Gasatacama S.A.	(173)
Electrogas S.A.	(284)
Inversiones Electrogas S.A.	(408,128)
Hidroeléctrica El Chocón S.A.	107,804
Hydroinvest S.A.	(1,684,495)
Southern Cone Power Arg. S.A.	(397,162)
Synapsis Argentina Ltda.	(25,305)
Total	(342,283,301)

NOTE 23. OTHER INCOME AND EXPENSES

a. **Other income:**

Details of other income for each year are as follows:

	Balance at December 31	
	2007 ThCh\$	2006 ThCh\$
Gain on sale of property, plant and equipment and materials	3,304,230	25,273,662
Gain on sale of materials	3,077,984	-
Services - projects and inspections	212,788	541,928
Penalties charged to contractors and suppliers	4,465,481	3,356,397
CDEC-SING power settlement gain	6,884,768	9,708,919
Brazilian subsidiaries price-level restatement	8,190,229	5,796,233
Cost recoveries	9,156,815	5,328,007
Reversal of contingencies provision and other provisions	77,084,233	32,109,418
Effect of application of technical Bulletin 64	39,426,083	12,558,699
Settlement Cemsa contract	8,144,524	-
Prior year rate adjustment (Edesur) (*)	27,804,434	-
Indemnities and commissions	2,627,468	9,568,701
Dividend from investees	1,368,495	990,303
Others	7,579,965	8,441,211
Total	199,327,497	113,673,478

(*) See note 5 No.1

b. Other expenses:

Details of other expenses for each year are as follows:

	Balance at December 31	
	2007	2006
	ThCh\$	ThCh\$
Loss on sale of fixed assets and materials	1,172,300	1,999,747
Obsolescence provision and write-off of fixed assets	7,330,758	13,788,047
Effect of application of BT 64 (1)	192,035,740	50,645,523
Contingencies and litigation	60,680,663	36,791,894
SIC power settlement loss	8,505,833	11,300,155
Pension plan expense	6,375,473	4,630,499
Index UFIR Brazilian subsidiaries	2,225,761	3,504,739
Penalties and fines	17,556,721	22,556,529
Other taxes Colombia	23,894,975	5,318,897
Other taxes Argentina and Brazil (PIS, COFINS and others)	9,202,124	9,845,648
Other taxes Perú	1,010,684	3,452,989
Energy efficiency Brazilian subsidiaries	1,231,974	13,151,051
Write-off of Copel and other contracts (Brazil)	-	32,776,508
Other	17,493,124	15,000,424
Total	348,716,130	224,762,650

NOTE 24. PRICE-LEVEL RESTATEMENT

The (charge) credit to income for price-level restatement (as described in note 2e) is as follows:

Assets	Index	2007		2006	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Inventory	I.P.C.	4,977,957	2,566,657		
Current assets	I.P.C.	14,991,941	9,786,684		
	U.F.	180,547	498,012		
Property, plant and equipment	I.P.C.	186,012,200	51,988,282		
Accounts receivable from subsidiaries	I.P.C.	4,986,582	1,960,997		
Investment in subsidiaries	I.P.C.	8,529,791	2,230,396		
Amortization of goodwill	I.P.C.	44,564,484	14,912,576		
Other assets	I.P.C.	205,424,618	57,653,769		
	U.F.	16,160,075	5,130,963		
Price-level restatement of the income statement		73,361,895	11,625,079		
Net credits - assets		559,190,090	158,353,415		
Liabilities and Shareholders' equity					
Shareholders equity	I.P.C.	(201,482,240)	(57,748,451)		
Current and long-term liabilities	I.P.C.	(161,207,878)	(46,017,162)		
	U.F.	(58,703,888)	(21,916,955)		
Minority interest	I.P.C.	(51,133,776)	(14,425,570)		
Accounts payable to subsidiaries	I.P.C.	(1,363,468)	(369,663)		
Non-monetary liabilities	U.F.	-	-		
Price-level restatement of the income statement	I.P.C.	(96,102,412)	(16,568,770)		
Net charge-liabilities and shareholders' equity accounts		(569,993,662)	(157,046,571)		
Net credits (charge) to income		(10,803,572)	1,306,844		

NOTE 25. EXCHANGE DIFFERENCES

The (charge) credit to income for foreign currency translation is as follows:

Assets (Charges) / credits	Currency	At December 31		Liabilities	Currency	At December 31	
		2007	2006			2007	2006
Assets		ThCh\$	ThCh\$			ThCh\$	ThCh\$
Cash	US\$	79,481	458,360	Short-term debt due to banks and financial institutions	US\$	99,722	(25,040)
Time deposits	Other	(49,732)	(2,767)	Current portion of long-term debt due to banks and financial institutions	US\$	1,480,231	21,580
	US\$	(5,492)	78,362	Current portion of bonds payable	US\$	1,999,966	(1,895,142)
Marketable securities	US\$	(14,913)	74,670	Accounts payable	US\$	634,672	(204,866)
	Other	(277,529)	12,457	Dividends payable	Other	(12,747)	1,989
Accounts receivable, net	US\$	(2,101,944)	270,592		US\$	(347,933)	-
	Other	-	(9,730)	Miscellaneous payables	Other	24,999	-
Prepaid expenses	US\$	-	616	Acerued expenses	US\$	856,623	(170,399)
Other current assets	US\$	(2,208,995)	267,803	Deferred income	US\$	-	(5,829)
	Other	(881)	(2,655)	Other current liabilities	US\$	(188)	(588,811)
Amounts due from related companies	US\$	(16,214,178)	1,801,168		US\$	(6,549)	(11,824)
Non-current assets				Long-term liabilities			
Long-term receivables	US\$	10,472,598	6,682,910	Due to banks and financial institutions	US\$	11,865,032	344,702
Amounts due from related companies	US\$	(4,697,085)	-	Bonds payable	US\$	2,676,818	(1,114,871)
Other assets	US\$	-	224,869	Accounts payable	US\$	1,556,418	-
Forward contracts and swaps	US\$	-	23,660	Other long-term liabilities	US\$	978,085	(510,060)
Total gain (loss)		(15,018,670)	9,880,315	Total gain (loss)		21,805,149	(4,158,568)
				Exchange difference - net loss		6,786,479	5,721,747

NOTE 26. CASH FLOW STATEMENT

• **Other financing disbursements in 2007 and 2006**

	At December 31	
	2007	2006
	ThCh\$	ThCh\$
Commissions on debt refinancing	-	636,449
Forward contract payments	576,888	6,628,444
Reimbursables contributions	787,571	508,124
Others	16,338	49,625
Total	1,380,797	7,822,642

• **Other receipts investment in 2007 and 2006**

	At December 31	
	2007	2006
	ThCh\$	ThCh\$
Receipts from loans granted to former subsidiary	-	583,012
Margin call premiums	-	435,556
Capital reduction Company Energy of Bogotá	-	490,175
Sale of Gasatacama Project to Southern Cross	43,172,429	-
Others	930,568	545,163
Total	44,102,997	2,053,906

• **Other investment disbursements in 2007 and 2006**

	At December 31	
	2007	2006
	ThCh\$	ThCh\$
Payments associated with derivative contracts	-	(11,642,495)
Payment Deutsche Bank Margin Call	(22,368,439)	-
Intangible assets	(1,245,930)	(1,285,594)
Purchase of Gasatacama Project from CMS enterprises	(43,342,838)	-
Software licenses	(2,771,517)	-
Others	(2,631,300)	(544,248)
Total	(72,360,024)	(13,472,337)

NOTE 27. FINANCIAL DERIVATIVES

As of December 31, 2007 the Company and its subsidiaries held the following financial derivative contracts with financial institutions with the objective of decreasing exposure to interest rate and foreign currency risk, as follows. These have been valued using the criteria specified in note 2y:

Amount ThCh\$	Amount of Hedged item	Book accounts affected				Type of derivative	Type of contract	Amount of contract US\$	Maturity date	Description of contracts		Hedged item
		Assets/liabilities		Effect on income						Item	Purchase /sale position	
		Name	Amount	Realized	Unrealized							
7,453,350	7,453,350	Other assets l/t	64,067	-	(1,450)	S	CCTE	15,000,000	III Quarter 11	Interest rate	P	Bank obl.
41,788,449	41,788,449	Other liabilities l/t	(715,522)	278,258	(715,522)	S	CCTE	84,100,000	IV Quarter 12	Interest rate	P	Bank obl.
13,818,907	14,264,980	Other assets l/t	646,954	415,276	7,566	S	CCTE	27,810,797	II Quarter 14	Interest rate	P	Bonds
9,746,540	9,746,540	Other liabilities s/t	(462,433)	-	(462,433)	S	CCTE	19,615,085	IV Quarter 15	Interest rate	P	Bank obl.
6,615,399	6,615,399	Other liabilities s/t	(1,520,230)	-	(1,520,230)	S	CCTE	13,313,609	II Quarter 08	Exchange rate	P	Bank obl.
22,609,851	22,609,851	Other liabilities s/t	(3,212,183)	-	(3,212,183)	S	CCTE	45,502,728	III Quarter 08	Exchange rate	P	Bank obl.
62,111,250	62,111,250	Other liabilities s/t	(3,877,756)	(119,440)	(4,645,735)	S	CCTE	125,000,000	III Quarter 08	Exchange rate	P	Bonds
527,697	527,697	Other liabilities s/t	(626,901)	-	(626,901)	S	CCTE	1,062,000	IV Quarter 08	Exchange rate	P	Bank obl.
20,703,750	20,703,750	Other liabilities l/t	(8,856,504)	-	(8,856,504)	S	CCTE	41,666,667	II Quarter 12	Exchange rate	P	Bank obl.
173,911,500	173,911,500	Other liabilities l/t	(105,889,080)	(1,345,816)	(228,878)	S	CCTE	350,000,000	I Quarter 14	Exchange rate	P	Bonds
11,129,360	11,129,360	Other liabilities s/t	(3,100,150)	-	(3,100,150)	S	CCTE	22,398,035	IV Quarter 15	Exchange rate	P	Bank obl.
124,222,500	124,222,500	Other liabilities l/t	(86,963,364)	(1,870,943)	(1,845,29)	S	CCTE	250,000,000	IV Quarter 16	Exchange rate	P	Bonds
49,689,000	49,689,000	Other liabilities s/t	(109,386)	-	-	OE	CCTE	100,000,000	IV Quarter 08	Interest rate	P	Bank obl.
24,844,500	24,844,500	Other liabilities s/t	(279,191)	-	-	OE	CCTE	50,000,000	IV Quarter 09	Interest rate	P	Bank obl.
19,875,600	19,875,600	Other liab. l/t-Other Assets l/t	(410,586)	-	-	OE	CCTE	40,000,000	III Quarter 10	Interest rate	P/S	Bank obl.
29,813,400	29,813,400	Other liab. l/t-Other Assets l/t	(279,291)	-	-	OE	CCTE	60,000,000	III Quarter 09	Interest rate	P/S	Bank obl.
-	-	Other liabilities s/t	-	(262,700)	-	FR	CCTE	24,000,000	III Quarter 07	Exchange rate	P	Bank obl.

NOTE 28. COMMITMENTS AND CONTINGENCIES

a. Collateral held by third parties:

• **Direct guarantees**

Guarantee	Subsidiary	Type guarantee	Type	Balance payable of related debt as of December 31,			Release of guarantees 2008
				Currency	2007	2006	
Creditors banks	Pangue S.A.	Mortgage and pledge	Real estate, properties	ThCh\$	2,267,573	4,729,610	-
Sociedad de Energía de la República Argentina	Endesa Argentina - Endesa Costanera S.A.	Pledge	Shares	ThCh\$	6,981,239	9,779,802	-
Mitsubishi	Endesa Costanera S.A.	Pledge	Combined cycle	ThCh\$	34,039,097	32,359,706	-
Credit Suisse First Boston	Endesa Costanera S.A.	Pledge	Combined cycle	ThCh\$	19,875,600	22,871,474	-
Other creditors	Endesa Matriz	Bank bond		ThCh\$	3,024,438	6,025,483	-
Other creditors	Edegel S.A.	Pledge	Real estate, properties	ThCh\$	52,634,012	90,536,732	-
Deutsche Bank (*)	Enersis S.A.	Deposits accounts	Deposits accounts	ThCh\$	52,542,585	42,332,013	-
Other creditors	Ampla S.A.	Pledge over collections and others		ThCh\$	134,723,938	26,284,050	-
Other creditors	Coelce S.A.	Pledge over collections and others		ThCh\$	60,995,368	84,079,749	-
International Finance Corporation Bndes	CGT Fortaleza S.A.	Mortgage and pledge	Real estate, properties	ThCh\$	56,637,549	70,068,426	-
	Cachoeira Dourada S.A.	Pledge		ThCh\$	617,150	3,877,832	-

(*) See note 9

• **Indirect guarantees**

Guarantee	Subsidiary	Type guarantee	Balance payable of related debt at December 31,			Release of guarantees			
			Currency	2007	2006	2007	2008	2009	2010
2 nd civil court Quillota	Cía. Eléctrica San Isidro	Guarantees	ThCh\$	10,000	10,740	-	10,000	-	-
Vestas Elóicas S.A.U.	Endesa Eco S.A.	Guarantees	ThCh\$	7,468,361	7,704,323	-	7,468,361	-	-
Banco Español de Crédito	Cía. Eléctrica Tarapacá S.A.	Guarantees	ThCh\$	2,047,648	7,068,876	-	2,047,648	-	-
Cédulas de crédito bancario	CIEN	Guarantees	ThCh\$	168,313,537	160,463,977	-	-	-	-

b. Litigation and other legal actions

Enersis S.A.

Plaintiff : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A.
Defendant : The Republic of Argentina
Court : CIADI Arbitration Panel
Case/Identification : (CIADI Case ARB/03/21)

Compensation for losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation of the power distribution concessionaire Edesur S.A. on the grounds of violation of the Investment Protection and Promotion Agreement entered into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Concession Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Concession Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Concession Contract, therefore being harmful to the investment the Plaintiff companies have made

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested.

On April 6, 2005, the allegations of the parties regarding this jurisdiction issue took place. The court decided to accept the re-petition and re-response of the parties, setting a brief term for them. And the parties met the term. On June 15, 2005, Edesur S.A. entered with the Unit for Renegotiation and Analysis of Public Services Contracts (UNIREN) into an Understanding Letter within the framework of the process for renegotiating Edesur S.A.'s Concession Contract, envisaged in Law No.25,561 and supplementary regulation. As a result of the Understanding Letter, on August 29, 2005, the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy were entered into. At the request of the Argentine Government, the Minutes of Agreement were executed again, on the same terms and conditions, on February 15, 2006, to include the new female Minister of Economy and Production. The Minutes envisage a Transitional Rate Regimen, retroactively effective beginning on November 1, 2005; require approval of the authorities for paying dividends during the life of the transitional regime; and include other aspects associated with investments, quality of service, penalties applied to Edesur, and unpaid penalties. Also, it establishes a Full Rate Revision, by which a new rate regime is to be set, which was scheduled to become effective on November 1, 2006, and for the next 5 years, under the supervision of the Ente Nacional Regulador de la Electricidad (ENRE), in accordance with law 24,065

In addition, the Understanding Letter imposes the obligation of initially suspending, and subsequently dropping, all actions filed against the Argentinean State by Edesur S.A. and its shareholders. Such requirement would cause Enersis S.A. to suspend the international arbitration started on April 25, 2003 with the International Center for the Settlement of Disputes regarding Investments between States and Nationals of Other States (CIADI).

After publication in the Official Gazette of the Republic of Argentina of the resolution approving the rates arising from the Full Rates Revision, Enersis S.A. and its subsidiaries Chilectra S.A., Empresa Nacional de Electricidad S.A. and Elesur S.A. (currently, Chilectra S.A.) would drop the abovementioned international arbitration started with the CIADI.

On September 16, 2005 the Republic of Argentina made a filing requesting the suspension of the proceedings. It was answered on September 22, 2005 by the plaintiffs, who opposed the suspension. On September 30, 2005 the court rejected the Argentinean request, for lack of consent. On October 7, 2005, Argentina made a new filing on the same issue, which the court communicated to us on October 11, 2005, and we answered the filing on October 18, 2005.

On March 28, 2006, the court ordered the suspension of the proceedings for a term of 12 months, after which it will call on the parties to report on the status of the negotiation conducted in accordance with the Minutes of Agreement for the

Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. Subsequently, the court will decide whether or not the proceedings should continue. The Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, after being approved by the Congress of the Argentine Nation, were ratified by the Executive National Argentine Power through decree 1959 of 2006, published on the Official Gazette on January 8, 2007, and now their regulation by the ENRE is pending.

ENRE Resolution 50/2007, of January 30, 2007, published in the Official Gazette on February 5, 2007, proceeded to comply with certain stipulations of the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, approving the amounts of the new Edesur Rate Table that reflects the increases in cost provided for in the Transition Rate Regimen, and issuing certain rules governing predictions contained in the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. In particular, with regard to its most important effects, the ENRE adopted the following decisions among others: 1. Approval of the new Rate Table reflecting the Transition Rate Regimen: ENRE approved the amounts of Edesur's Rate Table leading to the Transition Rate Regimen provided for in the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy and, therefore implements the increase of 23% above typical distribution costs (which does not affect T1R1 and T1R2 rates), above connection costs and above service restoration costs incurred by Edesur, as well as also the additional average increase of 5% above the above typical distribution costs earmarked for executing a works plan. 2. Date of application of the new Rate Table reflecting the Transition Rate Regimen: ENRE Resolution No. 50/2007 decreed application of the above new Rate Table starting from the invoicing of the consumption recorded after zero hours of February 1, 2007. 3. Cost Monitoring Mechanism: ENRE Resolution No. 50/2007 stipulated application of a positive variation of 9.962% of the Cost Monitoring Mechanism Indices to the service costs, with such application being made starting from May 1, 2006 (on which date the first six-month period after November 1, 2005 for review of the prices provided for in the MMC ended). For invoicing the amounts of such variation, the Resolution also stipulated that it should be broken down and charged in 55 installments. The plaintiffs petitioned the court to extend the stay of the proceedings for a further 12 month period. In this regard, on March 9, the Court issued Resolution SE No. 433/2007 whereby the Minister of Energy extended the Contractual Transition Period, provided for in the Heads of Agreement, to the date on which the rate table resulting from the Full Rate Annulment comes into force, which is February 1, 2008. The Resolution also indicated that the stay of actions provided for in the Heads of Agreement was extended through to the time when the above rate table comes into force, when actions could be taken again always provided that Edesur S.A. had fulfilled certain obligations. On August 1, 2007, the Court decided to maintain the stay through January 8, 2008, at the request of the parties. Once this period has transpired, the Court will ask the parties to report the situation of the process of negotiation as per the Heads of Agreement. Once notified of the above, the Court will issue a decision as to whether the proceedings should continue or not.

Amount US\$574,739,550

Plaintiff : Omaira Cely Vargas and Rosa Elvira Viracachá Tunarosa, through lawyer Martha Teresa Briceño de Valencia
Demanded : Cámara de Comercio de Bogotá, Mr. Alvaro Pérez (liquidator of Luz de Bogotá), Endesa Internacional S.A., Enersis S.A., Agencia Islas Caymán, Chilectra S.A., Agencia Islas Caimán y Enersis Internacional (shareholders of Luz de Bogotá)
Tribunal : Third Civil Court of Bogota Circuit
Case/Identification : Case file No. 2006-0315

On July 15, 2004, Mr. Alvaro Pérez Uz (linked to the Endesa Group), liquidator of Luz de Bogotá S.A., registered minutes No. 26 of July 9, 2004, containing the final winding up count, in the Bogotá Chamber of Commerce. Payment for such registration was Col\$48,000. The remainder that was distributed to the partners amounted to Col\$1,764,208,721,394, which is the sum, according to the plaintiffs, making up the base to which 0.7% to be paid to the Department of Cundinamarca, should be applied, according to Ordinance 24 of 1997 and articles 226, 229 and 230 of Law 223 of 1995. The Chamber initially rejected the registration so that the liquidator should include the distribution of the surplus as a document with no value. Based on articles 89, 218 and 431 of the Commercial Code, the liquidator stated that the liquidation minutes did not need to state the amounts of the surplus. The Chamber accepted the argument and registered the minutes. According to the plaintiffs, the Department of Cundinamarca lost Col\$12,349,461,050 as a result. Consequently, the plaintiff petitions for the Chamber to be ordered to pay that amount, plus penalty interest, plus a penalty of 160% for inaccurate declaration, plus 15% for the tax not paid as an incentive in affairs involving administrative morality. Mrs. Martha Teresa Briceño de Valencia bought the litigation rights of Mrs. Omayra Cely and Rosa Elvira Viracachá Tunarosa, who filed the original lawsuit, for Col\$10 million.

Process status: Process is in the petition and defense stage. All defendants submitted pleas for the defense. The case file was received by the Judge of the Third Civil Court of the Bogota Circuit with the pleas for the defense, the intervention of the Department of Cundinamarca and a petition for the precautionary measures petitioned by the Chamber of Commerce (Embargo of Enersis Agencia Islas Cayman and Chilectra Agencia Islas Cayman shares in Codensa) to be resolved. The Judge then refused the precautionary measures, so the Governor's Office of Cundinamarca and the Chamber of Commerce filed an appeal for reconsideration of judgment and, failing that, an appeal to a higher court for reversal. The judge did not reconsider and sent the proceeding involving the precautionary measures to the Court of Appeal. A date was set for the agreement hearing, which is a procedure whereby the parties must propose formulas to reach an agreement. In parallel fashion, for the same concept, the Municipal Treasury has prepared a Liquidation Report on the Bogota Chamber of Commerce, which will probably lead to a proceeding related to an action under administrative law, where Endesa Internacional, Enersis Agencia and Chilectra Agencia could be included as defendants.

Amount ThMCol\$61.36 - MUS\$30

Plaintiff : Internal Revenue Service
Defendant : Enersis S.A.
Court : Tax Court
Case/Identification : 10.825-07RR

On April 28, 2007, Enersis S.A. was notified of Summons No. 21 of 2007 by the Internal Revenue Service, whereby this Agency requests that the Income Tax returns filed for business years 2003 and 2004 should be clarified, amended or confirmed. The above Summons refers to several operations performed in those years. On June 28, 2007, the Summons was answered.

Process Status: On July 31, 2007, the Internal Revenue Service notified Enersis S.A. of Resolution 151, whereby it accepted Enersis S.A.'s answer to several points in the summons while maintaining its position with regard to others. The Internal Revenue Service was requested to submit the points of disagreement to an Administrative Reconsideration with the alternative of an appeal. On December 6, 2007, Enersis S.A. was notified that the resolution held the appeal to have been filed and a report had been requested from the tax inspector.
Cuantía M\$42,517 - MUS\$85.57

Chilectra S.A.

Plaintiff : Enersis S.A., Elesur S.A. (now Chilectra S.A.), Empresa Nacional de Electricidad S.A.
Defendant : The Republic of Argentina
Court : CIADI Arbitration Panel
Case/Identification : CIADI Case ARB/03/21

Compensation of losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation in the power distribution concessionaire Edesur S.A. on the grounds of non-fulfillment of the Investment Protection and Promotion Agreement entered into by the Republics of Chile, and Argentina and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Concession Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Concession Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Concession Contract, therefore being harmful to the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested.

On April 6, 2005, the allegations of the parties regarding this jurisdiction issue took place. The court decided to accept the re-complaint and re-answer of the parties, setting a brief term for them. And the parties complied with the term.

On June 15, 2005, Edesur S.A. entered with the Unit for Renegotiation and Analysis of Public Services Contracts (UNIREN) into an Understanding Letter within the framework of the process for renegotiating Edesur S.A.'s Concession Contract, envisaged in Law No.25,561 and supplementary regulation. As a result of the Understanding Letter, on August 29, 2005, the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy were entered into. At the request of the Argentine Government, the Minutes of Agreement were executed again, on the same terms and conditions, on February 15, 2006, to include the new female Minister of Economy and Production. The Minutes envisage a Transitional Rate Regimen, retroactively effective beginning on November 1, 2005; require approval of the authorities for paying dividends during the life of the transitional regime; and include other aspects associated with investments, quality of service, penalties applied to Edesur, and unpaid penalties. Also, it establishes a Full Rate Revision, by which a new rate regime is to be set, which was scheduled to become effective on November 1, 2006, and for the next 5 years, under the supervision of the Ente Nacional Regulador de la Electricidad (ENRE), in accordance with law 24,065.

In addition, the Understanding Letter imposes the obligation of initially suspending, and subsequently dropping, all actions filed against the Argentinean State by Edesur S.A. and its shareholders. Such requirement would cause Enersis S.A. to suspend the international arbitration started on April 25, 2003 with the International Center for the Settlement of Disputes regarding Investments between States and Nationals of Other States (CIADI).

After publication in the Official Gazette of the Republic of Argentina of the resolution approving the rates arising from the Full Rates Revision, Enersis S.A. and its subsidiaries Chilectra S.A., Empresa Nacional de Electricidad S.A. and Elesur S.A. (currently, Chilectra S.A.) would drop the abovementioned international arbitration started with the CIADI.

On September 16, 2005 the Republic of Argentina made a filing requesting the suspension of the proceedings. It was answered on September 22, 2005 by the plaintiffs, who opposed the suspension. On September 30, 2005 the court rejected the Argentinean request, for lack of consent. On October 7, 2005, Argentina made a new filing on the same issue, which the court communicated to us on October 11, 2005, and we answered the filing on October 18, 2005.

On March 28, 2006, the court ordered the suspension of the proceedings for a term of 12 months, after which it will call on the parties to report on the status of the negotiation conducted in accordance with the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. Subsequently, the court will decide whether or not the proceedings should continue. The Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, after being approved by the Congress of the Argentine Nation, were ratified by the Executive National Argentine Power through decree 1959 of 2006, published on the Official Gazette on January 8, 2007, and now only their regulation by the ENRE is pending

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the prices provided for in the MMC ended). For invoicing the amounts of such variation, the Resolution also stipulated that it should be broken down and charged in 55 installments. The plaintiffs petitioned the court to extend the stay of the proceedings for a further 12 month period. In this regard, on March 9, the Court issued Resolution SE No. 433/2007 whereby the Minister of Energy extended the Contractual Transition Period, provided for in the Heads of Agreement, to the date on which the rate table resulting from the Full Rate Annulment comes into force, which is February 1, 2008. The Resolution also indicated that the stay of actions provided for in the Heads of Agreement was extended through to the time when the above rate table comes into force, when actions could be taken again always provided that Edesur S.A. had fulfilled certain obligations. On August 1, 2007, the Court decided to maintain the stay through January 8, 2008, at the request of the parties. Once this period has transpired, the Court will ask the parties to report the situation of the process of negotiation as per the Heads of Agreement. Once notified of the above, the Court will issue a decision as to whether the proceedings should continue or not.

Amount US\$722,969,910

Plaintiff : Gladys Calderón Rojas
Defendant : Chilectra S.A.
Court : 19th Civil Court of Santiago
Case/Identification : Case No. 5540-2000

Mrs. Gladys Calderón Rojas filed a claim against the appraisal by a Committee of Good Men setting the easement for Chilectra S.A. on the plaintiff's property in Quilicura at 54 million Chilean pesos.

Process status: On July 19, the definitive appealable judgment, ordering payment to the plaintiff of 118,590 Unidades de Fomento (inflation index-linked units of account) for the easement for Chilectra S.A. on her property, was notified. Whereas clause 36 of the ruling states that, as provided for in article 68 of Statutory Decree 1 of 1982 of the Ministry of Mines, compensation should only be paid for the concepts listed, that is to say, land occupied by the towers; strip of land; protection strip; indirect influence strip; damage caused by use of access roads to the property; and reduction of the buildable surface area as a result of the easements. On July 31, an appeal for annulment on the form and appeal to a higher court for reversal, thereby challenging the resolution since the court of the first instance included aspects that should not be compensated according the aforementioned legislation. On December 20, the remedy of annulment filed by Chilectra's defense was rejected and, therefore, the case will be heard only with a devolutive effect.

Amount 152,533 Unidades de Fomento (Inflation index-linked units of account). - MUS\$6.0

Plaintiff : Municipality of Pedro Aguirre Cerda
Defendant : Chilectra S.A.
Court : 1st Civil Court of San Miguel.
Case/Identification : 15.050-2006.

The municipality filed a claim for declaring, calculating and paying compensation and rentals because, according to its petition, the more than 10,000 lamppost in Pedro Aguirre Cerda belong to or are in the public domain or are municipal property.

Process status: On January 22, pleas of dilatory exception of the lack of jurisdiction of the court and substitution of the proceedings were raised. The court rejected them and an appeal was lodged. Plea for the defense against the lawsuit. The Court of Appeal determined that the resolution rejecting the dilatory exceptions is null and void, so a new ruling determining their merits needs to be issued. On October 1, a Judge who was not disqualified resolved that the First Civil Court of San Miguel does not hold jurisdiction to hear the claim filed by the municipality of Pedro Aguirre Cerda. The latter lodged an appeal on October 5. To date, the case has not been heard in the San Miguel Court of Appeal. Undetermined amount.

Plaintiff : Rosendo Andrés Contesso Beltra and María Elena Concha Camaño
Defendant : Chilectra S.A.
Court : 4th Civil Court of Santiago.
Case/Identification : 2571-2007.

Legal action for material damages and moral prejudice non-contractual liability as a result of serious injuries (partial amputation of both arms) suffered by Mr. Rosendo Andrés Contesso Beltra, a worker of Luis Estay V. Ingeniería Eléctrica Construcción Ltda., which event occurred on October 17, 2005, while he was changing a lightbulb on a lamppost, a task commissioned to his employer by the Municipality of Pedro Aguirre Cerda.

Process status: A plea of dilatory exception due to incompetence of the petition was filed and rejected. On June 19, the plea for the defense against the lawsuit was raised. On June 29, the rebuttal was made. On July 13, Chilectra lodged the rejoinder. On July 19, the court summoned the parties to a reconciliation hearing. On September 28, the writ of evidence was ordered.

Amount Ch\$3,000,000,000 - MUS\$6.0

Plaintiff : Siderúrgica AZA S.A.
Defendant : Chilectra S.A.
Court : Arbitrator Ramón Cifuentes Ovalle.
Case/Identification : N/A

On January 16, 1997 the parties signed a power supply contract for the property located on the Panamericana Norte Highway in the community of Colina. This contract gave rise to a dispute between the parties. Chilectra informed AZA of its decision to not automatically renew the contract. AZA specified that it accepted the notification of non-renewal of the contract, but, in contrast to Chilectra, it specified that the contract expired on December 28, 2008. An arbitrator was appointed to settle the dispute, with Mr. Ramón Cifuentes Ovalle being appointed.

Process status: On May 29, the arbitration was set up and the procedure stipulated. On June 28, AZA presented its petition. On August 7, Chilectra presented its defense and filed a counterclaim. AZA presented its written rebuttal on August 24 and Chilectra its rejoinder on September 10. On October 11, AZA filed the rejoinder against the counterclaim. On November 15, the reconciliation hearing took place, with no agreement having been reached by the parties to date.

Amount: Undetermined.

Edesur S.A.

Plaintiff : Asociación Coordinadora de Usuarios Consumidores y Contribuyentes - Ente Nacional Regulador de la Electricidad (ENRE).
Defendant : Edesur S.A.
Court : N°2 Federal Civil and Commercial First Instance Court, Registry of the Court N° 6, La Plata
Case/Identification : 38676/03

Summary of proceedings: The said institution filed a measure through which it expects ENRE and EDESUR to be ordered to suspend cabling works in Quilmes, Province of Buenos Aires, as well as the company's "Sobral" sub-station due to the damage the installations may cause to the population's health.

Process status: After a hearing convened by the court and another hearing at the ENRE, which were attended by the parties and the other entities mentioned in the preceding paragraph, a number of technical measures were implemented to diminish the CEM values, even below the values set in the applicable norms. No new developments have occurred in this trial ever since.

Amount: Undeterminable

Plaintiff : Users affected by a mass power outage in Buenos Aires
Defendant : Edesur S.A.
Court : Courts and Civil and Commercial Courts of the Federal Capital of Buenos Aires
Case/Identification : (Various processes)

Summary of proceedings: As a result of a prolonged outage in February, 1999, which affected 160,000 clients, a large number of claims for damages caused to such users began to be received as of mid 2000.

Process status: This involves several proceedings, started on different dates, so each at its own procedural step depending on its degree of progress. Currently, 4501 proceedings are being handled.

Amount involved: Ar\$24,948,773

Plaintiff : Edesur S.A.
Defendant : Transportes Metropolitanos Gral. Roca.
Court : First Instance National Commercial Court, Registry of the Court N° 1
Case/Identification : 87934/03

Summary of proceedings: Edesur promoted an action to declare settlements in public property free-of-charge, taking into consideration that the company Transportes Metropolitanos General Roca S.A. (T.M.R.) intends to charge an annual rent for every crossing or power line wiring along the rails (existing or future) over land designated as railroad service property.

Process status: Edesur obtained from the corresponding Court a precautionary measure through which the company is not obliged to pay rent while the procedure is pending resolution. The proceedings returned to the Federal Court of La Plata and the trial is in the status in which the judge must issue a first instance sentence.

Amount: Undetermined

Plaintiff : Users and Consumers Union.
Defendant : Edesur S.A.
Court : N° 11 Federal Administrative First Instance National Court, Registry of the Court N° 21.
Case/Identification : 142321/02

Summary of proceedings: The Users and Consumers Union want a modification of the type of rate applied to the many condominium owners consortiums existing in the City of Buenos Aires and EDESUR users. This would imply an important reduction of the values to be invoiced in the future to these consortiums, as well as the obligation for retrospective reimbursement of “unduly” received amounts.

Process status: Court is issuing ruling.

Amount: Undeterminable

Plaintiff : Edesur S.A.
Defendant : National State (Ministry of Economy)
Court : N° 3 Federal Administrative First Instance National Court, Registry of the Court N° 5.
Case/Identification : 1856/97

Summary of proceedings: In accordance with a provision in Power Law 24065, the power sector concessionaire companies must pay a significant rate to the Power Regulating National Agency (ENRE) with the purpose of financing its controlling and regulating activities (the rate is paid by EDESUR, among other concessionaires.) These expenses must not exceed annually the amount of the rate paid, thus giving rise to a financial surplus which, instead of being allocated to the Argentinean government, must be refunded to the companies. In this regard, the action was filed to nullify a resolution of the General Agency for Management of the Economy Ministry, which allocates to the Argentinean Treasury these financial surpluses. Obviously, this resolution is confiscatory in nature, because the rate must always be a payment for a service provided, and no portion of it must become income for the government.

Process status: The Supreme Court is in the process of issuing its ruling

Amount: Undeterminable.

Plaintiff : Edesur S.A.
Defendant : Municipality of Berazategui
Court : N° 2 Federal Administrative First Instance Court for Civil, Commercial and Administrative Trials, Registry of the Court N° 5. in La Plata
Case/Identification : 11,859/05

Summary of proceedings: Legal action was taken against the Municipality of Berazategui, to the effect of declaring the right of Edesur S.A. to continue the necessary works to construct the “Rigolleau” Substation, located in the department of Berazategui, which were suspended by the sued Municipality through Decree N° 758/05, whose unconstitutionality and unenforceability is requested in the lawsuit.

Process status: Actions prior to issuing ruling.

Amount: Undeterminable.

Plaintiff : Edesur S.A.
Defendant : Municipality of Berazategui
Court : N° 2 Federal Civil, Commercial and Administrative First Instance National Court, Registry of the Court N° 5, La Plata.
Case/Identification : 11.893/05

Summary of proceedings: A lawsuit was filed against the Municipality de Berazategui, so that it allows Edesur S.A. to render public services consisting in distributing electricity, for which it must install an underground electrical line under the western sidewalk of street 5, between Avenida Mitre and Calle 146, in Berazategui. The installation was suspended by the defendant through Decree No.1207/05, of which the plaintiff is seeking that it be pronounced unconstitutional and inapplicable. Also, an injunction was requested from the court. The court granted the injunction, suspending the application of Decree No. 758/05, and ordering the district authorities to refrain from stopping the development and/or completion of the installation of the underground 132-Kw line linking the sub-station located there, as well as the adequacy and remodeling of the line.

Process status: The Court decided favorably with regard to the petition for a precautionary measure, suspending application of the Decree and enabling Edesur to set up its facilities and then energize them with the intervention of ENRE and Universidad Nacional de La Plata. The community appealed against the precautionary measure. The Municipality filed a plea against the service of process. Since the above precautionary measure had become a self-gratifying measure, a petition was filed to have the proceeding disregarded.
Amount: Undetermined

Plaintiff : Edesur S.A.
Defendant : Government of the Town of Buenos Aires (GCBA)
Court : N° 8 Administrative and Tax Court of the City of Buenos Aires, Registry of the Court N° 15
Case/Identification : 25442/07

Summary of proceedings: Several administrative acts decreed by GCBA whereby it required that documentation from the 2003 tax period should be furnished were challenged, since such petition is time-barred according to the regulations of article 34 of the Edesur S.A. Concession Contract.

In each of the acts being challenged, the GCBA Revenue Service has instituted preliminary proceedings and fined Edesur S.A., sustaining in its resolutions that the offense of failure to comply with formally ordered tax duties (Articles 89 and 91 of the Tax Code) had been constituted. Such decision-making is inadmissible insofar as it contravenes the tax regimen of the Public Power Utility, under national jurisdiction.

Process status: Step subsequent to filing the lawsuit. The lawsuit was elaborated on. Warrants were issued to GCBA for it to remit the respective administrative files involved in the proceedings to the case records.

Amount: Undetermined

Plaintiff : Consumidores del Sur Asociación Civil sin fines de lucro
Defendant : The State and Edesur S.A.
Court : N° 5 Administrative and Tax Court of the City of Buenos Aires, Registry of the Court N° 9
Case/Identification : 8803/07

Summary of proceedings: This proceeding addresses the validity of retroactive collection of the rate increase stipulated in National Executive Decree 1959/06. Consequent to the above, the petition has been made for the defendants to return the amounts of money received pursuant to the above regulation and to rule that the obligations generated by it have been abated.

Process status: On his own initiative, prior to any step in the proceedings, the Judge has required that Edesur attach all the administrative records drawn up in its offices with regard to the Contract Renegotiation Agreement. The service of process has still not been served on Edesur.
Amount: Undetermined

Plaintiff : Edesur S.A.
Defendant : Buenos Aires City Government ("GCBA")
Court : N° 7 Administrative and Tax Court of Buenos Aires City, Registry of the Court N° 13
Case/Identification : 2955/00 - 6262/99

Summary of proceedings: The provision through which the Buenos Aires City Government tries to charge an annual rent for each underground transformation center installed by Edesur in public roads is contested. At the same time, the provision tries to force Edesur to cover the costs resulting from the removal of the said centers whenever removal is necessary. The contested provision violates the Concession Contract.

Process status: Ruling by the Appeal Court for Federal Administrative Matters ratifying the appealable ruling favorable to Edesur. Conclusion of the proceedings will depend on GCBA possibly filing an Extraordinary Remedy.

Amount: Undeterminable

Plaintiff : Edesur S.A.
Defendant : Buenos Aires City Government (GCBA)
Court : N° 7 Administrative and Tax Court of the City of Buenos Aires, Registry of the Court N° 13.
Case/Identification : 2956/01

Summary of Proceedings: To contest a GCBA provision through which payment of procedure expenses on permits requested by Edesur for the installation of its lines is demanded, as well as payment for the corresponding inspections carried out by the GCBA, in addition to a rent for using public roads with power systems for the provision of power distribution public utilities.

Process status: A favorable appealable ruling was won, and the other party has filed an appeal. The prosecutor's office of the Court of Appeal issued a ruling sustaining that, in its opinion, the ruling favorable to Edesur should be ratified. The ruling in the second instance is being issued.
Amount: Undetermined.

Ampla Energia e Serviços S.A.

Plaintiff : Meridional S/A Servicios, Empreendimentos y Participaciones
Defendant : Ampla
Court : 9th Chamber of Rio de Janeiro Public Finance
Case/Identification : 98.001.048296-8

Summary of Proceedings: MERIDIONAL - Mistral and Civel, represented by Meridional, claim they are creditors of the former state electricity distribution company CELF, owing to the existence of contracts of jobs undertaken for said company. Meridional in its representation demands payment of invoices supposedly outstanding and the payment of contractual fines for rescission of the contracts for the above mentioned jobs, for the sum of R\$136,085,087.02.

Process status: Appealable sentence favorable to Ampla. The Plaintiff lodged an appeal and Ampla was required to submit its pleas. On September 25, 2006, Ampla submitted its pleas and became a party to the appeal. Since the State of RJ could not have access to the case records, the resolution ordering filing of the counterarguments was notified again on January 22, 2007. The State did not file any other declaration and on March 23, 2007 the case records were remitted to the Office of the Attorney General. The 9th Prosecutor's office of the Public Prosecutor's Office of the Capital issued an opinion in favor of maintaining the sentence, in other words, rejecting the remedies filed. On April 16, 2007, the court records were remitted to the Courts of Law and the appeals sent to the 9th Civil Court. The court records were then remitted to the Office of the Attorney General and the 3rd Prosecutor's Office also issued an opinion in favor of rejecting the remedies filed. Currently, the court records have been in the hands of the reporting clerk since May 14, 2007. The date of the appellate hearing was set for the Session of August 28, 2007. On August 27, 2007, Ampla formally filed a petition specifying a law and order issue and requiring a declaration by the Office of the Attorney General on the matter. Given the above, the case was removed from the list of the Session on August 28, 2007 and remitted to the Public Prosecutor's Office on August 29, 2007. On September 5, 2007, the case records were returned with the opinion of the Public Prosecutor's Office requesting certification of passage through the courts in the above proceedings. Currently, the case records have been with the reporting clerk since September 10, 2007.

Amount: MR\$293.1 - MUSS165.6

Plaintiff : Enertrade - Comercializadora de Energia S.A
Defendant : Ampla
Court : Getulio Vargas Foundation Chamber for Conciliation and Arbitration
Case/Identification : Arbitration procedure No. 03/2005

Summary of Proceedings: On December 22, 2002, Ampla and ENERTRADE signed a 20-year electric energy sales contract (40MW average). This contract was sent to ANEEL (Agencia Nacional de Energia Eléctrica) (National Electric Energy Agency) for its evaluation and resulting official approval. ANEEL approved the contract because certain conditions were fulfilled, among them, a 25% reduction in the price of the contracted energy (from R\$ 97.4 t R\$ 72,6/MWh). Given this determination, Ampla only paid the value authorized by ANEEL. ENERTRADE sustained that the contract was tacitly approved by ANEEL due to the passage of time and obtained, through judicial demand n° 2003.34.00.023785-2 against ANEEL, a provisional judicial measure that suspended the effects of the condition imposed by ANEEL, declaring the contract tacitly approved by that entity.

ANEEL has not yet been able to have this provisional measure annulled. With the purpose of confirming the right assured by the provisional measure, ENERTRADE, in December 2005, established an arbitration procedure against AMPLA, under n° 3/2005 in the Cámara de Conciliación y Arbitraje of the Fundación Getúlio Vargas/RJ. Ampla continued to pay the reduced rate because, in addition to not being part of the process, it was not authorized to transfer the full cost to its tariffs

Process status: Arbitration in the evidence state. On January 12, the parties presented graphs showing the stock ownership of the companies involved in the arbitration, as well as also information about the companies that audited the parties and the companies linked to them. At the request of the Court of Arbitration, Ampla clarified the information presented, indicating the other auditing companies of the Endesa Group. On February 12, 2007, the petition for expert accounting and technical testimony required by Ampla was ordered, as well as also for expert witnesses. On March 2, 2007, the technical assistants were appointed and the legal standing and role of the witnesses presented. ENERTRADE challenged the issues presented by Ampla. On March 16, 2007 Ampla filed a reply to the challenge. On April 2, 2007, the Court of Arbitration notified the extension of the deadline for concluding the arbitration proceedings by 178 days. The new deadline is September 28, 2007. On May 21, 2007, the experts for the technical and accounting expert testimony were named. The end of confidentiality was signed by the experts and technical assistants of both parties. The technical and accounting expert testimony started. A hearing was set for September 27, 2007 with the presence of all the parties, experts and their respective technical assistants. On December 18, 2007, the Court of Arbitration extended the deadline for concluding the accounting expert testimony.

Amount MR\$ 75.51 - MUSS 42.66

Plaintiff : Ampla
Defendant : Enertrade - Comercializadora de Energia S.A
Court : Getulio Vargas Foundation Chamber for Conciliation and Arbitration
Case/Identification : Arbitration procedure No. 04/2006

Summary of Proceedings: Counterclaim by Ampla against ENERTRADE. The facts of this procedure are the same as arbitration procedure 03/2005. Bearing in mind that the arbitration rules of this Chamber do not consider counterclaims, Ampla petitioned for a new arbitration to be established, with a view to decreeing the nullity of the contract or, alternatively, its avoidance. In this case, the same arbitration court has jurisdiction for hearing the case, which shall be processed together with the other proceeding.

On August 28, 2006, Ampla petitioned in the arbitration court for the nullity of the contract entered into with ENERTRADE, or, alternatively, vacating it, maintaining simply that the contract is null and void, since it was not ratified by ANEEL, as stipulated in the law, which was an essential condition for entering into the contract; also null and void because it infringes Law 8.884/94; it was entered into in unfair terms and conditions, typifying the abuse of the power of control; and the contract fails to comply with its business function.

Process status: Rebuttal and rejoinder presented. On January 12, the parties presented graphs showing the stock ownership of the companies involved in the arbitration, as well as also information about the companies that audited the parties and the companies linked to them. At the request of the Court of Arbitration, Ampla clarified the information presented, indicating the other auditing companies of the Endesa Group. On February 12, 2007, the petition for expert accounting and technical testimony required by Ampla was ordered, as well as also for expert witnesses. On March 2, 2007, the technical assistants were appointed and the legal standing and role of the witnesses presented. ENERTRADE challenged the issues presented by Ampla. On March 16, 2007 Ampla filed a reply to the challenge. On April 2, 2007, the Court of Arbitration notified the extension of the deadline for concluding the arbitration proceedings by 178 days. The new deadline is September 28, 2007. On May 21, 2007, the experts for the technical and accounting expert testimony were named.

Amount: US\$ 22,698,805.08 - R\$ 40,160,955.00

Plaintiff : Cibrapel S/A Industria de Papel y Embalajes
Defendant : Ampla
Court : Single Chamber of Guapimirim County
Case/Identification : 1998.073.000018-6

Summary of Proceedings: 1) Plaintiff asks the court to order Ampla to indemnify the material and other damages caused by the poor quality of the services rendered by Ampla between the years 1991 and 1998. 2) Plaintiff asks the court to order Ampla to refund the amounts paid as a result of the price increase implemented following administrative resolutions 38 and 45 of 1986, which have been considered illegal, both by the government and by the courts.

Process status: The plaintiff raised its final pleas on December 6, 2006 and the counterpart raised its final pleas on December 18, 2006. After the final pleas, a judicial pronouncement was made that the evidentiary stage of the proceeding was closed and the judge was considering his judgment. A resolution was issued ordering the proceedings sited in the plea for the defense to be petitioned by the court so as to analyze the existence of a prior judgment. On February 15, 2007, the official requests addressed the courts specified in the plea for the defense was sent off. At this date, the court is waiting for compliance with such official requests.

Amount US\$ 23,496,025.64 – R\$ 41,587,965.38

Plaintiff : Qualita's Tecnología y Servicios Ltda and Symon de Souza Coury
Defendant : Ampla
Court : 4th Civil Court of Niteroi County
Case/Identification : 2005.002.024695-9

Summary of Proceedings: The plaintiff brought this suit pleading that it had been created to serve Ampla since October, 1999 and that this contract should be in force until March 31, 2009, being able to be extended. The plaintiff petitioned for redress for material damages and moral prejudice caused by an alleged unilateral annulment of the contract by Ampla, which would have caused the plaintiff damages of about R\$ 54,000,000 (fifty four million reales).

Process status: Discussion about expert fees. The parties were required to declare with regard to the proposal for expert fees. On February 12, 2007, Ampla formally petitioned for the case records to be sent to the Expert so that the latter could distinguish exactly what constituted the expert testimony, what documentation would be analyzed and what method would be adopted to draw up the findings. The court records were remitted to the Expert on March 30, 2007 and returned on May 3, 2007. On July 6, 2007, court orders were issued for the parties to make a pronouncement about the clarifications made by the Expert. Qualita's submitted a formal petition desisting from producing expert testimony and on July 16, 2007, Ampla informed the Court that it was not challenging the dropping of the production of expert testimony as petitioned by Qualita's, ratifying on that occasion all the arguments set forth in its negation and petitioning for the inadmissibility of the petitions filed by that plaintiff. Since there will not be any expert evidence, we will only have truer estimate of the amount of a possible sentence after the decision handed down by the court of the first instance. Amount: US\$ 36,981,858.02 – R\$ 65,457,888.69.

Plaintiff : Electrovidro S.A
Defendant : Ampla
Court : 8th Tax Court of the County of Rio de Janeiro
Case/Identification : 1995.001.065045-7

Summary of proceedings: Ordinary lawsuit brought on 14.06.1995 in which it is argued that AMPLA infringed the rules of Statutory Decree 2283/86 which stipulated freezing of prices while the Cruzado Plan was in force. This plan corresponds to Portaria 45/86 of the DNAEE which increased the rate for electrical energy for industrial use by 20%. The plaintiff petitions for the charge to be declared illegal, and for restitution of the amounts paid incorrectly with penalty interest.

Process status: Sentence was decrees stating that the lawsuit was inadmissible. The Plaintiff lodged an appeal. The 4th Civil Chamber rejected the Appeal in a unanimous decision. Remedies were filed against this decision. A Special Remedy was filed and the court unanimously heard the remedy and handed down a decision. Currently, after the writ to the Expert to answer consultations, the Court has named an assistant to help the Expert. Electrovidro filed instrument tort against the decision, which has already been defended by Ampla. The instrument tort formulated by Ampla was partially endorsed in the discharging sentence state. Ampla filed a Special Remedy against the decision, which is waiting to be remitted to the Higher Court of Law.

Amount: US\$ 8,943,866.28 - R\$ 15,830,643.31

Plaintiff : Municipality of Teresópolis
Defendant : Ampla
Court : 11th Tax Court
Case/Identification : 2002.001.080661-4

Summary of proceedings: The Municipality of Teresópolis argues, based on the constitutional rule of immunity among state entities, that it should not pay the ICMS on electrical energy.

Process status: On November 16, 2004 the sentence stating that the petition was inadmissible was published. For now, no appeal has been filed
Amount US\$40,809,522.03 - R\$ 72,232,854.00

Plaintiff : Companhia Brasileira de Antibióticos – CIBRAN.
Defendant : Ampla
Court : 1st Civil Court of the County of Itaboraí and 13th Civil Court of the State of Rio de Janeiro.
Case/Identification : Action to Annul Debit No. 2001.023.000549-6 and Civil Appeal No. 2005.001.26130.

Summary of proceedings: This is an Ordinary Action brought by CIBRAN arguing that AMPLA has been charging excessively high rates for electrical energy. The Plaintiff argues that it should only pay the ICMS on actual consumption of electrical energy.

Process status: On October 5, 2004 sentence was handed down and the parties lodged appeals. The appealable judgment was confirmed by the Court. It judged that the petition made by Cibran was partially admissible, in the sense of declaring that charging ICMS above the amount called "Contracted Demand", and sentenced Ampla to return, via deductions from future invoices, what had been paid incorrectly over the past five years and to abstain from making that charge from the date of the sentence onwards. Ampla filed a Special Remedy with the Higher Court to attempt to revert the decision of the Court in Rio de Janeiro.
Amount: Pending determination of the amount

Plaintiff : Brazilian Consumer Defense Association (ADCON)
Defendant : Ampla
Court : 8th Business chamber of the County of Brasilia
Case/Identification : 2004.001.017223-0

Summary of Proceedings: (i) No registration of consumers late in payments on records of Services for Credit Protection, and removal of registrations already made, while proceedings continue at court of law; (ii) the restoration of electric energy supply to all consumers whose supply was shut off and refrain from further electric energy shut-offs of any user or consumer due to illegal actions performed by them (whether stealing of energy or fraud) or because of the fact that they may be late in payments, if no ordinary administrative or legal proceedings have been started in connection with them; (iii) no collection of debts from consumers, unless they arise out of a regular court trial.

Process status: Ampla appealed against the decision that did not accept attachments on July 17, 2006, and the appeal was rejected. Against such court decision, Ampla filed a Special Recourse on August 28, 2006. On September 19, 2006, the court called on the Plaintiff to submit allegations. On October 27, 2006, the recourse went to "Procuraduria General de Justicia". On December 6, 2006, the recourse is sent to the 3rd Vicepresident, who must decide whether or not the recourse meets the requirements to be discussed by the court. The Special Remedy was rejected on January 23, 2007; an appeal was lodged with the Higher Court on February 2, 2007. ON April 3, 2007, the original judge stipulated compliance with the sentence decreed in the first instance. On April 11, 2007, the case records were remitted to the Office of the Attorney General.

Amount: Undeterminable

Plaintiff : Consumer Defence Commission of the Legislative Assembly of the State of Rio de Janeiro
Defendant : Ampla
Court : 7th Business chamber of the State of Rio de Janeiro
Case/Identification : 2005.001.084370-8

Summary of Proceedings: This is a Public Civil action launched in order to prevent the installation of electronic measurement meters. The plaintiff states that this modernization's only purpose is to prevent theft of electricity and would actually deprive consumers of their right to information. Plaintiff argues that it is Ampla's responsibility to detect electricity theft in other ways and not put the burden on the consumer.

Process status: Ampla submitted allegations against the Appeal filed by the Plaintiff and the proceedings were then remitted to the Justice Court. The Appeal entered the court under No. 2006.001.22785 and was distributed to the 15th civil chamber of the court. The court, by unanimous decision, rejected the appeal, which was published on August 16, 2006. The Plaintiff then filed a Special Recourse, with the proceedings being remitted to the 3rd Vice-presidency of the court. On October 16, 2006 Ampla submitted its allegations. On October 25, 2006, the proceedings were remitted to the "Procuraduria General de Justicia" and were returned on November 22, 2006. On January 3, 2007, this remedy was rejected. On January 16, 2007, the Plaintiff filed instrument tort against the decision that rejected the special remedy. On March 6, 2007, the instrument tort was remitted to the Higher Court. On April 12, 2007, the case records were remitted to the reporting clerk, where they have been to this date. On September 11, 2007, the decision accepting hearing of the Special Remedy by the Higher Court was published.
Amount: Undetermined

Plaintiff : State Attorney General's Office
Defendant : Ampla
Court : 2nd Civil Chamber of Town of Saint Gonzalo
Case/Identification : 2003.004.034117-9

Summary of Proceedings: Plaintiff launched the Public Civil Action requesting first that Ampla be ordered to "supply the regular consumers of Saint Gonzalo a quality electrical energy service without interruptions, and take all measures necessary to prevent such interruptions, even if in order to achieve this it must restructure all of its equipment; in the event it is absolutely necessary to interrupt the supply, then the restoration of supply must be immediate or the fine shall be R\$10,000 a day.

Process status: On July 30, 2007, the court's decision in which the Remedy of the 1st Appellant (Ampla) was rejected and the Remedy of the 2nd Appellant (Attorney General's Office) was accepted, with the concessionary company being sentenced generically to pay material damages and moral prejudice under the terms of Article 95 of the Consumer Defense Code, CDC, was published. We were sentenced generically and the amounts will be determined by a court accountant in the procedural phase known as determining the amount of the sentence. On September 6, 2007, remedies were filed with a view to limiting the locations (consumers) considered in the sentence, as well as a date restriction.

Amount: Undetermined

Plaintiff : Town of Itaboraí
Defendant : Ampla
Court : 2nd Civil Chamber of County of Itaboraí
Case/Identification : 2003.023.041682-7

Summary of Proceedings: The Town of Itaboraí filed a Public Civil Action against Ampla so that the Defendant (i) refrains from interrupting the supply of electrical energy of the consumers of this Town, even if they are in debt, because this is an essential and continuous service, compelling Ampla to forthwith take measures necessary to provide continuity and reliability of the supply service in the entire town, under penalty of a fine of R\$200 (200 reales) per day for each consumer inconvenienced; (ii) be ordered to pay a fine of R\$10,000 for each day that it fails to comply with the sentence in (i).

Process status: On July 23, 2007, Ampla's petition, filed in the proceedings involving different positions of the Court of Rio de Janeiro with regard to exempting the concessionary companies from any liability if the supply of electrical energy is interrupted due a surcharge caused by theft and fraud, was protocolized. On August 15, 2007, sentence was decreed: "... I judge the petition to confirm guardianship to be granted and sentence Ampla to provided, in a suitable, continuous manner, the electrical energy supply services within the sphere of the Municipality of Itaboraí, under penalty of a daily fine in the initial amount set. Finally, I sentence the defendant to pay the costs of losing the case. I set the fees at 20% of the value of the case, duly corrected, which will be used as a guide for calculating court cost. ...". On September 3, 2007, the sentence was published. We would like to clarify that this sentence does not presuppose any obligation to pay, only the duty to do in the sense of providing a suitable service.

Amount: Undetermined

Plaintiff : Macao Consumer and Worker Defense Association - AMADECONT
Defendant : Ampla
Court : Single Chamber of the County of Rio das Ostras
Case/Identification : 2004.068.001287-1

Summary of Proceedings: The plaintiff launched this action requesting partial power in advance to prevent the Defendant from charging the TMIP ("Municipal Street Lighting Rate"), and requesting that Ampla be required to refund the amounts wrongly charged and pay the costs of the trial.

Process status: On August 7, 2007, Ampla stated its opinion once again on the unconstitutionality of the TMIP, for which reason it required advanced judgment of the conflict, given the abatement of the action in the face of a lack of procedural interest and the juridical possibility of the petition.

Amount: Undeterminable

Plaintiff : General Attorney's Office of the State of Rio do Janeiro
Defendant : Ampla and Municipality of Paraty
Court : Single Court of Paraty County
Case/Identification : 2005.041.001008-9

Summary of Proceedings: The plaintiff brought this suit petitioning, by way of advanced tutelage, sentencing of the Municipality of Paraty to abstain from collecting the Contribution for Street Lighting (CIP), under penalty of a fine of R\$ 50,000.00 (US\$23,277.46) and, additionally, that Ampla should be compelled to collect the CIP separately, although on the same energy consumption bill, using different bar codes, under penalty of a fine of R\$ 10,000.00 (US\$ 4,666.79).

Process status: On April 26, 2007 a court order was issued determining that the parties should specify the evidence that they intended to submit and state whether they have any interest in holding the reconciliation hearing. AMPLA complied with the order in due time.

Amount: Undetermined

Plaintiff : Municipality of Paraty
Defendant : Ampla
Court : Single Court of Paraty County
Case/Identification : 2005.041.001124-0

Summary of Proceedings: The plaintiff brought this suit petitioning for: 1) Acceptance of the precautionary measure for Ampla to abstain from shutting off the power supply services, under penalty of a fine of R\$10,000.00 (US\$4,666.79) to be applied to each non-compliance of the delegated order, without detriment to any other possible penalties; 2) That Ampla should maintain the regularity of the system of supply and maintenance of the power transmission grid in satisfactory conditions for the users; 3) That Ampla should be sentenced to submit and execute within a reasonable period of time a project to modernize the grid, consisting of improvements to the power transmission equipment and lines in the area of the Municipality of Paraty; 4) the injunction for the Public Prosecutor's Office to be a party to or to act in the case as *custos legis*; and 5) The injunction of the Granting Power in the case, the State of Rio de Janeiro, to express an interest in the case through its legal representative.

Process status: On August 16, 2007, a decision was published postponing the production of expert evidence, appointing the Expert for the Proceedings and determining that the parties should submit their recommendations and indicate their technical assistants. On August 21, 2007 Ampla made the formal petition indicating its technical assistance and making its recommendations. The pleas and proceedings have been completed since September 3, 2007.

Amount: Undetermined

Plaintiff : ASOBRAEE - Brazilian Association of Consumers of Water and Electricity
Defendant : Ampla
Court : 5th Civil Court of Niteroi County
Case/Identification : 2006.002.002621-4

Summary of Proceedings: The Plaintiff presented this action requiring that the DNAEE n° 038 and 045 Resolutions of 1986 be declared null. These resolutions established the rate adjustment, for which AMPLA may be condemned to the restitution of the improper charge, equivalent to 20% of what it would have charged all the consumer in the period from March to November 1986, as well as to force Ampla to present the complete schedule of payments made for all of the consumers in the period from March to November 1986.

Process status: On September 10, 2007, the petition to suspend execution of judgment during the appeal filed by Ampla was endorsed.

Amount involved: Undetermined.

Plaintiff : Union of Workers in the Niterói Electrical Energy Industry representing a class action suit by 2841 employees
Defendant : Ampla
Court : Niterói Work Chamber
Case/Identification : Labour Complaint 884/1989

Summary of Proceedings: In April 1989, the Niterói Union, in representation of 2841 employees, launched an action claiming salary differences of 26.05% since February 1989 that were related to the economic plan instituted by Decree Law 2.335/87, or "Summer Plan".

Process status: Ordinary proceedings have finished. The current discussion centers around the execution of the ruling, because in this regard a filing has been made arguing that the ruling has already been executed.

Amount: US\$24,296,738.59 – R\$ 43,005,22730

Plaintiff : Selma de Souza and 122 other plaintiffs
Defendant : Ampla
Court : 2nd Employment Chamber of Niterói
ID Number : Work Complaint No.3142/1995

Summary of Proceedings: The plaintiffs were fired by the Company and demand to be reinstated and to have their right of employment stability recognized.

Process status: Accessory Innominate Action for Provisional Remedy filed, taking into account that the previous Action for Provisional Remedy, which kept the plaintiffs out of the company, was repealed by the effect of the Tort filed in the Claim proceedings submitted by the plaintiffs to the TST, which understood that it was competent to do justice to the suspensive effect in question. In the face of the position adopted by the TST, this Action for Provisional Remedy was filed seeking to stay the effects of the advanced tutelage and also have a suspensive effect on the ordinary remedy filed in the pleas and proceedings of the case, with such being favorable to the company's position.

Amount US\$35,304,772.88 – R\$ 62,489,448.00

Plaintiff : Secretary of Federal Collection Tax (SRF) (Brazilian IRS)
Defendant : Ampla
Court : Commissariat of the Niterói Federal Collection Tax
ID Number : Infraction Proceeding 0710200/00112/05 and Administrative Trial 10730.003110/2005-55 (d.38)

Summary of Proceedings: FRNs – In order to finance its investment in Coelce, in 1998 Ampla issued FRNs (bonds) for 350 MUSD maturing in 2008, which were subscribed by Cerj Overseas (Overseas subsidiary of Ampla). The bonds have a special tax regimen consisting of no withholding tax (15% or 25%) being applied on payment of interest abroad, always provided that, among other requirements, there is no advanced amortization before the average term of 96 months. In order to acquire these bonds, Cerj Overseas obtained financing outside Brazil consisting of a six-month loan. At the end of the period (October, 1999) because of problems of access to other sources of financing, Cerj Overseas had to refinance with Ampla, which granted it a loan in reals. The Secretary of Federal Tax Collection argues that the tax concession had been lost in 1998, since the loans in reals granted to Cerj Overseas by Ampla were the equivalent of an advanced amortization of the debt before the average amortization period of 96 months. Currently there remain FRNs for 169 MUSD (The rest was capitalized in 2004).

Process status: The notice of infringement was notified in July, 2005. In August, 2005, Ampla filed a remedy with the 1st administrative instance, and it was rejected. In April, 2006, a remedy was filed with the Council of Taxpayers (2nd administrative instance). On December 6, 2006, the Council of Taxpayers issued its verdict completely favorable to Ampla. The period for executing the verdict and publishing the decision is estimated at about 6 months. After the publication of the decision, the SRF will have 30 days to file a remedy.

Amount R\$ 538 million - US\$ 304 million

Plaintiff : União Federal
Defendant : Ampla

Summary of Proceedings: COFINS – INMUNITY. In the nineties, a large number of the Brazilian public utility companies files remedies against the tax known as COFINS (Contribution for Financing Social Security) because they considered that the Brazilian Constitution exonerated them from that tax. Most of the companies lost the lawsuits. Ampla won the lawsuit (for the period from 1996 to 2001), because the Tax Administration forgot to file an appeal against the decision handed down by the court of appeal. However, the Prosecutor's Office of the Federal Union brought an exceptional action known as "an action for annulment" to attempt to annul the unappealable judgment favorable to Ampla.

Process status: In December, 2003, the Regional Court of Rio de Janeiro (equivalent to the Court of Appeal) confirmed the inadmissibility of the action for annulment filed by the Federal Union. On December 21, 2007, the Federal Union filed a Special Remedy against the decision of the Rio de Janeiro Court rejecting unanimously all of its previous appeals. This Special Remedy is addressed to the Higher Court of Law (STJ), the court in Brasilia that rules on constitutional issues.

Amount R\$ 368 million - US\$ 208 million

Plaintiff : Secretaria de Receita Federal (SRF) (Brazilian IRS)
Defendant : Ampla

Summary of Proceedings: COFINS – PERIOD AFTER IMMUNITY. In December, 2001, the article of the Federal Constitution on which Ampla had based its discussion of immunity with regard to the COFINS, pursuant to which AMPLA did not pay this tax, was amended. There is an article in the constitution that states that legislative changes come into force 90 days after their publication. Based on this article, Ampla started paying the COFINS tax as of April, 2002. However, the SRF argues that this constitutional regulation only applies to changes to regulations involving laws, but not the Constitution itself, whose amendments should come into force immediately. The SRF also claims that, as a result of Ampla's change in tax regimen (from earned to accrued), the taxable amount of the COFINS tax increased during the first semester of 2002.

Process status: The action was notified in 2003. The decision of the 1st administrative instance went against Ampla and the latter filed an appeal with the second administrative instance in October, 2004. The remedy was ruled on recently in the 2nd administrative instance, partly favorable to the Treasury in terms of the period when changes to the Constitution come into force and partly favorable to Ampla in terms of the tax on income due to the change in tax regimen from earned to accrue. The incorrectly returned part is estimated to be 35%. Once the amount owed by the SRF is determined, it may be enforced.

Amount R\$118 million - US\$ 67 million

Plaintiff : Ampla
Defendant : State of Rio de Janeiro
Court : Superior Court of Justice - STJ
Case/Identification : Trial No.2002.001.110494-9 (d.39)

Summary of Proceedings: ICMS FINE. In 2002, the State of Rio de Janeiro stipulated via a decree that the ICMA should be calculated and paid on the 10th, 20th and 30th of the same month accrued. Because of cash problems, Ampla continued to pay the ICMS under the former system (payment until the 5th of the month after it accrued).

Process status: Notwithstanding an informal agreement with the State of Rio de Janeiro, and 2 amnesty laws, in October, 2004, the State of Rio de Janeiro brought a proceeding against Ampla to collect the fine for late payments; Ampla appealed against the fine in the same year. In February, 2007, Ampla was notified of the decision of the 1st administrative instance, which confirmed the proceeding brought by the State of Rio de Janeiro. On March 23, 2007, an appeal was lodged with the Council of Taxpayers of the State of Rio de Janeiro (2nd administrative instance). Ampla obtained a preliminary ruling in its favor that enabled it to bring this remedy without having to make a deposit of furnish a guarantee for 30% of the value of the updated fine. Waiting for the decision of the Council of Taxpayers.

Amount R\$120 million - US\$69 million

Plaintiff : Ampla
Defendant : Federal Union
Court : 4th Federal Chamber of Niterói and 4th Group of the TRF of the 2nd Region
Case/Identification : Ordinary Action No.96.0035387-5 and Civil Appeal No.1999.02.01.047064-8 (d.4)

Summary of Proceedings: FINSOCIAL - Ampla seeks to obtain the declaration that the tax-legal relationship (tax immunity) does not exist as regards the payment of the tax called FINSOCIAL, which would have an impact on its gross monthly revenue. It also seeks to have the Federal Union forced to refund the total amount collected in the last five years, starting from October 1996 and, if the foregoing is not possible, that the Federal Union be made to refund the difference between the amount paid in accordance with Laws 7,787/89, 7,784/89 and 8,147/90, and that due in accordance with Decree Law No.1.940/82, in the same period referred to above..

Process status: The lower court's decision declared without grounds the request for immunity, but accepted the petition to declare unconstitutional the increases in the FINSOCIAL tax rate above 0.5% and the right to offset the said excess in current and future taxes due. The appeals of Federal Union and Ampla were filed. The proceedings were sent to Federal Regional Court where they are currently awaiting a judgment on the two appeals.

Amount: R\$ 16,894,365.20 (US\$ 9,544,839.10)

Plaintiff : Ampla
Defendant : União Federal
Court : 2nd Federal Court of Niterói.
Case/Identification : Ordinary Proceeding 96.0035652-1 and Civil Appeal 98.02.09149-9. (d.3)

Summary of proceedings: PIS – This is an ordinary proceeding in which AMPLA seeks to obtain tax immunity for collection of the tax known as PIS. It also seeks for the Federal Union to be sentenced to reimbursing all the amounts collected over the past five years since August, 1996, based on paragraph 3 of article 155 of the Federal Constitution.

Process status: Unfavorable appealable judgment for AMPLA. Appeal to the Federal Regional Court (TRF) pending. The petition was judged inadmissible, so Ampla filed appeals, which were endorsed and the petition was judged to be admissible in part, with reimbursement of the difference between payment according to Statutory Decrees 2.445/88 and 2.449/88, and what was owed according to 7/70, being determined. With Ampla's appeal and the counterarguments of the Federal Union having been brought, the majority decided in favor of the appeal. The court's decision having been published, the Federal Union filed remedies and Ampla brought its counterarguments. The case was decided in favor of the remedies.

Ampla filed appeals for reconsideration of judgment with the TRF, and the TRF rejected them. The proceeding had passage through the courts having been decided favorably for Ampla in terms of the unconstitutionality of Statutory Decrees 2.445/88 and 2.449/88. On April 19, 2006 the case records returned to the original court. Waiting for the petition of compensation of the amounts recognized by the sentence in terms of the difference between Statutory Decrees 2445/88 and 2449/88.

Amount R\$21,983,259.59 (US\$12,419,920.67)

Coelce S.A.

Plaintiff : Inácio Nunes Arruda & Others.
Defendant : Coelce.
Court : 2nd Court of Public Finance - Ceará
Case/Identification : 2000.0122.6248-0/0

Summary of proceedings: Popular action whose objective is to cancel the sales process of Coelce. The plaintiffs allege that in the process of privatization of Coelce there was no participation of the employees of Coelce; shares were not offered to the employees in sufficient numbers, and thus they were prevented from gaining control of the Company; that the bidding terms and conditions favored the participation of foreign companies and removed the incentive for employees of the Company; that there was insufficient publicity in the bidding; that the public stockholders' equity of Fortaleza was damaged; etc.

Process status: Faced with the activation of the process there was no protest of any kind by the plaintiffs. The trial awaits the judge's verdict.

Amount: Undeterminable.

Plaintiff : Libra - Ligas Do Brasil S/A.
Defendant : Coelce.
Court : Court of Ceara State, in Brazil (TJCE)
Case/Identification : 2000.0013.4212-7 (Court of appeals) - 1997.02.22643-0 (lower court)

Summary of proceedings: This is a "Trial for Tarifazo", that corresponds to the different trials begun as a result of the dictation of rate decrees 38, 45 and 153 of 1986, by the National Department of Water and Electrical of Brazil (formerly ANEEL), which enabled the different electricity companies of Brazil to increase their rates considerably between the months of March and November 1996.

Process status: The trial returned to the lower court. It is in the provisional executory process state. The amount petitioned in the provisional executory process is R\$10,634,814.20. Coelce filed a special appeal against the sentence enforcing the payment, which stayed this provisional executory process stage. The process returned to the lower court for expert testimony, for which Coelce was ordered to show given documents. The expert investigation was carried out, recognizing the debit to the plaintiff of about R\$ 53,000,000.00. Instrument tort was filed and the Court annulled the expert testimony and ordered a new expert investigation to be made by another expert. The new expert testimony is being implemented as ordered by the court, since the initial expert testimony was annulled.

Amount: R\$ 35,105,013

Plaintiff : Sindicato da Indústria de Fiação e Tecelagem
Defendant : COELCE
Court : 1st Federal Court of Ceará.
Case/Identification : 2003.81.00.014020-7

Summary of proceedings: Action to declare the 31.29% rate adjustment action determined by ANEEL unconstitutional. An action was brought petitioning for advanced protection, which was granted by the Judge, thereby enabling the Plaintiffs to pay their electrical consumption minus the 31.29%, without Coelce being able to cut-off their power supply.

Process status: On June 17, 2003, the Judge reconsidered his previous decision and rejected the petition for advanced protection since such was in the jurisdiction of the Federal Courts. Waiting for the result of the action brought.
Amount: Undetermined.

Plaintiff : Bar of Lawyers of Brazil and Others
Defendant : Coelce.
Court : Supreme Court of Justice
Case/Identification : None

Summary of proceedings: Civil public action launched with the objective of preventing the application of the rate adjustment (percentage 23.59%) authorized by ANEEL in April 2005.

Process status: The Supreme Court judge suspended on October 7, 2005 the guarantee that prevented the adjustment from being applied. Thereby, the concessionaire may apply from that date on the above mentioned adjustment. Coelce had to suspend the retroactive collection of the installments generated by the time in which the guarantee made it impossible to put the adjustment into effect. The guarantees are expected to be annulled and Coelce will be able to re-begin collecting the remaining installments.

Amount: R\$ 92.4 million - US\$ 52.20 million

Plaintiff : State Deputy Luiz Carlos Andrade Moraes and Federal Deputy Francisco Lopes da Silva
Defendant : COELCE, CGTF, ANEEL AND UNION FEDERAL
Court : 10th Federal Court of Ceará
Case/Identification : 2007.81.00.006310-3

Summary of proceedings: POPULAR LAWSUIT – Lawsuit brought by a State Deputy and Federal Deputy against Coelce, CGTF, ANEEL and the Federal Union on April 23, 2007. They are petitioning for immediate recalculation of Coelce's rate review ratio for 2007, replacing the thermal energy purchase price with the cheapest available energy; the avoidance of the contract signed by Coelce and CGTF because of its high cost (high cost of steam-electric energy compared to hydroelectric energy, which would be detrimental to the consumers of the State of Ceará); and for the additional income obtained by Coelce from May to October, 2005 to be included in the calculations of Coelce's rate review. The latter refers to another lawsuit, where Coelce had a provisional precautionary measure limiting its rate adjustment revoked. During that proceeding, a precautionary measure was in force from May to October, 2005 and, despite it, Coelce charged this difference retroactively to the consumers. According to the plaintiffs, Coelce should wait for end of the case to charge these amounts.

Process status: On June 18, 2007, the Lower Court decided not to grant the provisional measure petitioned by the plaintiffs (they were asking for ANEEL to immediately recalculate Coelce's rate review ratio for 2007, replacing the thermal energy purchase price with the energy offered at the lowest cost in the market). Coelce and CGTF rose their plea for the defense on July 9, 2007. The amount specified by the plaintiffs was challenged. A decision was made regarding the challenge to the amount specified by the plaintiffs in the lawsuit, but such decision has not been published, so its contents are not known.

Amount R\$466.6 million - US\$263.6 million

Plaintiff : Romério Moreira de Deus
Defendant : Coelce
Court : Court of the State of Ceará (TJCE)
Case/Identification : 2000.0161.6981-7.

Summary of proceedings: The Plaintiff is the owner of a plot of land in Aracati/Ceará, where Coelce built several electrification networks, without having compensated the client. Thus, the plaintiff intends to prevent the construction of new electrification networks and have the existing ones removed. Coelce won the lawsuit in the first instance by having it dismissed. However, the sentence was revoked on appeal and Coelce was sentenced to remove the new networks in the process of being installed and pay about US\$3,347,381 as compensation. As a result of the above, the plaintiff filed for enforcement of the sentence, petitioning a credit based on a compensation of nearly US\$3,347,381. In parallel fashion, Coelce has appealed for the sentence by the Court of Appeal, in terms of the compensation granted beyond what was petitioned, to be voided. The plaintiff has already raised a plea against Coelce's appeal and notification of the pleading was made to the other party for the rejoinder.

Process status: Coelce filed a new action for annulment (2000.0015.1858-6) with a view to annulling the decision won by the plaintiffs that determined that Coelce should proceed to remove the pylons from its property. This action for annulment is pending a resolution.

Amount R\$30,079,689.26

Plaintiff : Cooperativa de Eletrificação Rural do Vale do Acaraú Ltda.
Defendant : Coelce
Court : 1st Federal Court of the Ceará Judicial Section
Case/Identification : 2001.81.00.008007-0

Summary of the proceedings: An action was filed to review the clause regarding the amount of the lease entered into by the parties for power grids owned by the plaintiff.

Process status: In its defense, Coelce pleaded that the issue involved interests of ANEEL. Consequently, ANEEL entered the fray and the proceeding was remitted to the Federal Court. The Federal Court granted the petition made by the plaintiff and increased the monthly rent to R\$ 35,000.00. Coelce deposited the amount for the first three months after the decision stipulating the increase. Coelce also appealed for the decision increasing the monthly rent to be repealed. Amount: R\$ 136,842,218.68

Compañía de Interconexión Energética S.A.

Plaintiff : CIEN
Defendant : Federal Union
Court : 21st Federal Court of the Rio de Janeiro Judicial Section
Case/Identification : 2005.5101.011614-6

Summary of proceedings: A lawsuit was brought challenging the declaration of unconstitutionality of Law 9.718/98 (enlarging the base and calculation of PIS and COFINS taxes) and establishing the right to credit and compensation, considering that the Constitutional Court (STF) found in favor of the taxpayers.

Process status: On February 12, 2007, the decision handed down with regard to the appeal from the Treasury was published, determining that CIEN should submit a declaration regarding the appeal. On March 12, 2007, the decision regarding the declarations submitted by CIEN and the supplementary appeal, aimed at considering a barring by limitation after 10 years, not 5, as the lower court judge had considered, was published. With the declaration by the Public Prosecutor's Office regarding the declarations and appeal filed by CIEN having been submitted, the appeals were sent to the judge for final sentencing. Waiting for the decision regarding the appeals filed.

Amount R\$ 46,292,618.80 (Active contingency – recovery of credits)

Plaintiff : Municipality of Itá
Defendant : CIEN
Court : Single Court County of Itá (SC)
Case/Identification : 068.03.000397-8

Summary of proceedings: The Municipality of Itá (SC) filed a legal claim against CIEN petitioning advanced protection to determine that Itá was the place where the event taxed with ICMS (VAT) in selling electrical energy imported from Argentina, occurred, and also to determine that the invoices for such operation should obligatorily be issued in Itá-Santa Catarina subsidiary, not in Garruchos - Rio Grande do Sul, as CIEN normally does.

Process status: The claim was judged to be abated without any decision on the substance by the court of appeal, due to the illegitimacy of the Municipality of Itá in the case. The municipality lodged an appeal with the Supreme Court (STJ) to change the decision of the Court of Appeal.

Amount: None

Plaintiff : Federal Treasury of Rio de Janeiro – MF
Defendant : CIEN - COMPANHIA DE INTERCONEXÃO ENERGÉTICA
Court : National Tax Court of Rio de Janeiro
Case/Identification : 18471.000814/2007-48

Summary of proceedings: FINE FOR LACK OF IMPORT DOCUMENTATION - On July 11, 2007, the Federal Tax Authorities (SRF) issued an "Infringement Proceeding" against CIEN for imports of energy in 2002. According to the Tax inspector formal requirements required by general regulations for tax documentation of imports were not met, so a fine equivalent to 100% of the value of the imports was being imposed. However, there was no approved law whatsoever regulating tax documentation to be prepared when importing electrical energy until May, 2006. Since May, 2006, CIEN has all the documentation required by the law.

Process status: On August 10, 2007, an appeal was filed with the first administrative instance. On September 14, 2007, the Claim was judged inadmissible. On the same date, the decision of the first administrative instance was sent to the second administrative instance (Council of Taxpayers) for a resolution. On December 6, 2007, the SRF published an Interpretative Declaratory Ruling stipulating that no penalty of fine whatsoever was imposed by reason of the non-existence of electrical energy import and export records for operations performed until May 2, 2006, the date on which Regulatory Instructions 649 of April 26, 2006 came into force. This ruling definitively resolves the administrative process dealing with the lack of import records, which has already been won in the first instance, in CIEN's favor. A copy of the interpretative ruling was submitted to the Council of Taxpayers, asking for the proceeding to be closed. Waiting for the Council of Taxpayers to declare the proceeding closed. Amount R\$ 351 million - US\$ 198 million

Endesa Cachoeira S.A.

Plaintiff : Wildson Sebastiao Fraga Guimaraes (shareholder of Centrais Elétricas de Goiás (CELG) and chairman of the "Sindicato dos Trabalhadores nas Industrias Urbanas no Estado de Goiás").
Defendant : State of Goiás, Centrais Elétricas de Goiás (CELG), Centrais Elétricas Cachoeira Dourada S/A (CDSA).
Court : 3rd Court of Public Finance of the County of Goiania
Case/Identification : 97.00904507-3

Summary of proceedings: Politically motivated lawsuit launched on September 23, 1997, asking for the cancellation of the public auction to privatize Cdsa. This lawsuit has been presented against the State of Goiás, CELG and Cdsa. The plaintiff asks also for free justice.

Process status: The plaintiff also asked for the benefit of cost-free legal proceedings. In October, 2005, the appeal court definitively granted cost-free legal proceedings for the plaintiff. On February 28, 2007, the issue of cost-free legal proceedings for the plaintiffs was resolved with no further appeals against that decision. On December 13, 2007, the lawsuit was declared to be in abatement without resolving the substance given the discontinuance of the proceedings by the plaintiff. The plaintiff has until January 17, 2008 to appeal against that decision. If the plaintiff does not appeal within that period, this lower court decision will be final.

Amount R\$594.65 million - US\$335.96 million

Plaintiff : Municipality of Cachoeira Dourada
Defendant : Centrais Elétricas Cachoeira Dourada S.A. - CDSA
Court : Public Finance Court of Itumbiara County
Case/Identification : 2005.0334233-0

Summary of proceedings: As a result of the unbundling of CELG, one of whose successors was Dourada S.A. (CDSA), and the privatization of CDSA, the Municipality of Cachoeira Dourada brought two proceedings against the company charging the ITBI (Tax on Conveyance of Real Estate).

Process status: 1. Proceeding regarding the conveyance of real estate. Arguments for the defense: The Federal Constitution and the Labor Code stipulate word for word that the ITBI does not apply to conveyance of real estate in unbundling operations. CDSA's appeal against this proceeding is still pending a decision by the second administrative instance (The decision was unfavorable to CDSA in the first administrative instance - May, 2003). 2. Proceeding regarding the transfer of shares: Arguments for the defense: The ITBI does not apply to the transfer of movable property (shares), which as recognized by the Court of Goiás (Court of Appeal). In June, 2006, the Municipality filed for enforcement of the amount of this claim against CDSA, despite it having been declared null and void by the Court

Goias. CDSA filed a plea of prior judgment with effect of res judicata, and in June, 2007, the Court of Goias declared the legal enforcement abated since it understood that the writ of execution of the Municipality was not enforceable. On August 21, 2007, the Municipality of Cachoeira Dourada lodged an appeal against this decision. We lodged our rejoinder on October 1, 2007.

Amount R\$ 204 million - US\$ 115 million

Plaintiff : Municipality of Cachoeira Dourada
Defendant : Centrais Elétricas Cachoeira Dourada S.A. - CDSA
Court : Municipal Secretary of Finance

Summary of proceedings: ISS (Services Tax) - The municipality of Cachoeira Dourada has notified CDSA, through a Claim, that the Company owes the Municipality the Services Tax (ISS) on generation of electrical energy produced between 1997 and 2000. The municipality understands that the generation of energy is a service. However, the generation of energy is not on the list of ISS taxable services (Federal legislation) and, therefore, cannot be considered a taxable event under that tax. The Brazilian Federal Constitution expressly prohibits application of any tax on electrical energy operations other than the ICMS (VAT), II (Import Tax) or IE (Export Tax).

Process status: Administrative proceeding: Waiting for the Municipality to make a decision regarding the appeal lodged. If lost, an appeal will be lodged with the second administrative process. Court proceedings: In parallel fashion, on September 12, 2007, a legal action was brought to void such administrative collection and declare it inadmissible. On September 28, 2007, the petition was approved provisionally by the judge and the requirement to pay tax was stayed until the admissibility of the administrative collection was resolved.
Amount: R\$ 81 million - US\$ 47 million

Endesa Fortaleza S.A.

Plaintiff : CGTF - Central Geradora Termelétrica Fortaleza S.A.
Defendant : Federal Union
Court : 1st Federal Court of Ceará
Case/Identification : 2002.81.00.020687-1

Summary of proceedings: GENERATOR SET – CGTF filed a lawsuit against the Federal Union towards the end of 2002, with a view to it recognizing that the goods imported for the turbogenerator sets are “Other Generator Sets”, so as to be able claim the 0% Import Tax (II) and Tax on Industrialized Products (IPI). The Federal Union argues that the imported goods are not generator sets. CGTF won an accessory resolution in its favor allowing it to clear the goods through customs at a 0% rate, subject to MR\$ 56 (MUS\$ 29) – updated at June, 2007 with the court. In order to prevent the taxes from becoming null and void, the Federal Tax Authorities brought an action requiring the suspension of the tax until the proceedings pending against the Federal Union are resolved.

Process status: The lawsuit against the Federal Union is pending resolution in the lower court. In parallel fashion, the Action brought by the Federal Tax Authorities (whose enforcement is suspended until the lawsuit against the Federal Union is resolved) was declared null and void in the first administrative instance because it did not comply with the requirements of form. The Tax Authorities may well bring another action correcting the errors.
Amount R\$ 63 million - US\$ 36 million

Plaintiff : Treasury
Defendant : CGTF - Central Geradora Termelétrica Fortaleza S.A.

Summary of Proceedings: The Federal Tax Authorities have issued a Resolution to collect PIS/COFINS taxes allegedly owed in 2003 to 2004.

Process status: The resolution was received on February 12, 2007. Pleas for the defense were raised on March 14, 2007. The Resolution was judged to be partially admissible on November 5, 2007. The appealable judgment considered that the income from the contract for the purchase and sale of energy with Coelce is not subject to paying cumulative PIS/COFINS but is subject to non-cumulative ones. However, the resolution was judged admissible with regard to the month of October, 2004. An appeal was lodged on December 5, 2007.

Amount R\$ 34,368,082.63

Plaintiff : State Deputy Luiz Carlos Andrade Moraes and Federal Deputy Francisco Lopes da Silva
Defendant : COELCE, CGTF, ANEEL AND UNION FEDERAL
Court : 10th Federal Court of Ceará
Case/Identification : 2007.81.00.006310-3

Summary of proceedings: POPULAR LAWSUIT – Lawsuit brought by a State Deputy and Federal Deputy against Coelce, CGTF, ANEEL and the Federal Union on April 23, 2007. They are petitioning for immediate recalculation of Coelce's rate review ratio for 2007, replacing the thermal energy purchase price with the cheapest available energy; the avoidance of the contract signed by Coelce and CGTF because of its high cost (high cost of steam-electric energy compared to hydroelectric energy, which would be detrimental to the consumers of the State of Ceará); and for the additional income obtained by Coelce from May to October, 2005 to be included in the calculations of Coelce's rate review. The latter refers to another lawsuit, where Coelce had a provisional precautionary measure limiting its rate adjustment revoked. During that proceeding, a precautionary measure was in force from May to October, 2005 and, despite it, Coelce charged this difference retroactively to the consumers. According to the plaintiffs, Coelce should wait for end of the case to charge these amounts.

Process status: On June 18, 2007, the Lower Court decided not to grant the provisional measure petitioned by the plaintiffs (they were asking for ANEEL to immediately recalculate Coelce's rate review ratio for 2007, replacing the thermal energy purchase price with the energy offered at the lowest cost in the market). Coelce and CGTF raised their plea for the defense on July 9, 2007. The amount specified by the plaintiffs was challenged. A decision was made regarding the challenge to the amount specified by the plaintiffs in the lawsuit, but such decision has not been published, so its contents are not known.

Amount R\$466.6 million - US\$263.6 million

Comercializadora de Energia Del Mercosur S.A. (Cemsa)

Plaintiff : Central Piedra Buena S.A.
Defendant : CEMSA
Court : Court of Arbitration of the Buenos Aires Stock Exchange
Case/Identification : 718/06

Summary of proceedings: In 1998, CEMSA and CPB signed an Agreement to sell 250 MW of energy aimed at backing up imports of energy from Brazil under the contracts entered into between CEMSA and CIEN. Due to the serious energy situation in Argentina, in March, 2005 the authorities started restricting exports of energy to other countries, which affected the obligations assumed by CEMSA towards CIEN. CPB attempted to terminate the Agreement for 250 MW, but CEMSA was opposed. Furthermore, CIEN demanded the contracted energy from CEMSA and the latter, in turn, demanded that CPB should fulfill its promises under the 250 MW Agreement, but it was unable to do so. In November, 2006, CPB filed for compensation for damages resulting from non-performance of the contract from CEMSA. For indirect, special or consequential damages, CPB is claiming the price of the 250 MW of firm power and the price of energy supplied, but not paid, since April, 2005. For loss of earnings, CPB is claiming the losses from not being able to sell the power committed under the 250 MW Agreement in the Argentinean market or in other firm power export operations. The claim also petitions for the 250 MW Agreement to be declared null and void as of February 1, 2006 and for a direct order to be issued to CAMMESA for the power generated by CPB to be removed from the export to Brazil so that CPB may thereby have it available in the Argentinean market. CEMSA raised pleas for the defense against the claim, rejecting all of its terms and also filed a counterclaim against CPB for damages caused by the premature rupture of the contractual relationship. It also reserved the right to claim possible damages that might arise from CPB's attitude.

Process status: Presentation of evidence in the arbitration hearing of the Court of Arbitration of the Buenos Aires Stock Exchange (made up by Carlos Ferrario, Juan Carvajal and Angel Vergara del Carril), is being discussed and prepared. The date has still not been set.

Amount: Ar\$86,304,914 - US\$27.2 million

Transportadora de Energía S.A. (Tesa)

Plaintiff : Transportadora de Energía S.A. (Tesa)
Defendant : Province of Corrientes
Court : Supreme Court of the Nation
Case/Identification : T-53/03

Summary of proceedings: Tesa initiated a statement of certainty action against the Province of Corrientes, for the Supreme Court to declare that the activity carried out by the company in the province is under federal jurisdiction and therefore exempt from the Gross Business Income Tax that the Province of Corrientes currently demands.

It also requested an injunction, to order the General Revenue Department of the Province of Corrientes to abstain from demanding Tesa the payment of the mentioned tax.

Process status: The Supreme Court (the "Court") on July 15, 2003, resolved

- (i) That it was competent to see the cause;
- (ii) Notify the Province of Corrientes of proceedings;
- (iii) Issue the injunction requested by Tesa (to not innovate) in relation to the payment of the gross business income tax included in the Fiscal Code of the Province of Corrientes with regard to the activity carried out by Tesa, in the following terms: "Decree the injunction requested, and consequently, orders the Province of Corrientes to abstain from pursuing the fiscal execution of the gross business income tax regarding the contract signed on July 12, 2002 between the National State and Transportadora de Energía S.A. for the construction, operation and maintenance of the second circuit for electric energy transport of the Nodo Rincón de Santa María-Nodo Frontera Garabí section (Province of Corrientes).

On August 29, 2003, the Government of Corrientes was notified by official letter of the injunction granted by the Court.

After being notified, the Province of Corrientes answered the demand stating that the Provincial Revenue Department had made no current and concrete requirement to Tesa for the payment of the Gross Business Income Tax and therefore there was no controversy between the parts that entitled the intervention of the Court.

In spite of the Province having stated in their reply that it corresponded charging Tesa the Gross Business Income Tax to the activity performed by Tesa, the Court stated that no there was no case, since the there is no requirement from the Provincial Revenue Department demanding the payment of the Gross Business Income Tax. Once there is a requirement to pay the Gross Business Income Tax, the demand can be raised again. Notwithstanding the archiving of the demand, the Court regulated fees in favor of the lawyer for the Province of Corrientes for \$37,600, amount that has already been paid by Tesa. On July 6, 2005, the lawyer for the Province of Corrientes presented a letter of payment in favor of Tesa and manifesting that he had no further claim. In the case that the Provincial Revenue Department makes a concrete requirement that Tesa pay the Gross Business Income Tax, the demand must be reopened. Until that happens, this is the last report regarding this lawsuit.

Amount involved: Undeterminable

Compañía de Transmisión del Mercosur S.A. (Ctm)

Plaintiff : Compañía de Transmisión del Mercosur S.A. (Ctm)
Defendant : Province of Corrientes (in Argentina)
Court : Supreme Court of the Nation
Case/Identification : C-222/03

Summary of proceedings: Ctm initiated a statement of certainty action against the Province of Corrientes, for the Supreme Court to declare that the activity carried out by the company in the province is under federal jurisdiction and therefore exempt from the Gross Income Tax that the Province of Corrientes currently demands. It also requested an injunction, to order the General Revenue Department of the Province of Corrientes to abstain from demanding Ctm the payment of the mentioned tax.

Process status: The Supreme Court (the "Court") on August 21, 2003, resolved

- (i) That it was competent to see the cause;
- (ii) Notify the Province of Corrientes of proceedings;
- (iii) Issue the injunction requested by Ctm (to not innovate) in relation to the payment of the gross business income tax included in the Fiscal Code of the Province of Corrientes with regard to the activity carried out by Ctm, in the following terms: "Decree the injunction requested, and consequently, orders the Province of Corrientes to abstain from pursuing the fiscal execution of the gross business income tax regarding the contract signed on June 14, 2000 between the National State and Compañía de Transmisión del Mercosur S.A. for the construction, operation and maintenance of the second circuit for electric energy transport of the Nodo Rincón de Santa María-Nodo Frontera Garabí section (Province of Corrientes). The Province of Corrientes was notified of the demand and answered stating that there was no current and concrete requirement for the payment of the gross business income tax.

Likewise, it stated that according to express dispositions of the Provincial Fiscal Code, it corresponded that Ctm S.A. pay the Gross Business Income Tax and the inapplicability Federal Pact for Employment, Production and Growth by which some provinces, including Corrientes, had committed to eliminate the Gross Business Income Tax. Ctm S.A. rebutted each of the arguments invoked by the province in its presentation.

Later, the Province of Corrientes requested the lifting of the injunction, presentation that was opportunely answered by Ctm S.A. On April 5, 2005, the Court rejected the request for the lifting of the injunction.

On September 9, 2005, Ctm S.A. requested the cause be opened to evidence and the CSJN set the conciliation audience for November 9, 2005.

In the mentioned audience, the parts manifested that it was not possible to achieve conciliation. As a result, the case was opened to evidence.

On March 13, 2006 the Court certified that the term for evidence was expired without any evidence pending and it instructed the parts to present their arguments regarding the evidence presented.

Ctm argued on the evidence produced. The proceedings passed to the Attorneys Office on September 8, 2006. At December 27, 2006, the proceedings had not returned from the Attorneys Office. The case records returned from the Public Prosecutor's Office on April 30, 2004 with a negative verdict on the admissibility of the lawsuit, since it considered that there was no "case", as required by article 322 of the Procedural Code, since it is understood that there was no specific requirement from the Province. The proceedings were ready for sentencing on May 2, 2007, but no sentence has so far been issued.

Amount involved: Undeterminable

Codensa S.A.

Plaintiff : Electroenergía S.A.
 Defendant : Codensa.
 Court : 21th Civil Court of the Bogota Circuit.
 Case/Identification : Case records No.11001310302120040037901.

Summary of proceedings: In 1997, by means of a competitive call for bids, the EEB awarded Electroenergía S.A. ESP the supply of energy to the regulated market, which today represents 14% of Codensa's demand. The contract should have begun to be processed on January 1, 2003. In his claim, the plaintiff states, (a) the first 4 years of the contract were awarded to Central Hidroeléctrica de Betania and the next 11 years to Electroenergía; (b) this caused a financial imbalance for Electroenergía; (c) In light of this complaint, the EEB awarded the contract for 13 years; (d) the contract was established in Codensa's name; (e) on April 30, 1998, officers of the two companies met and stipulated the following obligations: (e.1) negotiation of a contract from 2000 to 2015; (e.2) the need to agree to a risk hedge clause; (f) Electroenergía insisted on entering into a new, additional contract, without having received any reply from Codensa to date; (g) Codensa cannot seek to obtain a declaration of non-performance by Electroenergía of obligations that are still not enforceable, because the contract has not been registered with the administrator of the SIC; (h) Electroenergía made a series of investments to set up an energy plant (Termobiblis), and signed contracts, all of which was frustrated by the Codensa's behavior totally contrary to precontractual "good faith"; and (i) Codensa is liable for loss of earnings and indirect, special or consequential damages suffered by Electroenergía.

Process status: The process is in its petition and plea for the defense stage. It has been in the Judge's hands since September 10, 2007 with Electroenergía's rejoinder to the pleas raised by Codensa. On December 6, 2007 the reconciliation hearing was held and declared to have failed due to non-attendance of the legal representative of Electroenergía, who presented his apologies for not attending. Court orders for taking of evidence.
 Amount: Col\$ 220,000 million.

Plaintiff : Roberto Ramírez Rojas (Class action lawsuit).
 Defendant : Codensa, Bogotá Capital District and Alcaldía Zonal de San Cristóbal.
 Court : Cundinamarca Administrative Court, Third Section - Sub-section "B".
 Case/Identification : Case file 03-1473.

Summary of proceedings: The Circo Victoria transmission line I and II was built by Empresa Eléctrica de Bogotá in 1962, when the site in which the towers holding it are located, was not populated. However, when Codensa was born as a legal entity, on October 23, 1997, one of those towers (No.731) was surrounded by buildings put up after 1983 but prior to 1996. The plaintiff demands protection for the following collective rights: a healthy environment; sanitation, security and prevention of technically foreseeable disasters; that buildings abide by statutory regulations.

Process status: The State Council is to decide on the appeals filed by each party.

Amount: Undeterminable.

Plaintiff : Conjunto Residencial Iguazú (Class action lawsuit).
 Defendant : Codensa and Soacha City Government.
 Court : Cundinamarca Administrative Court, Fourth Section - Sub-section "B".
 Case/Identification : Case file 03-01342.

Summary of proceedings: Codensa S.A. ESP was providing the service of public lighting to the Soacha district since the inception of the company (on October 23, 1997). The public lighting infrastructure in the Soacha district is mostly owned by Codensa, through a contribution from Empresa Eléctrica de Bogotá (together with other assets).

Soacha district called on bidders for the service of public lighting, the winner being "Soacha Ciudad Luz", a temporary entity with which district representatives entered into concession contract No.004 on January 19, 1999. Codensa did not take part in the concession contract. However, after that contract had been executed, Sociluz hired Codensa to supply electricity, and rented the Codensa infrastructure, billing and collection systems. These are the conditions under which Codensa is related to the rendering of public lighting services in Soacha.

Process status: The State Council is to decide on the appeals filed by all the parties.

Amount: Indeterminable

Plaintiff : Jorge Ernesto Salamanca Cortés y Luis Alejandro Montero.
 Defendant : Codensa, Nación - Ministerio de Minas - Unidad de Planeación Minero Energética.
 Court : 3rd Administrative Court of Bogotá Circuit
 Case/Identification : Case file 05-2357

Summary of proceedings: In 14 areas of Bogotá there are at least 35 built-up quarters more than 25 years old where the high and medium voltage grid is "located in an anti-technical manner at several points, including in the front gardens of several houses", so that people are seen to be exposed to the risk of electrocution. The players consider that, as it is laid out, the grid creates a huge risk to which Codensa has not paid sufficient attention. Consequently, they are petitioning the Constitutional Judge to order the Company to lay the grid underground.

Process status: It is in the period allowed for producing evidence.

Amount: Undeterminable

Plaintiff : Sonia Andrea Ramírez Lamy
 Defendant : Ministry of the Environment, Housing and Territorial Development; Autonomous Regional Corporation of Cundinamarca – CAR; Technical Administrative Department of the Environment – DAMA; Administrative Department of District Planning, and others.
 Court : Administrative Court of Cundinamarca, Section Two, Sub-section "B".
 Case/Identification : Case file No. 2005-00662.

Summary of proceedings: The action seeks to make the environmental authorities preserve the Eastern Hills of Bogotá as a forest reserve, and also recover the resources affected by illegal settlements, illicit mine workings, irregular building permits, tree-felling and exploitation of flora and fauna.

Process status: The process is in the hands of the State Council to make a decision regarding the appeals filed. Codensa submitted a technical report from Distribution Management, warning of the consequences of eliminating the electrical infrastructure in the area in question.

Amount: undetermined

Endesa S.A.

Plaintiff : Jaime Arrieta Correa and others
 Defendant : Treasury of Chile, General Direction of Water and Endesa S.A.
 Court : First Civil Court of Valdivia
 Case/Identification : Case file 198-2005

Summary of proceedings: The annulment by operation of public law is requested of the resolution No.134, of March 22, 2000, issued by the General Direction of Water, which constitutes in favor of Endesa a right to use water to carry out the Neltume Power Plant project, with payment of damages. Failing the foregoing, plaintiffs request payment of damages supposedly caused to them, namely the fact that their properties no longer are located on the shores of Lake Pirehueico and the deterioration of their value.

Process status: Endesa made pleas for its defense, whereas the Treasury of Chile filed dilatory exceptions, which were rejected by the Court.

Amount: Undeterminable

Plaintiff : Inversiones M.D. Ltda. and others
Defendant : Treasury of Chile, General Direction of Water and Endesa S.A.
Court : 24th Civil Court of Santiago
Case Identification : Case file 7957-2005

Summary of proceedings: The annulment by operation of public law is requested of the resolution No.134, of March 22, 2000, issued by the General Direction of Water, which constitutes in favor of Endesa a right to use water to carry out the Neltume Power Plant project, with payment of damages. Failing the foregoing, plaintiffs request payment of damages supposedly caused to them, namely the fact that their properties no longer are located on the shores of Lake Pirehueico and the deterioration of their value.

Process status: Evidence has been taken regarding the substance of the case. ENDESA requested that the case should be accumulated with the following: Lawsuit of the 9th Civil Court, case No. 15279-2005, called "Arriega vs. Treasury of Chile and Others"; and the lawsuit in the 10th Civil Court, case No. 1608-2005, called "Jordan vs. Treasury of Chile and Others", which was rejected by the Court. ENDESA filed an appeal for reconsideration of judgment and, failing that, an appeal to a higher court for reversal of the above decision, with the Santiago Court of Appeal having endorsed the appeal by allowing the accumulation of proceedings.

Amount: Undeterminable

Plaintiff : José Manuel Jordán Barahona and others
Defendant : Treasury of Chile, General Direction of Water and Endesa S.A.
Court : 10th Civil Court of Santiago
Case Identification : Case file 1608-2005

Summary of proceedings: The annulment by operation of public law is requested of the resolution No.134, of March 22, 2000, issued by the General Direction of Water, which constitutes in favor of Endesa a right to use water to carry out the Neltume Power Plant project, with payment of damages. Failing the foregoing, plaintiffs request payment of damages supposedly caused to them, namely the fact that their properties no longer are located on the shores of Lake Pirehueico and the deterioration of their value.

Process status Evidence has been taken regarding the substance of the case, against which resolution the plaintiff has filed an appeal for reconsideration, which is pending. On October 23, 2007, the parties filed for a 90 day stay of the proceedings.

Amount: Undetermined

Plaintiff : Endesa, Pangué S.A. and Pehuenche S.A.
Defendant : Treasury of Chile
Court : Ninth Civil Court of Santiago
Case Identification : Case file 13084-04

Summary of proceedings: The annulment by operation of public law is requested of ministerial resolution No.35, dated June 15, 2004, issued by the Minister of Economy, Development and Reconstruction, in which the latter authority pronounces on an issue that was originally not contentious, that of instructing CDEC-SIC to determine the times of day with the highest probability of loss of electric current.

Process status: The lower court decision was issued, rejecting the lawsuit. The plaintiffs filed an appeal to a higher court for reversal and appeal for dismissal due to an error of form against them. The appeals are being heard by the Santiago Court of Appeal.

Amount: Undetermined

Plaintiff : Luis Danús Covian and other fifteen people
Defendant : Endesa and Pangué S.A.
Court : Santa Bárbara lower court
Case/Identification : Case file 4563

Summary of proceedings: A lawsuit was filed calling on the court to declare that over Fundo Ralco (Ralco Ranch) there is a commonwealth of which plaintiffs and defendants are members and on which they all have co-owners' rights.

Process status: Final, unappealable judgment favorable to the defendants rejecting all parts of the claim and sentencing the plaintiff to pay costs. The plaintiff has filed an appeal to a higher court for reversal and appeal for dismissal due to an error of form against them. The appeals are being heard by the Concepción Court of Appeal.

Amount: Undetermined.

Plaintiff : Endesa
Defendant : CMPC Celulosa S.A
Case/Identification : 2144-J
Court : Court of Arbitration

Summary of proceedings: The conflicts between the parties stem from the Supply Contract signed by Endesa and CMPC Celulosa S.A. on May 31, 2003 regarding the supply to the latter's plants in Region Eight. They mainly involved Endesa's decision to challenge part of the consumptions required by CMPC Celulosa S.A. because it considers that they are not covered by the above contract.

Process status: The taking of evidence stage has been completed, with certain evidence related orders issued by the judge still pending.

Amount: Undetermined

Plaintiff : Endesa
Defendant : General Water Board
Case/Identification : 6746-2007
Court : Santiago Court of Appeal

Summary of proceedings: A remedy of complaint has been filed against General Water Board Exempt Resolution 2144 of September 11, 2007, whereby the conditions for auctioning the Manso River water rights were stipulated. These water rights had been applied for simultaneously by Endesa and AES Gener S.A., with the latter desisting on September 7, 2006. The complaint is based on the fact that, in light of the above, the General Water Board has no right to auction off these water rights, because it infringes articles 6 and 7 of the Constitution and article 142 of the Water Code, among other legal provisions.

Process status: The trial is pending.

Amount: Undetermined

Plaintiff : Endesa
Defendant : Chilean Treasury
Case/Identification : 26.499-2007
Court : Third Civil Court of Santiago

Summary of proceedings: The Treasury is being sued for the court to declare that, in the operation of its power stations and reservoirs, Endesa, as an electrical energy generating company, is governed by the General Electrical Utilities Law, other legal provisions of the electricity statute and the instructions issued by the respective Interconnected Grid Economic Load Dispatch Center, not by the resolutions and instructions issued by the Overwatch Committees (regulated in the Water Code).

Process status: Endesa brought the action on November 30, 2007 and the Treasury has been notified.

Amount: Undetermined

Pangue S.A.

Plaintiff : Endesa, Pangue S.A. and Pehuenche S.A.
 Defendant : Treasury of Chile
 Court : Ninth Civil Court of Santiago
 Case Identification : Case file 13084-04

Summary of proceedings: The annulment by operation of public law is requested of ministerial resolution No.35, dated June 15, 2004, issued by the Minister of Economy, Development and Reconstruction, in which the latter authority pronounces on an issue that was originally not contentious, that of instructing CDEC-SIC to determine the times of day with the highest probability of loss of electric current.

Process status: The lower court issued its verdict, rejecting the claim. The plaintiffs filed an appeal to a higher court for reversal and an appeal for dismissal due to an error of form against them. The appeal is being heard in the Santiago Court of Appeal.

Amount: Undeterminable

Plaintiff : Luis Danús Covian and other fifteen people
 Defendant : Endesa and Pangue S.A.
 Court : Santa Bárbara lower court
 Case/Identification : Case file 4563

Summary of proceedings: A lawsuit was filed calling on the court to declare that over Fundo Ralco (Ralco Ranch) there is a commonwealth of which plaintiffs and defendants are members and on which they all have co-owners' rights.

Process status: Final, unappealable judgment favorable to the defendants rejecting all parts of the claim and sentencing the plaintiff to pay costs. The plaintiff has filed an appeal to a higher court for reversal and appeal for dismissal due to an error of form against them. The appeals are being heard by the Concepción Court of Appeal.

Amount: Undetermined.

Plaintiff : Municipality of Nacimiento
 Defendant : PANGUE S.A.
 Court : Lower Court of Nacimiento
 Case/Identification : 16.757-2007

Summary of proceedings: The plaintiff is suing under Law 19.300 on the Environment for reparation and compensation for damage to the environment caused by the Operation of the Pangue Power Station, especially by the dumping in July, 2006. The amount claimed is Ch\$13,194,921. The defendant is also being sued to adopt the measures of protection and mitigation specified - construction of a containment wall, construction of a bridge joining the town of Nacimiento to other nearby locations and community buildings at a cost of Ch\$4,914,000,000.

Process status: The order for evidence has been decreed but not notified to the parties.
 Amount: Ch\$ 4,927,194,921.

Pehuenche S.A.

Plaintiff : Endesa, Pangue S.A. and Pehuenche S.A.
 Defendant : Treasury of Chile
 Court : Ninth Civil Court of Santiago
 Case Identification : Case file 13084-04

Summary of proceedings: The annulment by operation of public law is requested of ministerial resolution No.35, dated June 15, 2004, issued by the Minister of Economy, Development and Reconstruction, in which the latter authority pronounces on an issue that was originally not contentious, that of instructing CDEC-SIC to determine the times of day with the highest probability of loss of electric current.

Process status: The lower court issued its verdict, rejecting the claim. The plaintiffs filed an appeal to a higher court for reversal and an appeal for dismissal due to an error of form against them. The appeal is being heard in the Santiago Court of Appeal.

Amount: Undetermined

Edegel S.A.

Plaintiff/Tax Creditor : Sunat
 Defendant/Taxpayer : Edegel
 Court : Sunat

Summary of proceedings: Edegel Re-assessment (2000) – On September 10, 2004, the Tax Court notified a favorable resolution for Edegel confirming (i) Edegel's right to depreciate the negative goodwill from the re-assessment because it had a legal stability agreement in force and also (ii) the non-application of Regulation VIII of the Tax Code to the unbundling (there is no fraud or simulation). However, the resolution stipulated that SUNAT has to check that the re-assessment of assets done by Edegel was not at a higher value than the market value. Since then, Edegel has been receiving a series of resolutions from SUNAT aimed at determining the excess of the re-assessment and the tax to be paid.

Process status: Appeals have been filed against the resolutions (the part where it considers that it is in the right) and are pending a decision by the Tax Court.

Amount: Sol\$ 78 million - US\$ 26 million

Generandes Perú S.A.

Plaintiff : SUNAT
 Defendant : Generandes Perú S.A.
 Court : SUNAT
 Case/Identification : 0260340031172

Summary of proceedings: Services – Tax Action against various Resolutions Determining and Imposing Fines on Sales Tax and Income Tax – year 2000

Process status: The process is pending a determination of its merits by Tax Administration.

Amount: Sol\$46 million – US\$15 million

Emgesa S.A.

Plaintiff : Fariel San Juan
 Defendant : Emgesa S.A. (Formerly Central Hidroeléctrica de Betania S.A. E.S.P.)
 Court : 3rd and 4th Civil Courts of Neiva Circuit
 Case/Identification : Class action motivated by the impact that the construction of the dam will have on the economy of the region.

Summary of proceedings: Construction of system that would allow transit of fish at mating season. Keeping water at fair level and ordering CHB to conduct compensatory development projects, such as a fish processor and packing.

Process status: The proposed compliance agreement was submitted to the 3rd Court on April 18 of this year. This agreement was approved by the judge by means of a judicial writ issued on September 25, 2006. This activity is already being carried out through the Company's Environmental Division. Once the commitments acquired have been complied with, the termination of the proceedings and filing of the case records will be decided.

The compliance agreement hearing was held last August 30, 2006 in the Fourth Court. The resulting obligation for the Company involves undertaking two studies for developing tourist projects in the region, which shall be developed by the municipality of Yaguará and/or by the Governor's Office of Huila. On August 29, 2007, Betania sent the two studies performed for developing tourism projects in the region to the Court, as agreed in the compliance agreement. On December 10, 2007, the court deemed that the defendant had fulfilled its obligations arising from the compliance agreement, so it ordered the case records to be filed. FINISHED. NO MORE INFORMATION WILL BE GIVEN.

Amount: Undetermined

Plaintiff : Emgesa (Formerly Central Hidroeléctrica de Betania S.A. ESP)
Defendant : Municipality of Yaguará
Court : Administrative Court of Huila
Case/Identification : 2004-1328

Summary of proceedings: MUN. YAGUARÁ – ICA – The Municipality seeks to penalize the company for not filing its Industry and Commerce Tax (ICA) returns, based on Law 14 of 1981, not recognizing the payments made by Betania in applying the special regulation aimed at electrical energy generating companies (Law 56 of 1981), paying a tax of MMCol\$4,160m, and it issued a penalty resolution for MMCol\$98,437. The company filed for annulment of the actions imposing the penalty (Penalty Resolution 1998 to 2002).

Process status: Both payment of the tax and the Resolution imposing the penalty have been appealed against and are pending the decision of the Court for Actions under Administrative Law in the Department of Huila. This Court does not have any specified deadline for issuing its verdict.

Amount Col\$ 102.59 million - US\$51.26 million

Plaintiff : Orlando Enrique Guaqueta and Inhabitants of Sibaté
Defendant : Emgesa S.A. ESP. Empresa de Energía de Bogotá S.A. ESP.- EEB-
Corporación Autónoma Regional - CAR -
Court : Administrative Court of Cundinamarca - First Section
Case/Identification : Class Action

Summary of proceedings: The claim was filed so that the Entities are severally liable for the damage caused by the pollution in El Muña dam, as a result of the pumping by Emgesa S.A. ESP of polluted waters from the river Bogotá.

Process status: In a decision of August 9, 2006, the Administrative Court of Cundinamarca decreed that this proceeding should be attached to the Miguel Angel Chávez - Nancy Stella Martínez Pulido and Others against Emgesa and 17 municipal entities and government agencies, being heard in Section Four of this same Administrative Court and also seeking compensation for damages caused by dumping polluted water from the Bogota River into the Muña Reservoir. By an administrative process of May 16, 2007, the case records were sent to the State Council for a decision regarding the appeals filed by the industries (including Encomcables, Hospital Juan N Corpas, Agrinal S.A., Líquido Carbónico Colombiana S.A. Tinzuque, Refisal, Peldar, Icollantas), which companies consider that they cannot be summoned to form part of the proceeding as direct defendants by reason of the negation of the guarantee appeal, since it would be being presumed that they were polluting agents. Once the above appeals have been resolved, the evidence stage in the lower court will begin.

Amount: Col\$3,000,000 million – US\$1,500 million

Plaintiff : Gustavo Moya
Defendant : Emgesa S.A. ESP, Empresa de Energía de Bogotá S.A. ESP, the Capital District of Bogotá, Empresa de Acueducto y Alcantarillado de Bogotá, the City Hall of Sibaté and other plants and government agencies that presumably contribute to the pollution of the river Bogotá by action or omission.
Court : Administrative Court of Cundinamarca - Fourth Section
Case/Identification : 2001-479

Summary of proceedings: Class Action seeking for the entities being sued to be declared liable for damages caused to the environment as a result of storing raw sewage above the El Muña Reservoir and, therefore, to be sentenced to making good the collective damage caused.

Process status: The appeal to the lower court decision is being heard by the State Council. The verdict endorsed the proposal for a compliance agreement submitted by EEB y Emgesa, exonerating the latter from any liability.
Amount: Undetermined

Plaintiff/Tax Creditor : Emgesa S.A. ESP.
Defendant/Taxpayer : Corporación Autónoma Regional de Cundinamarca - CAR
Court : Administrative Court of Cundinamarca - First Section
Case/Identification : 2005-1476

Summary of proceedings : That the administrative decrees issued by the CAR (Resolution 506 of March 28, 2005 and 1189 of July 8, 2005) should be declared null and void and Emgesa's rights, which had been violated by their issue, since they impose works to be performed in the Muña reservoir, on whose effectiveness maintenance of the water concession depends, should be reestablished.

Process status: Ordering of evidence requested by the parties is pending.
Amount: Col\$167,638 million – US\$83.8 million

Endesa Costanera S.A.

On July 25, 1990 the Italian Government authorized Banco Medio Crédito Centrale to grant the Argentinean Government a loan up to US\$93,995,562 intended for financing the acquisition of assets and the rendering of Italian source services, used in the reconditioning of four groups of the steam-electric powerplant owned by Servicios Eléctricos del Gran Buenos Aires ("SEGBA"). Such loan financed the acquisition of assets and services indicated in the Work Order No.4322 (the Order) issued by SEGBA on behalf of a trust led by Ansaldo S.p.A., an Italian company.

In virtue of the terms in the "Agreement regarding the Work Order No.4322": i) SEGBA granted Endesa Costanera S.A. a mandate through which it administered the rendering of the services included in the Order and performed the work and services that corresponded to SEGBA, in conformity with the Order; and ii) Endesa Costanera S.A. was obliged to pay the Energy Department the capital installments and interest related to the loan granted by Medio Crédito Centrale, at a 1.75% annual rate (the Agreement).

To guarantee the compliance with the financial obligations assumed by Costanera S.A., the buyers (holders of class "A" shares of Endesa Costanera S.A.) pledged all their own class "A" shares. In the event of non-compliance resulting in executing the guarantee, the Energy Department could immediately sell the pledged shares through public bidding and could exercise the political rights applicable to pledged shares.

In accordance with Law No.25,561, decree No.214/02 and regulatory provisions, the payment obligation of Endesa Costanera S.A. as a result of the Agreement has become "pesified" to the peso exchange rate equivalent to one US dollar, plus the application of the reference stabilization coefficient and maintaining the original interest rate of the obligation.

On January 10, 2003 the National Executive issued decree No.53/03, which modified decree 410/02 and added subsection j) in Article 1. In conformity with this regulation, the “pesification” is not applied to the obligation of the provincial states, city halls, private and public companies of giving sums of foreign money to the National Government as a result of subsidiary or other loans and guarantees, originally financed by multilateral credit entities, or as a result of liabilities assumed by the National Treasury and refinanced by other external creditors.

Endesa Costanera S.A. considers that the loan resulting from the Agreement does not agree with any of the assumptions include in Decree No.53/03 and even though in the assumption that it agrees, there are strong arguments that determine the unconstitutionality of Decree No.53/03, because it would violate the principle of equality and the right of property established by the National Constitution. The most significant contingency that could result, if the aforementioned assumption becomes real at December 31, 2007, would be a shareholders’ equity decrease, net of tax effects, of approximately US\$19 million. To date the Energy Department has not filed a claim for the “pesified” payments made by Endesa Costanera S.A.

At December 31, 2007, the debt of Endesa Costanera S.A. with regard to the Agreement, including accrued interest, is US\$ 14,049,868.-

On September 29, 2005 Endesa Costanera S.A. formalized a loan of US\$ 30,000,000 with Credit Suisse First Boston International to the Syndicated Loan and Loan from JP Morgan Chase Bank, for a 54 month period, amortizable in seven equal quarterly installments, with the first maturing on September 30, 2008 and the last on March 31, 2010.

The loan accrues a 90 day LIBOR rate plus 575 basic points. first degree collateral has also been furnished to the creditor on the Siemens Combined Cycle.

On September 30, 2005 the banks participating in the Syndicated Loan and JP Morgan Chase Bank assigned all the pending balance of the debt at that date to Credit Suisse First Boston International.

The principal and interest on the debt at December 31, 2007 is US\$30,040,132.

Pursuant to the provisions of Appendix VI A of the “International Public Call for Bids for the Sale of Shares of Endesa Costanera S.A.”, the ownership of the property of Endesa Costanera S.A was transferred, subject to condition subsequent that it is encumbered as the site for a power station operating for twenty five years as of the take-over.

If, for any reason, the property ceases to be encumbered by that purpose during the above term, the title will be considered to have been revoked as a result, with title of ownership being returned immediately and ipso facto to SEGBA S.A. or, if applicable, the State.

At December 31, 2004, Endesa Costanera S.A. had pledged a first degree collateral of about US\$ 52,000,000 on its Siemens Combined Cycle to the Banks Bilbao Vizcaya Argentaria S.A., Bank Boston N.A., Bank of América N.A., HSBC Bank plc, Banco Latinoamericano de Exportaciones S.A., Banco Comafi (formerly Scotiabank Quilmes S.A.) and JP Morgan Chase Bank (“the Banks”). As a result of the refinancing of the above loan referred to in Note 5.b), at December 31, 2007 Credit Suisse First Boston International is the beneficiary of the collateral, which was reduced to US\$ 40,000,000.

Endesa Costanera S.A. furnished a first degree pledge on the financed asset to Mitsubishi Corporation. According to the provisions stipulated in the agreement signed by both companies on December 3, 2007, Endesa Costanera S.A. promised to increase the above pledge to US\$68,504,291.

Restrictions

Enersis S.A. and some of its subsidiaries have the following restrictions:

Enersis S.A.

The Company’s loan agreements establish an obligation to comply with the following financial ratios:

- Ratio of debt and cash flow for four quarters of Enersis and its Chilean subsidiaries does not exceed 6.5 in 2007, ending at 6.00 in 2009;
- The ratio of consolidated debt to consolidated EBITDA for four consolidated quarters, does not exceed 4.0 in 2007, ending at 3.00 in 2009;
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 2-10 in 2007, ending at 2.20 in 2009;
- The consolidated debt to shareholders’ equity plus minority interest does not exceed 100%;
- No less than 50% of the total consolidated assets of Enersis S.A., steadily until 2009, should belong to companies whose business is regulated;
- Minimum shareholders’ equity plus minority interest at least equal to U.F.27 million (UF = Inflation index-linked units of account)

The financial covenants of the loan signed in 206 are less demanding that those indicated above.

At December 31, 2007 and 2006 all these obligations have been met.

Endesa Chile

On a consolidated level, Endesa Chile must comply with financial covenants and requirements derived from loan agreements with financial institutions, among which are the following:

- Ratio between debt and cash flow for four quarters of Endesa Chile and its Chilean subsidiaries does not exceed 8.40 in 2007, which evolves up to 7.50 in 2010;
- The ratio of consolidated debt to consolidated EBITDA for four consolidated quarters, not exceeding 5.00 in 2007, which evolves up to 4.20 time in 2010;
- The ratio of Endesa Chile and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.70 in 2007, which evolves up to 2.00 times in 2010;
- The ratio of consolidated debt to shareholders’ equity plus minority interest not exceeding 102% in 2007, which evolves up to 100% in 2010;
- Not less than 50% of Endesa’s total consolidated assets must be devoted to activities involving the generation, transmission and selling of electrical energy;
- Minimum shareholders’ equity at least equal to U.F.45 million.

The financial covenants for loans entered into in 2006 are less strict than those indicated above.

At December 31, 2007 all these obligations and restrictions have been met

Endesa Costanera S.A.

By virtue of the arrangement in Annex VI-A of the “Concurso Público Internacional para la Venta de las Acciones de Central Costanera Sociedad Anónima” (International Public Tender for the Sale of shares of Central Costanera Sociedad Anonima), the ownership of Central Costanera S.A.’s land was transferred subject to the condition that it must be used as the location for an electric power plant for a term of twenty five years as of the date of possession.

If under any circumstance whatsoever the land ceases to be used for that purpose during the indicated years, its ownership shall be considered revoked due to this cause and return of such title will be effective immediately, and as a matter of law, to SEGBA S.A. or, as applicable, to the Chilean State.

The most demanding requirements in respect to financial coefficients are those contained in the loan, as amended at September 30, 2005, with CSFBi, which are the following: The long-term debt with third parties may not exceed US\$215 million (excluding short-term debt, commercial debt, inter-company loans and balance of debt with MedioCrédito Italiano); the debt for less than 180 days may not exceed US\$10 million. There are, also, clauses restricting the change of control of the company and clauses that restrict payments to shareholders, including subjecting the related debt to meeting certain financial indicators.

At December 31, 2007 all these obligations have been met.

El Chocón S.A.

The loan obtained on September 7, 2006 requires the Company to comply with the following financial covenants: ratio of Ebitda to financial expenses not lower than 3.5, debt to Ebitda not greater than 3.5; net shareholders' equity not lower than 690 million Argentine pesos.

As of December 31, 2007 these obligations have been met.

Edegel S.A.

Debt ratio of not more than 1.50 in the second Bond issue.

The loan known as the Facility Operation Contract, assumed as a result of the merger with Etevensa, has the following indicators: interest hedge greater than 1.25; shareholders' equity long-term debt ratio greater than 0.67 and debt service hedge greater than 1.10.

Bank loans include a debt to Ebitda of less than 4.0; interest hedge of more than 3.25 and level of indebtedness of less than 1.50.

At December 31, 2007, this obligation has been met.

Emgesa S.A.

- Restrictions on changes of controller, under these circumstances.

At December 31, 2007, this obligation has been met.

Other restrictions

As a common and habitual practice for some bank loan debts and also in capital markets, a substantial portion of the financial indebtedness of Enersis and its subsidiary Endesa Chile is subject to cross-failure provisions. Some failures of relevant subsidiaries, if not corrected in time, might result in the cross-failure at the Endesa Chile and Enersis S.A. level, and, in this case, a significant percent of the liabilities of these companies might eventually become due on demand.

Non-payment, after any applicable grace period, of these companies' debts or of those corresponding to some of their most relevant subsidiaries for an individual amount exceeding the equivalent of 30 million US dollars, would cause advanced payment of syndicated credits contracted in 2004. In the credits contracted by Endesa Chile in January and December of 2006, and by Enersis S.A in December 2006, the threshold is 50 million US dollars. Also, non-payment, after any applicable grace period, of these companies' debts or of those corresponding to any of their subsidiaries for individual amounts exceeding the equivalent of 30 million dollars, would cause advanced payment of Yankee bonds. In addition, some credit agreements contain provisions according to which certain events different from non-payment in these companies or in any of their most relevant subsidiaries, such as bankruptcy, insolvency, adverse executed legal sentences for amounts larger than US\$ 50 million, and expropriation of assets, may cause those credit acceleration clauses to be in effect.

There are no clauses in the credit agreements through which changes in these companies corporate or debt classification by risk classification agencies may cause an obligation to make debt prepayments. However, according to the Standard & Poor (S&P) risk classification agency, a variation in the foreign currency debt risk classification produces a change in the applicable margin of syndicated credits contracted in 2004 and 2006.

At December 31, 2007, these obligations and restrictions have been fully met.

NOTE 29. SURETIES OBTAINED FROM THIRD PARTIES

Enersis S.A.

The company has received performance bonds worth ThCh\$8,586 at December 31, 2007 (ThCh\$21,965 in 2006).

Chilectra S.A.

The Company presents among its current liabilities, deposits received in cash for the use of temporary connections by customers of the company for ThCh\$49,503 (ThCh\$36,167 in 2006).

Inmobiliaria Manso de Velasco Limitada

The company has received sureties of ThCh\$1,831,885 (ThCh\$3,829,249 in 2006) from third parties made out to the Company to guarantee obligations contracted in the purchase of assets.

Compañía Americana de Multiservicios Limitada

The company has furnished performance bonds worth ThCh\$4,794,639 and has received performance bonds worth ThCh\$285,692 at December 31, 2007, ThCh\$5,093,621 and ThCh\$296,444 in 2006 respectively.

Endesa S.A. (Matriz)

The Company has received performance bonds from contractors to guarantee performance of works to the sum of ThCh\$36,387,567 (ThCh\$1,711,237 in 2006).

Eniges S.A.

The company has received warrant documents which amounted Ch\$28,000 thousand as of December 31, 2007 (Ch\$68,331 thousand as of year 2006)

Edesur S.A.

The company has received sureties of ThCh\$8,477,937 from contractors and third parties at December 31, 2007 to guarantee works.

NOTE 30. FOREIGN AND LOCAL CURRENCY

Assets and liabilities in foreign and local currency at each year-end are as follows:

a. Current assets

Account	Currency	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Cash and banks	\$ no Reaj.	2,893,987	2,354,162
	US\$	8,396,302	3,866,720
	Euro	3,475	6,946
	Yen	225	243
	\$ Col.	21,313,555	25,091,123
	Soles	6,279,420	7,964,917
	\$ Arg.	2,833,888	2,393,314
	Real	40,258,759	65,501,566
Time deposits	US\$	71,942,208	64,291,303
	\$ Col.	64,647,410	57,597,837
	Soles	1,658,511	10,720,537
	\$ Arg.	15,190,337	23,838,520
	Real	251,145,475	146,554,231
Marketable securities	\$ no Reaj.	5,498	4,189
	US\$	275,098	2,257,140
	\$ Col.	10,302,981	4,724,898
	Soles	-	894,255
	\$ Arg.	1,213,886	1,907,876
Accounts receivable, net	\$ no Reaj.	224,064,233	189,337,670
	US\$	6,665,624	2,496,976
	Euro	92,970	-
	\$ Col.	211,529,800	216,646,461
	Soles	44,351,663	57,581,020
	\$ Arg.	96,590,032	76,056,387
	Real	404,089,150	359,090,323
Notes receivable	\$ no Reaj.	4,191,613	2,712,947
	US\$	32,783	141,469
	Soles	-	52,812
	\$ Arg.	-	21,250
	Real	7,614,720	5,092,371
Other receivables	\$ Reaj.	2,801,441	116,292
	\$ no Reaj.	36,262,666	33,775,426
	US\$	11,524,012	13,876,861
	\$ Col.	13,659,977	23,388,787
	Soles	5,868,565	6,231,535
	\$ Arg.	1,127,557	927,703
	Real	28,525,803	30,210,249

a. Current Assets (Continued)

Account	Currency	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Amounts due from related companies	\$ no Reaj.	12,118,730	6,976,355
	US\$	131,054,939	796,786
	Soles	147,889	141,986
	\$ Arg.	9,062,462	6,653,651
Inventories, net	\$ no Reaj.	75,056,392	40,052,843
	US\$	-	1,956,158
	\$ Col.	12,397,422	10,398,138
	Soles	13,872,977	16,275,855
	\$ Arg.	1,885,013	1,662,244
	Real	2,227,730	1,444,239
Income taxes recoverable	\$ no Reaj.	67,409,343	24,500,576
	US\$	-	657,664
	\$ Col.	2,807,941	642,256
	Soles	1,082,757	160,037
	\$ Arg.	3,145,100	1,026,255
	Real	70,266,944	49,643,551
Prepaid expenses and other	\$ no Reaj.	848,917	981,216
	US\$	703,947	898,802
	\$ Col.	1,575,185	1,826,607
	Soles	1,899,227	2,740,699
	\$ Arg.	1,648,106	957,136
	Real	43,681,296	47,845,772
Deferred income taxes	\$ no Reaj.	34,518,793	47,612,290
	\$ Col.	656,392	187,632
	\$ Arg.	7,935,531	7,430,119
	Real	25,298,426	10,881,479
Other current assets	\$ Reaj.	4,250,194	6,718,391
	\$ no Reaj.	75,578,181	47,794,808
	US\$	25,356,635	4,305,173
	\$ Col.	619,493	-
	Soles	174,957	250,922
	\$ Arg.	131,276	198,783
	Real	35,921,657	12,320,803
Total current assets		<u>2,260,687,476</u>	<u>1,793,665,542</u>

b. Property, Plant and Equipment

Account	Currency	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Land	\$ no Reaj.	59,138,906	58,594,852
	\$ Col.	32,818,487	28,269,000
	Soles	3,805,902	11,951,065
	\$ Arg.	6,745,447	7,762,198
	Real	35,627,673	35,840,112
Building, infrastructure and work in progress	\$ no Reaj.	4,589,067,895	4,366,632,325
	\$ Col.	2,436,182,558	2,683,158,045
	Soles	1,171,005,047	1,310,188,066
	\$ Arg.	1,297,240,798	1,461,806,708
	Real	1,776,382,758	1,995,184,452
Machinery and equipment	\$ no Reaj.	73,827,317	71,746,863
	\$ Col.	31,912,537	32,926,985
	Soles	550,379,735	600,927,484
	\$ Arg.	608,669,965	679,922,955
	Real	720,005,031	748,715,953
Other plant and equipment	\$ no Reaj.	187,533,805	189,278,271
	\$ Col.	9,627,217	9,797,352
	Soles	83,396,760	127,346,938
	\$ Arg.	95,638,729	101,008,914
	Real	157,216,698	246,849,539
Technical appraisal	\$ no Reaj.	33,693,703	33,741,576
	Real	93,164,391	107,681,188
Accumulated depreciation	\$ no Reaj.	(2,245,033,722)	(2,126,444,664)
	\$ Col.	(845,008,549)	(888,950,985)
	Soles	(896,750,095)	(975,993,483)
	\$ Arg.	(1,079,372,828)	(1,160,016,222)
	Real	(979,570,049)	(1,028,017,719)
Total property, plant and equipment		<u>8,007,346,116</u>	<u>8,685,907,768</u>

c. Other Assets

Account	Currency	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Investments in related companies	\$ no Reaj.	55,631,617	81,687,494
	US\$	3,564,027	41,757,737
Investments in other companies	\$ no Reaj.	2,795,686	2,651,817
	US\$	18,842,721	21,682,898
	\$ Col.	1,312,286	1,510,100
	Soles	23,431	26,962
	Real	2,805	2,673
Goodwill, net	\$ no Reaj.	625,799,583	684,114,838
	US\$	8,674,293	10,994,180
	\$ Col.	6,704,537	8,427,567
Negative goodwill, net	\$ no Reaj.	(12,017,963)	(7,711,148)
	US\$	(6,272,756)	(8,241,974)
Long-term accounts receivable	Soles	(19,103,601)	(23,802,402)
	\$ Reaj.	5,960,919	9,950,282
	\$ no Reaj.	732,467	953,209
	US\$	-	2,200,940
	\$ Col.	59,460,267	6,890,342
	Soles	65,662	162,464
	\$ Arg.	99,616,044	67,763,155
	Real	29,702,484	59,732,796
	\$ no Reaj.	626,547	-
Amounts due from related companies	US\$	-	97,222,765
	Real	-	13,155,686
Deferred taxes	\$ Reaj.	1,346,395	242,777
Other long-term assets	\$ no Reaj.	29,957,885	99,696,320
	US\$	55,220,674	117,740
	\$ Col.	19,399,101	21,205,966
	Soles	3,754,498	4,068,785
	\$ Arg.	15,152,751	28,660,732
	Real	162,780,692	179,405,710
	Total other assets		<u>1,169,733,052</u>
Total assets by currency	\$ Reaj.	14,358,949	17,027,742
	\$ no Reaj.	3,934,702,079	3,851,044,235
	US\$	335,980,507	261,279,338
	Euro	96,445	6,946
	Yen	225	243
	\$ Col.	2,091,918,597	2,243,738,111
	Soles	971,913,305	1,157,890,454
	\$ Arg.	1,184,454,094	1,309,981,678
Real	2,904,342,443	3,043,134,974	
Total assets by currency		<u>11,437,766,644</u>	<u>11,884,103,721</u>

d. Current Liabilities

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31, 2007		As of December 31, 2006		As of December 31, 2007		As of December 31, 2006	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Short-term debt due to banks and financial institutions	\$ Reaj.	4,089	0.30%	2,244	0.30%	-	-	-	-
	\$ no Reaj.	6,627	0.00%	222,432	0.96%	-	-	-	-
	US\$	8,218,800	6.03%	7,427,503	10.49%	23,416,144	10.30%	1,522,497	6.94%
	Yen	57,386	12.75%	-	-	6,298,867	12.75%	-	-
	\$ Col.	83,609,969	12.01%	98,951,084	8.35%	-	-	-	-
	Soles	38,359,881	5.55%	31,414,031	5.62%	-	-	-	-
	\$ Arg.	1,114,970	7.90%	591,727	13.70%	-	-	2,240,837	8.72%
	Reales	5,774,621	8.10%	1,284,987	16.58%	2,833,525	5.58%	-	-
	Others	-	0.00%	536,769	2.80%	-	-	-	-
	Current portion of long-term debt due to banks and financial institutions	\$ no Reaj.	32	0.30%	32	-	-	-	-
\$ Reaj.	-	-	-	-	-	-	415,497	9.00%	
US\$	18,227,924	7.73%	19,150,148	11.05%	23,372,542	9.41%	31,849,879	8.68%	
Euro	-	-	-	-	-	-	884,787	4.23%	
\$ Col.	9,069,236	12.19%	19,365,278	9.85%	-	-	-	-	
Soles	28,211,708	5.96%	10,665,834	5.00%	-	-	-	-	
\$ Arg.	-	0.00%	333,672	12.11%	2,003,678	1.75%	2,505,203	3.10%	
Reales	780,784	12.75%	4,009,981	17.86%	47,644,953	13.52%	16,529,136	15.45%	
Current portion of bonds payable	\$ Reaj.	1,918,224	5.71%	1,829,608	5.63%	2,951,811	5.71%	2,532,320	5.61%
US\$	6,287,431	7.78%	43,150,904	5.58%	228,769,157	7.78%	33,606,595	8.22%	
\$ Col.	9,582,791	10.95%	4,442,350	10.15%	-	-	-	-	
Soles	18,879,245	6.07%	1,824,899	6.55%	4,975,532	6.07%	10,830,382	7.19%	
\$ Arg.	101,860	11.75%	3,740,523	10.43%	-	-	7,468,236	10.43%	
Reales	-	-	-	-	92,568,646	12.23%	12,159,163	14.53%	
Current portion of long-term notes payable	\$ no Reaj.	-	-	1,693	-	-	-	-	-
US\$	12,224,280	7.42%	21,914,304	7.42%	7,205,899	7.42%	11,662,164	7.42%	
\$ Arg.	1,063,998	13.10%	-	-	2,920,274	13.10%	-	-	
Reales	-	-	-	-	769,241	5.00%	2,962,525	-	
Dividends payable	\$ no Reaj.	4,142,562	-	1,668,202	-	-	-	-	-
\$ Col.	14,194,394	-	63,055,251	-	-	-	-	-	
Soles	18,402	-	2,255,472	-	-	-	-	-	
\$ Arg.	-	-	2,127	-	-	-	-	-	
Reales	14,530,457	-	13,232,333	-	-	-	-	-	
Accounts payable	\$ Reaj.	112,058	-	38,103	-	-	-	-	-
\$ no Reaj.	167,648,213	-	95,114,000	-	-	-	-	-	
US\$	33,623,137	-	12,573,019	-	8,194,660	-	532,187	-	
Euro	1,025,690	-	1,153,194	-	-	-	-	-	
\$ Col.	61,943,498	-	57,380,444	-	-	-	-	-	
Soles	25,970,113	-	33,005,936	-	1,344,926	-	2,199,029	-	
\$ Arg.	61,367,588	-	62,637,722	-	-	-	-	-	
Reales	109,124,490	-	86,527,665	-	44,401,473	-	45,929,107	-	
Short-term notes payables	Reales	6,526,529	-	3,253,625	-	9,435,198	-	13,636,854	-
Miscellaneous payables	\$ no Reaj.	9,511,986	-	5,744,671	-	-	-	-	-
US\$	551,597	-	15,104,101	-	6,981,468	-	837,358	-	
Euro	-	-	610	-	-	-	-	-	
\$ Col.	24,943,812	-	15,453,115	-	-	-	-	-	
Soles	6,859,649	-	18,816,805	-	2,183,671	-	216,775	-	
\$ Arg.	41,077	-	80,831	-	201,647	-	-	-	
Reales	19,894,017	-	28,092,534	-	34,924,981	-	35,275,963	-	
Others	6,745	-	7,244	-	-	-	-	-	
Amounts payable to related Companies	\$ no Reaj.	321,644	-	1,095,955	-	-	-	-	-
US\$	3,006,074	-	3,039,973	-	-	-	-	-	
Soles	383,347	-	1,431,079	-	-	-	-	-	
\$ Arg.	28,140,054	-	26,505,339	-	-	-	-	-	

d. Current Liabilities (Continued)

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31, 2007		As of December 31, 2006		As of December 31, 2007		As of December 31, 2006	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Accrued expenses	\$ Reaj.	-	-	-	-	2,463,021	-	1,336,697	-
	\$ no Reaj.	12,150,816	-	14,567,202	-	20,552,346	-	19,232,520	-
	US\$	6,630	-	2,421,289	-	77,915	-	37,078	-
	\$ Col.	15,922,583	-	13,118,853	-	-	-	-	-
	Soles	5,167,546	-	7,085,207	-	938,180	-	260,427	-
	\$ Arg.	5,879,657	-	5,388,567	-	-	-	-	-
	Reales	8,834,674	-	8,557,241	-	13,062,584	-	13,217,500	-
	\$ no Reaj.	21,662,709	-	11,166,123	-	-	-	-	-
	\$ Col.	5,463,809	-	3,214,796	-	-	-	-	-
	Soles	5,144,901	-	6,818,513	-	227,112	-	144,470	-
\$ Arg.	16,533,702	-	14,396,065	-	-	-	-	-	
Reales	25,359,740	-	36,384,853	-	31,641,193	-	35,260,806	-	
Income tax payable	\$ no Reaj.	-	-	338,827	-	121,265	-	38,409,552	121,265
	\$ Col.	-	-	33,147,732	-	-	-	-	-
	Soles	-	-	12,013,445	-	-	-	-	-
	\$ Arg.	14,722,948	-	4,252,372	-	91,243	-	759,904	-
	Reales	2,490,801	-	16,129,535	-	916,818	-	51,863,663	-
Reimbursable financial contributions	\$ no Reaj.	4,907,779	-	3,661,246	-	2,552,735	-	757,744	-
	\$ Col.	369,014	-	972,978	-	-	-	-	-
	\$ Reaj.	1,691	-	1,542	-	5,071	-	4,628	-
	\$ no Reaj.	8,062	-	8,017	-	1,325,255	-	1,112,585	-
Other current liabilities	\$ Reaj.	-	-	-	-	-	-	65,846	-
	\$ no Reaj.	9,460	-	17,382	-	107,564	-	85,798	-
	US\$	2,150,224	-	1,167,359	-	4,309,486	-	-	-
	\$ Col.	5,444,461	-	16,275,624	-	-	-	-	-
	Soles	1,043,626	-	583,319	-	-	-	-	-
	\$ Arg.	57,215,594	-	31,176,603	-	-	-	-	-
	Reales	42,519,118	-	30,011,603	-	18,078,563	-	17,064,223	-
	Total current liabilities by currency	\$ Reaj.	2,036,062	-	1,871,497	-	5,419,903	-	4,354,988
\$ no Reaj.	220,369,890	-	133,605,782	-	24,659,165	-	59,598,199	-	
US\$	84,296,097	-	125,948,600	-	302,327,271	-	80,047,758	-	
Euro	1,025,690	-	1,153,804	-	-	-	884,787	-	
Yen	57,386	-	-	-	6,298,867	-	-	-	
\$ Col.	230,543,567	-	325,377,485	-	-	-	-	-	
Soles	130,038,418	-	125,914,540	-	9,669,421	-	13,651,083	-	
Reales	235,835,231	-	227,544,357	-	296,277,175	-	243,898,940	-	
\$ Arg.	186,181,448	-	149,105,548	-	5,216,842	-	12,974,180	-	
Others	6,745	-	544,013	-	-	-	-	-	
Total current liabilities		<u>1,090,390,534</u>		<u>1,091,065,626</u>		<u>649,868,644</u>		<u>415,409,935</u>	

e. Long-term liabilities, December 2007

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Due to banks and financial Institutions	US\$	324,569,644	6.71%	111,876,345	6.30%	32,495,769	8.63%	3,306,080	10.43%
	\$ Arg.	3,981,984	1.75%	995,577	1.75%	-	-	-	-
	\$ Col.	-	-	75,222,686	12.19%	-	-	-	-
	Reales	155,514,187	13.81%	-	13.80%	41,556,728	13.65%	-	-
	\$ Reaj.	99,684	5.50%	275,204,413	-	-	219,857,880	5.27%	-
Bonds payable	US\$	310,994,010	8.22%	13,912,918	4.36%	596,135,827	7.92%	129,824,438	7.45%
	\$ Col.	146,064,243	10.69%	156,291,249	11.24%	261,792,340	10.83%	-	0.00%
	Soles	38,843,435	6.90%	27,345,848	6.38%	73,000,046	6.80%	8,289,790	6.30%
	\$ Arg.	-	0.00%	26,006,931	11.75%	-	-	-	-
	Reales	34,672,030	14.70%	103,793,429	12.80%	-	-	-	-
Long-term notes payable	US\$	29,099,369	7.42%	27,888,796	7.42%	-	-	-	-
	\$ Arg.	6,059,723	13.10%	-	0.00%	-	-	-	-
	Reales	35,600,085	10.61%	15,044,209	10.61%	9,275,471	10.61%	-	-
	\$ Reaj.	-	0.00%	-	-	-	157,111	-	-
	\$ no Reaj.	9,577,891	0.00%	2,832,747	-	-	-	-	-
Miscellaneous payable	US\$	12,862,368	11.50%	29,595,608	11.50%	46,849,488	6.50%	11,808,090	6.50%
	\$ Arg.	650,185	-	473,626	-	-	-	-	-
	Reales	13,942,945	-	5,323,307	-	9,875,274	-	-	-
Amounts payable to related companies	US\$	-	-	8,161,792	-	-	-	-	-
Accrued expenses	\$ no Reaj.	3,529,014	-	3,475,280	-	9,578,252	-	14,941,681	-
	\$ Col.	71,951,638	-	-	-	-	-	-	-
	Reales	224,748,944	-	-	-	74,895	-	-	-
	\$ no Reaj.	-	-	-	-	22,440,908	-	-	-
Deferred taxes	\$ no Reaj.	-	-	-	-	-	-	-	-
Reimbursable financial contributions	\$ Reaj.	7,439	-	-	-	-	-	-	-
	\$ no Reaj.	1,857,133	-	924,411	-	672,401	-	-	-
	Soles	290,345	-	72,260	-	-	-	-	-
Other long-term liabilities	\$ Reaj.	-	-	-	-	7,063,927	-	-	-
	US\$	689,877	-	718,987	-	204,462,123	-	-	-
	\$ Col.	4,663,840	-	-	-	-	-	-	-
	Soles	268,393	-	15,554	-	646,954	-	-	-
	\$ Arg.	19,063,473	-	397,881	-	774,996	-	-	-
	Reales	12,474,586	-	-	-	-	-	-	-
Total long-term liabilities by currency	\$ Reaj.	107,123	-	-	-	7,063,927	-	220,014,991	-
	\$ no Reaj.	14,964,038	-	7,232,438	-	32,691,561	-	14,941,681	-
	US\$	678,215,268	-	192,154,446	-	879,943,207	-	144,938,608	-
	\$ Col.	222,679,721	-	231,513,935	-	261,792,340	-	-	-
	Soles	39,402,173	-	27,433,662	-	73,647,000	-	8,289,790	-
	\$ Arg.	29,755,365	-	27,874,015	-	774,996	-	-	-
	Reales	476,952,777	-	399,365,358	-	60,782,368	-	-	-
Total long-term liabilities		<u>1,462,076,465</u>		<u>885,573,854</u>		<u>1,316,695,399</u>		<u>388,185,070</u>	

f. Long term liabilities, December 2006

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Due to banks and financial Institutions	US\$	308,377,641	7.34%	141,153,408	7.75%	50,923,749	7.90%	8,549,013	8.66%
	\$ Arg.	31,742,485	12.14%	12,593,240	10.18%	-	-	-	-
	\$ Col.	77,899,098	9.16%	-	-	-	-	-	-
	Soles	27,189,832	4.00%	-	-	-	-	-	-
	Reales	76,187,005	13.25%	58,861,461	14.75%	179,505,352	12.06%	-	-
Bonds payable	\$ Reaj.	79,247,549	6.20%	78,773,088	4.80%	-	-	65,159,131	5.95%
	US\$	468,865,225	8.08%	-	-	697,427,876	7.96%	267,113,092	7.56%
	\$ Col.	93,487,692	8.84%	153,240,006	10.16%	127,700,022	10.47%	-	-
	Soles	46,921,486	6.54%	25,024,007	7.20%	47,821,518	8.21%	-	-
	Reales	30,698,200	17.71%	77,557,619	11.63%	98,952,823	11.63%	-	-
Long-term notes payable	US\$	32,008,627	7.42%	25,191,665	7.42%	-	-	-	-
	\$ Arg.	4,171,878	-	-	-	-	-	-	-
	Reales	40,599,400	10.61%	9,033,548	10.61%	8,042,343	10.61%	1,657,815	10.61%
	\$ Reaj.	-	-	-	-	-	-	140,457	-
Miscellaneous payable	\$ no Reaj.	8,251,163	-	-	-	-	-	-	-
	US\$	32,967,048	0.58%	39,107,921	0.18%	36,224,581	6.50%	15,159,777	6.50%
	\$ Arg.	234,839	-	17,760	-	-	-	-	-
	Reales	18,607,777	-	4,579,241	-	9,876,189	-	-	-
Amounts payable to related companies	US\$	12,082,887	-	-	-	-	-	-	-
Accrued expenses	\$ Reaj.	137,735	-	-	-	-	-	-	-
	\$ no Reaj.	3,764,289	-	3,607,093	-	8,924,645	-	16,498,685	-
	\$ Col.	78,175,913	-	-	-	-	-	-	-
	Reales	237,884,720	-	-	-	-	-	-	-
Reimbursable financial contributions	\$ Reaj.	14,254	-	-	-	-	-	-	-
	\$ no Reaj.	1,329,353	-	661,677	-	502,560	-	-	-
	Soles	556,931	-	39,754	-	66,258	-	-	-
Other long-term liabilities	\$ Reaj.	2,480,808	-	1,653,872	-	3,652,284	-	-	-
	\$ no Reaj.	169,215,213	-	780,961	-	32,531	-	-	-
	US\$	326,615	-	636,337	-	-	-	-	-
	\$ Col.	5,920,854	-	-	-	-	-	-	-
	\$ Arg.	19,364,959	-	3,943,803	-	7,776,433	-	-	-
	Reales	16,160,213	-	-	-	-	-	-	-
Total long-term liabilities by currency	\$ Reaj.	81,880,346	-	80,426,960	-	3,652,284	-	65,299,588	-
	\$ no Reaj.	182,560,018	-	5,049,731	-	9,459,736	-	16,498,685	-
	US\$	854,628,043	-	206,089,331	-	784,576,206	-	290,821,882	-
	\$ Col.	255,483,558	-	153,240,006	-	127,700,022	-	-	-
	Soles	74,668,249	-	25,063,761	-	47,887,776	-	-	-
	\$ Arg.	55,514,161	-	16,554,303	-	7,776,433	-	-	-
	Reales	420,137,315	-	150,031,869	-	296,376,707	-	1,657,815	-
Total long-term liabilities		<u>1,924,871,690</u>		<u>636,455,961</u>		<u>1,277,429,164</u>		<u>374,277,970</u>	

NOTE 31. SANCTIONS

Chilectra S.A.

- a. On April 27, 2004, through Exempt resolution 814, the Superintendency of Electricity and Fuel (S.E.C.) penalized the Company for a total amount of 1,830 UTA, as a result of the blackout which occurred on January 13, 2003, that affected the area between Tal Tal and Santiago. On May 7, 2004, the Company filed an appeal whose jurisdiction and solution belongs to the Superintendency of Electricity and Fuel (S.E.C.). The S.E.C. rejected the appeal and a claim petition was filed with the Santiago Court of Appeals. Waiting for the case to be put on the weekly list of cases to be heard by that Court.

The resolution issued by the Santiago Court of Appeal can be appealed against in the Supreme Court.

To this date, the Company cannot exactly forecast the effects the final resolution will have on its financial statements.

- b. Summary trial to complain about the fine imposed by the Superintendency of Securities and Insurance, 10 th Civil Court of Santiago (Case No. 4394-97). This summary trial was brought by Chilectra S.A. (formerly Elesur S.A.) according to the regulations of Statutory Decree 3538 (Basic Law on the Superintendency of Securities and Insurance) against such Superintendency, and its purpose is to petition for the line imposed by such inspection agency via exempt resolution No. 337 of October 31, 1997 (U.F. 100,000 - 100,000 inflation index-linked units of account) to be declared null and void. On November 17, 2000, the court ruled an appealable judgment endorsing the claim by Chilectra S.A. (formerly Elesur S.A.), declaring the fine imposed by the Superintendency null and void. The ruling states, in sum, that there was no use of privileged information since it was one of the parties to the contract's own information. The Superintendency lodged an appeal for annulment of the ruling (case number 82-2001). On June 6, 2006, the Santiago Court of Appeal revoked the ruling, maintaining all parts of Exempt Resolution 337 of the Superintendency. On June 23, 2006, appeals for annulment in form and substance were lodged with the Supreme Court. On May 8, 2007, the pleas were raised in the Supreme Court. On July 26, the Supreme Court rejected the appeals for annulment in form and substance, stating, with regard to the latter remedy, that "the judgment issued by the Court of Appeal established as a fact of the case that, given its position, ELESUR had access to privileged information and that it used this information to its benefit, which cannot be reviewed by an appeal for annulment or review by a higher court on the grounds of an error of law or breach of procedural rights because there has not been any breach or infringement of the regulations regulating evidence. In point of fact, there has been no alteration of the burden of proof." (whereas clause 19). On August 16, an interest rebate was applied for to the Treasury, which, via Official Letter 1773, endorsed the request made by Chilectra S.A., reducing interest by 50%. On August 31, 2007, Chilectra S.A. deposited Ch\$3,562,253,019 in the Treasury, thereby concluding the proceeding.

The Company and the Board of Directors have not been the target of any other sanctions by the SVS or by any other administrative authorities.

NOTE 32. SUBSEQUENT EVENTS

Endesa S.A.

On January 25, 2008, in accordance with the provisions of articles 9 and 10, paragraph two, of Law 18.045, on the Securities Market, and the provisions of General Regulation No. 30, the following relevant event was reported to the Superintendency of Securities and Insurance:

The investee of Endesa Chile, Gasatagama Generación S.A. (GAG), was notified of the verdict in its arbitration with the power distribution companies Empresa Eléctrica de Arica S.A., Empresa Eléctrica de Iquique S.A. and Empresa Eléctrica de Antofagasta S.A., being heard by the arbitrator Ricardo Peralta. In this arbitration, GAG was petitioning for the termination of the power supply contracts it had signed with the above distributing companies.

The result of the arbitration went against GAG, which worsens this investee's operating and financial position. At this date, it is negotiating with mining companies to finance the deficit involved in performing the supply contracts with the distributing companies at a node price considerably lower than GAG's production cost, in an energy situation in the Norte Grande Grid marked by an absolute lack of natural gas from Argentina and a fuel oil price that has increased continuously over the last few months.

Although the sentence has not been declared enforceable, since the possibility exists of lodging various appeals, GAG's management will be responsible for adopting the legal and business decisions contemplated in Chilean legislation for these cases, in light of the operating and financial position described above.

Endesa Chile will report the decisions adopted by this investee, in which our company indirectly holds a 50% ownership interest, in due time.

Pehuenche S.A.

On January 31, 2008, in accordance with the provisions of Circular 660 of the Superintendency of Securities and Insurance, the following relevant event was reported:

In its Meeting held on January 30, 2008, the Company's Board of Directors agreed to propose to the Ordinary Shareholders' Meeting of the Company, to be held on March 31 of this year, that, according to the Company's current Dividend Policy, the balance of the final dividend, equivalent to Ch\$87.802092 per share, should be paid. With this proposal, 100% of the net profits from the year ended December 31, 2007 would be distributed, thereby complying fully with the Dividend Policy reported by the Board of Directors to the Ordinary Shareholders' Meeting held on April 23, 2007.

The Board of Directors also agreed to propose to the Ordinary Shareholders' Meeting to be held on March 31, 2008 that the above balance of the final dividend should be paid as of April 23 of this year to the shareholders registered in the respective Register on the fifth working day prior to the date stipulated for payment.

No other significant events have occurred after year-end that could affect the presentation of the financial statements.

NOTE 33. ENVIRONMENT

Chilectra S.A.

The Company has disbursed ThCh\$697,476 during the year mainly for the following:

Investments:

- "Space cape" and pre-assembling for maintenance and improvement of installations.

Expenses:

- Associated with handling dangerous waste controlled via the Management System.
- Environmental to comply with current legislation.
- Pruning and felling associated with the need to keep the lines clear.

Endesa S.A.

During 2007, the Company and its subsidiaries have made disbursements for a value of ThCh\$2,689,343, which mainly correspond to:

Operation expenses: They correspond to laboratory studies, monitoring, follow-up and analysis, which were treated as fiscal year expenses of ThCh\$2,344,963. And environmental protection at Hidroeléctrica El Chocón and Endesa Costanera S.A. (Environment monitoring, cleaning of hydrocarbon separator chambers, measurement of gas emissions, Nitrogen oxide and sulphur dioxide) equivalent to ThCh\$184,949.

Investments related to the following projects, which have been capitalized in the amount of ThCh\$344,380:

- Tarapacá – Performance of works promised in its SGA under ISO 14.001.
- Los Molles – Resolution of environmental liabilities.
- Cipreses – Performance of environmental works promised in River Maule.
- Sauzal – Performance of environment works promised in River Cachapoal and the power station, by its Environmental Management Systems (SGA).
- San Isidro – Performance of works promised in its SGA under ISO 14.001.
- Bocamina – Development and execution of a project to abate noise levels, which involves the power station's noisiest equipment, as part of its SGA under ISO 14.001.
- Rapel – Resolution of environment liabilities and replacement and disposal of condensators with PCB.
- Sausalito – Replacement and disposal of condensators with PCB.
- Isla – Replacement and disposal of condensators with PCB.
- Pehuenche – Resolution of environment liabilities and landscape restoration in some of them.
- Abanico – Performance of works associated with contaminated water traps.
- El Toro – Performance of works associated with contaminated water traps and measuring ecological flow.
- Pangue – Construction of containment spillways for oil spills from transformers
- Ralco – Construction of containment spillways for oil spills from transformers.
- Tal Tal – Performance of works promised in its SGA under ISO 14.001.
- Diego de Almagro – Performance of works promised in its SGA under ISO 14.001



JUAN CARLO WIECZOREK C.
Assistant Accounting Manager Chile



IGNACIO ANTOÑANZAS ALVEAR
General Manager

Note 34 Differences between Chilean and United States Generally Accepted Accounting Principles

Chilean GAAP varies in certain important respects from U.S. GAAP. Such differences involve certain methods for measuring the amounts shown in the financial statements.

I. Differences in Measurement Methods

The principal differences between Chilean GAAP and U.S. GAAP are described below together with an explanation, where appropriate, of the method used in the determination of the adjustments that affect net income and total shareholders' equity. References below to "SFAS" are to Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board in the United States.

(a) Inflation accounting

The cumulative inflation rate in Chile as measured by the Consumer Price Index for the three-year period ended December 31, 2007, was approximately 13.1%. Pursuant to Chilean GAAP, the Company's financial statements recognize certain effects of inflation. As allowed pursuant to Item 17 c (iv) of Form 20-F the reconciliation included herein of consolidated net income, comprehensive income and shareholders' equity, as determined in accordance with U.S. GAAP, excludes adjustments attributable to the effect of differences between the accounting for inflation under Chilean GAAP versus U.S. GAAP.

(b) Reversal of revaluation of property, plant and equipment

In accordance with standards issued by the SVS, certain property, plant and equipment are recorded in the financial statements at amounts determined in accordance with a technical appraisal. The difference between the carrying value and the revalued amount is included in shareholders' equity, beginning in 1989, in "Other reserves", and is subject to adjustments for price-level restatement and depreciation. Revaluation of property, plant and equipment is prohibited under U.S. GAAP. The effects of the reversal of this revaluation, as well as of the related accumulated depreciation and depreciation expense are included in paragraph (ee) below.

(c) Depreciation of property, plant and equipment

Under Chilean GAAP, certain costs related to the acquisition of Edesur S.A., at the time of the acquisitions in 1992 and 1994 by Distrilec Inversora S.A., were charged to earnings as incurred. Under U.S. GAAP, these costs have been included in the purchase price and allocated to the net assets acquired based upon fair values. For purposes of the reconciliation to U.S. GAAP, these costs were considered to be of part of property, plant, and equipment, the primary assets of Edesur S.A.

As discussed in paragraph (i), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchase price over the carrying value is recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. As part of the purchase of the majority ownership interest in Endesa Chile, under U.S. GAAP, the cost of the purchase price would have been allocated to the fair value of property, plant and equipment.

The effect on shareholders' equity and net income for the years presented is included in paragraph (ee) below.

The company has considered the factors which could be considered changes in circumstances which would trigger an impairment review and, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" beginning in 2002, the Company evaluates the carrying amount of property, plant and equipment and other long-lived assets, in relation to the operating performance and future undiscounted cash flows of the underlying grouping of assets at the lowest level which generates cash flow. These standards require that an impairment loss be recognized in the event that facts and circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment is recorded based on the excess carrying amounts of long-live assets (or asset group) over fair value. There were no impairment charges recorded under Chilean GAAP and U.S. GAAP.

(d) Special obligations

At the end of 2006, the Brazilian National Electric Power Agency ("Agencia Nacional de Energia Eléctrica" –ANEEL) published the Normative Resolution N°234 that established general concepts, methodologies and procedures to carry out the second round of the periodic Tariff review for public concessionaires engaged in the

electric distribution sector services. These modifications were incorporated into the regulation issued by ANEEL during the year 2007, which contain the provisional parameters of the fix Tariff model for the following years. According to this, for US GAAP purposes a regulatory liability has been recognized and a charge to current year earnings for ThCh\$ 128,867,428, in accordance to the provisions of FAS No. 71, "Accounting for the Effects of Certain Types Regulation".

Under Chilean GAAP, regulatory accounting described in FAS No 71, does not apply and therefore the adjustment above mentioned has not been recorded.

(e) Deferred income taxes

Under Chilean GAAP, until December 31, 1999, deferred income taxes were recorded based on non-recurring timing differences between the recognition of income and expense items for financial statement and tax purposes. Accordingly, there was an orientation toward the income statement focusing on differences in the timing of recognition of revenues and expenses in pre-tax accounting income and taxable income. Chilean GAAP also permitted not providing for deferred income taxes where a deferred tax asset or liability was either offsetting or not expected to be realized. Starting January 1, 2000, the Company recorded income taxes in accordance with Technical Bulletin No. 60 and its related amendments issued by the Chilean Association of Accountants, recognizing, using the liability method, the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities. As a transitional provision, a contra (referred to as "complementary") asset or liability has been recorded against the deferred tax assets and liabilities recognized as of January 1, 2000. Such complementary assets and liabilities are being amortized to income over the estimated average reversal periods of the underlying temporary differences to which the corresponding deferred tax asset or liability relates.

Under U.S. GAAP, companies must account for deferred taxes in accordance with SFAS No. 109, which requires an asset and liability approach to financial accounting and reporting for income taxes, using the following basic principles:

- i. A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and tax loss carryforwards.
- ii. The measurement of deferred tax liabilities and assets is based on the provisions of the enacted tax law. The effects of future changes in tax laws or rates are not recognized prior to the period in which such changes are enacted into law.
- iii. Deferred tax assets are reduced by a valuation allowance, to the extent that, based on the weight of available evidence, it is deemed more likely than not that the deferred tax assets will not be realized.

Temporary differences are defined as any difference between the financial reporting basis and the tax basis of an asset and liability that at some future date will reverse, thereby resulting in taxable income or expense. Temporary differences ordinarily become taxable or deductible when the related asset is recovered or the related liability is settled. A deferred tax liability or asset represents the amount of taxes payable or refundable in future years as a result of temporary differences at the end of the current year.

The principal difference between U.S. GAAP and Chile GAAP relates to the reversal of the complementary assets and liabilities recorded as a transitional provision for unrecorded deferred taxes as of January 1, 2000 and their corresponding amortization into income. Additionally, under U.S. GAAP, temporary differences arising in connection with fair value adjustments on business combinations result in deferred taxes and a corresponding adjustment to goodwill. An adjustment is required in the reconciliation to U.S. GAAP to record goodwill arising from deferred tax liabilities related to past business combinations (see note 36 II (c)). When required, the income tax effects of U.S. GAAP adjustments are recorded in our reconciliations to U.S. GAAP. The effect of these differences on the net income and shareholders' equity of the Company is included in paragraph (ee) below.

(f) PIS-COFIN

Brazilian Tax Dispute – PIS and COFINS

In 1998, Brazilian Law 9718/98 was enacted, which increased the base for both PIS (Contribuição aos Programas de Integração Social – Contributions to Social Integration Programs) and COFINS (Contribuição para Financiamento da Seguridade Social – Contributions to the Financing of Social Security), which are social

contributions taxation on revenues, beginning in 1999 to be levied on other revenue lines and not only sales, while at the same time, increasing the rate for COFINS from 2% to 3%.

The Company's subsidiary in Brazil, Ampla, has decided not to pay such PIS and COFINS taxes under Law 9718/98 and has filed a tax lawsuit dispute challenging that the payment of PIS and COFINS on other revenues was unconstitutional. During 2007, such subsidiary received a favorable verdict from local courts, agreeing with the Company and ruling in favor of it on the grounds of the unconstitutionality of Law 9718/98. Such ruling, however, could be appealed by the Brazilian Government and would only achieve a final resolution upon the final decision of the Brazilian Federal Supreme Court. In this respect, several other companies have filed similar lawsuits on the same basis and have obtained a favorable ruling on the matter from the Brazilian Federal Supreme Court. Such cases have set a base jurisprudence ground that makes virtually certain that the final verdict will be in favor of the Company and, therefore, reducing to a remote, if any, the probability of the Company to make any payment in relation to this tax dispute.

Under Chilean GAAP, after the favorable verdict by a local court of the Company's dispute and considering the base jurisprudence, the Company considered that it is not probable that it will have to pay any amount in relation to PIS and COFINS taxes as a result of Law 9718/98. As such, we have reversed the provision in 2007.

Under US GAAP, the probability of payment is irrelevant if settlement of the liability is required by current law or by contract. When the obligating event or transaction has occurred (in this instance, through sales or other revenues), the probability of payment is not relevant in determining whether a contractual or legal obligation is a liability or a loss contingency. That is, when the obligating event or transaction has occurred, the enterprise has incurred a liability; and accordingly, there is no contingency. Therefore, until the Brazilian Federal Supreme Court announces a favorable and final ruling the amount should stay provisioned by not recording the reversal made under Chilean GAAP.

The effect of this difference on the net income and shareholder's equity of the Company is included in paragraph (ee) below.

(g) Pension and post-retirement benefits

During 2006, the Company adopted FAS 158 "Employer's Accounting for Defined Pension and Other Postretirement Plans - an amendment of FASB Statements N°87, 88, 106 and 132 (R)". These statements required the recognition of the funded status of a benefit plan in the statement of financial position. It also requires the recognition as a component of other comprehensive income (OCI), net of tax, of the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost pursuant to statements 87 or 106. The adoption resulted in the recognition through AOCI for accumulated effect through the 2006 year - end of prior service costs and related plan assets in the balance sheet of the certain Brazilian subsidiaries. The effects of the adoption of SFAS 158 are presented in paragraph (ee) below.

The effects of accounting for post-retirement benefits under US GAAP have been presented in paragraph (ee).

(h) Investments in related companies

Under Chilean GAAP, until December 31, 2003 for all investments accounted for by the equity method, the proportionate net book value of the investee company was recorded as an investment and the difference between the cost of investment and the proportionate net book value of the investee was recorded as goodwill. The goodwill is to be amortized to income over a maximum period of twenty years. The investment account is adjusted to recognize the investor's share of the earnings or losses of the investee determined under Chilean GAAP subsequent to the date of the purchase. Technical Bulletin No. 72 issued by Chilean Association of Accountants requires using fair value of acquired assets and liabilities assumed for the accounting for all acquisitions after January 1, 2004 and recording the differential between the cost and the fair value as goodwill/negative goodwill as well as prospectively designating all investments of 20% to 50% as having significant influence rather than the 10% to 50% level previously defined as having significant influence in Chilean GAAP. No retroactive changes or cumulative effects of changes in accounting principles were required under Technical Bulletin No. 72.

Under US GAAP, in accordance with Accounting Principles Board Opinion No. 18, The Equity Method for Accounting for Investment in Common Stock ("APB No. 18"), the carrying amount of an investment accounted for under the equity method is initially recorded at cost and shown as a single amount in the balance sheet of the investor. It is adjusted to recognize the investor's share of the earnings or losses of the investee determined under

US GAAP subsequent to the date of investment. The investment reflects adjustments similar to those made in preparing consolidated financial statements, including adjustments to eliminate inter-company gains and losses and to account for the differences, if any, between the investor's cost and the underlying equity in net assets of the investee at the date of investment. The investment is also adjusted to reflect the investor's share of change in the investee capital accounts.

The Company's equity share of the effect of the adjustments from Chilean GAAP to U.S. GAAP for equity method investees is included in paragraph (ee) below. The principal U.S. GAAP adjustments affecting the Company's equity investees are as follows:

- (i) Reversal of capitalized foreign currency exchange differences related to capitalized interest.
- (ii) Reversal of complementary accounts (asset or liability) recorded as a transitional provision in connection with the adoption of Technical Bulletin N°60 as of January 1, 2000.
- (iii) Organizational costs deferred under Chilean GAAP that, under U.S. GAAP, should have been included in income.
- (iv) The recording of derivative instruments in accordance with SFAS No. 133.
- (v) The deferred income tax effects of adjustments (i), (iii) and (iv).

(i) Goodwill

- (i) Under Chilean GAAP, for acquisitions that occurred until December 31, 2003 assets acquired and liabilities assumed were recorded at their carrying value and the excess of the purchase price over the carrying value is recorded as goodwill. Circular No. 1358, dated December 3, 1997 issued by the SVS, extended the maximum amortization period of goodwill to 20 years from the previous 10 years.

Under US GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired are recorded as goodwill. Prior to January 1, 2002 under US GAAP, the Company amortized goodwill on a straight-line basis over the estimated useful lives of the assets, ranging from 20 to 40 years.

On January 1, 2002, the Company adopted SFAS 142 and thus ceased amortizing goodwill under US GAAP. Instead, impairment tests are performed at least annually on the level of reporting units.

Technical Bulletin No. 72 issued by Chilean Association of Accountants requires using fair value of acquired assets and liabilities assumed for the accounting for all acquisitions after January 1, 2004, and consequently after that date difference in accounting treatment related to the recognition of assets acquired and liabilities assumed between Chilean GAAP and US GAAP no longer exists.

- (ii) Under Chilean GAAP, the Company evaluates the carrying amount of goodwill for impairment on the level of cash-generating units. The Company determines the impairment losses using a discounted cash flow approach and recent comparable transactions in the market. In order to estimate recoverable value, the Company makes assumptions about future events that are highly uncertain at the time of estimation. The results of this analysis showed no impairment of goodwill for the years ended December 31, 2006 and 2007, apart from the impairment of goodwill over the Company's equity method investee Gas Atacama Holding. See Note 11(j).

Under US GAAP, goodwill is tested for impairment at least annually on the level of reporting units, which the Company defined to be as operation units. In addition, goodwill is evaluated for impairment between these annual tests if events or changes in circumstances indicate that goodwill might be impaired. The impairment test is performed based on a two-step approach:

1. The first step is to compare each reporting unit's fair value with its carrying amount including goodwill. If a reporting units carrying amount (including goodwill) exceeds its fair value, goodwill might be impaired and the second step is required
2. The second step is to compare the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. The implied fair value is computed by allocating the reporting unit's fair value to all of its assets and liabilities in a manner that is similar to a purchase price allocation in a business combination accounted for in accordance with SFAS 141. The difference between the fair value of the reporting unit and the fair value of its net assets is the implied fair value of goodwill. If the implied fair value of goodwill is less than its carrying amount, the carrying amount is written-down against income to the implied fair value of goodwill.

The Company carried out the required annual impairment test of goodwill in the fourth quarter of each year.

The following effects are included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (ee) below:

- (i) differences in the amount of goodwill under US GAAP related to basis differences in the original determination and subsequent amortization methodology between Chilean GAAP and US GAAP;
- (ii) the reversal of negative goodwill impairment under Chilean GAAP, as under US GAAP negative goodwill is treated as an adjustment to the net book value of the related fixed assets to their fair value;
- (iii) the reversal of goodwill amortization recorded under Chilean GAAP.

(j) Negative Goodwill

Under Chilean GAAP, until December 31, 2003, the excess of the carrying value of the assets assumed in a business combination over the purchase price is recorded as negative goodwill. Circular No. 1358, dated December 3, 1997 issued by the SVS, extended the maximum amortization period of negative goodwill to 20 years from the previous 5 years. Technical Bulletin No. 72 issued by Chilean Association of Accountants requires using fair value accounting for all acquired assets and liabilities assumed for all acquisitions after January 1, 2004. Technical Bulletin No. 72 states that whenever the negative goodwill exceeds the fair value of identified non-monetary assets, the excess must be recognized immediately as income.

Under U.S. GAAP, the fair value of the net assets acquired in excess of the purchase price is allocated proportionately to reduce the values assigned to long-lived assets. If the allocation reduces the long-lived assets to zero, the remainder of the excess is recorded as an extraordinary gain to income.

The effect of reduced depreciation expense on the long-lived assets (for which no circumstances changed requiring an impairment test under SFAS N°144) to which negative goodwill had been allocated under U.S. GAAP net of reversals of both amortization and write-offs of negative goodwill recorded in Chilean GAAP (over the appropriate useful lives as defined in the first paragraph) are included in paragraph (ee) below.

Adjustments related to negative goodwill necessary to make the consolidated financial statements conform to US GAAP are included in paragraph (ee) below and are as follows:

- The reversal of negative goodwill amortization and write-offs described in paragraph (i) above, which did not meet the US GAAP impairment criteria for long-lived assets under SFAS 144 and the reversal of negative goodwill amortization recorded under Chilean GAAP;
- The effects of reducing depreciation expense, due to the proportionate allocation of the excess purchase price to property, plant and equipment and other effects on income.

(k) Capitalized interest and exchange differences

In accordance with Chilean GAAP, the Company has capitalized both interest on debt directly related to property, plant and equipment under construction and finance costs corresponding to exchange differences generated by the loans associated with such assets. The capitalization of interest costs associated with projects under construction is optional when incurred on debt that is not directly related to such projects. The Company has opted for not capitalizing indirect interest cost under Chilean GAAP.

Under U.S. GAAP, the capitalization of interest on qualifying assets under construction is required, regardless of whether interest is associated with debt directly related to a project to the extent that interest cost would have been avoided if the project had not been done. In addition, under U.S. GAAP, foreign translation exchange differences may not be capitalized. The accounting differences between Chilean and U.S. GAAP for financing costs and the related depreciation expense are included in the reconciliation to U.S. GAAP under paragraph (ee) below.

(l) Accumulated deficit during the development stage

Prior to the adoption of Circular 1819 issued by the SVS on January 1, 2007, under Chilean GAAP, the net income (loss) incurred during the development stage of subsidiary companies are recorded directly in the parent company's equity, rather than in income. Furthermore, companies in the development stage were not consolidated even if the Company owned the majority of voting rights.

Under US GAAP, such results must be included in the consolidated statement of income. As of December 31, 2005 no company was classified as development stage company. For the year ended December 31, 2006 and 2007, the effects of the adjustment are included in paragraph (ee) below.

On January 1, 2007 the Company adopted circular 1819 issued by the SVS (see note 3), requiring consolidation of subsidiaries in development stage and recording income derived from development stage companies in accordance with accounting principles for consolidation or investments in related companies, respectively. Thus, subsequent to the adoption of Circular 1819, the accounting treatment under Chilean GAAP is the same as under US GAAP

(m) Minimum dividend

As required by the Chilean Companies Act, unless otherwise decided by the unanimous vote of the holders of issued and subscribed shares, the Company must distribute a cash dividend in an amount equal to at least 30% of its net income for each year as determined in accordance with Chilean GAAP, unless and except to the extent the Company has unabsorbed prior year losses or interim dividends have been paid to shareholders. Net income related to the amortization of negative goodwill can only be distributed as an additional dividend by the approval of the shareholders, and accordingly, is not included in the calculation of the minimum dividend to be distributed. Since the payment of the 30% dividend out of each year's income is required by Chilean law, an accrual has been made in the reconciliation in paragraph (ee) below to reflect the unrecorded dividend liability for 2006 and 2007, whenever and to the extent the recorded interim dividends do not reach the 30% minimum dividend.

(n) Capitalized general and administrative expenses

Under Chilean GAAP, Endesa Chile and certain Brazilian subsidiaries capitalize a portion of its administrative and selling expenses as part of the cost of construction in progress because a substantial portion of the efforts of management were involved in the administration of major projects. Under U.S. GAAP, general and administrative expenses are charged to expense unless they can be directly identified with the supervision of the construction of specific projects. Under Chilean GAAP the Company has also capitalized other administrative expenses into other long-term assets, which under US GAAP would not be allowed. The effects of eliminating capitalized general and administrative expenses and the related depreciation and amortization for U.S. GAAP purposes are shown below under paragraph (ee).

(o) Involuntary employee termination benefits

Under Chilean GAAP, the Argentine subsidiaries, Endesa Argentina S.A., recorded an accrual of certain involuntary employees termination benefits related to the restructuring plan announced in 1997. Additionally, during 2003 the Company increased the amount of the accrual recorded under Chilean GAAP. In accordance with US GAAP, in order to recognize a liability at the balance sheet date for the cost to terminate employees involuntarily, the following conditions have to be met:

- Management, having the authority to approve the action, commits to a plan of termination
- The plan identifies the number of employees to be terminated, their job classifications or functions and their locations, and the expected completion date
- The plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination (including but not limited to cash payments), in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

As of December 31, 2005, 2006 and 2007, respectively, this requirement had not been met. The effect of eliminating the accrued liability recognized is presented in paragraph (ee) below.

(p) Revenue recognition in Edesur

During 2005, Edesur reached final agreement with the relevant Argentinean authorities regarding an increase in tariffs related to electricity distribution services. This increase is currently pending ratification via formal decree by the executive power of the Argentinean government (PEN). At December 31, 2005 the Company believed were probable that the economic benefits associated with the tariff increase will flow to the enterprise, and that all other revenue recognition criteria established by Chilean GAAP has been met. Accordingly, the effects of the rate increase were included in 2005 revenues under Chilean GAAP. During 2006 there have been no ratification regarding the increase in tariffs; hence, the initial probable belief of the Company was reassessed and is not longer considered. Therefore, under Chilean GAAP the effects of the rates tariffs recognized as of December 31, 2005 has been adjusted and recognized in 2006. However, the effects of the increase in tariffs have not been included in revenues under U.S. GAAP, because management believes that the persuasive evidence of an arrangement criterion under SAB Topic 13 is not met until the agreement is formally ratified by the PEN.

The effect on net income for the years presented is included in (ee) below. Additionally, due to the adjustment recognized in 2006, there are no differences between Chilean and US GAAP in shareholders' equity in the presented years.

(q) Elimination of capitalized interest in Brazil

Until 1999, under Chilean GAAP, the Company capitalized interest to property, plant and equipment as a result of the creation of a legal reserve specifically permitted in Brazil for the electricity industry by crediting interest expense. Under U.S. GAAP, interest capitalized must be based on actual interest incurred, and as such the effects of the elimination of the interest capitalized to property, plant and equipment and the effects on depreciation expense are included in paragraph (ee) below.

(r) Organizational and start-up costs

Certain costs related to the organization and creation of certain subsidiaries of the Company are deferred, capitalized and amortized under Chilean GAAP.

Under U.S. GAAP, such organizational and start-up costs may not be deferred and must be included in income as incurred.

The effects of the difference are included in paragraph (ee) below.

(s) Translation of Financial Statements of Investments Outside of Chile

Under Chilean GAAP, in accordance with Technical Bulletin 64 ("B.T. 64") the financial statements of foreign subsidiaries that operate in countries exposed to significant risks ("unstable" countries), and that are not

considered to be an extension of the parent company's operations, are remeasured into US dollars. The Company's foreign subsidiaries in Argentina, Peru, Brazil, and Colombia all meet the criteria of foreign subsidiaries that operate in countries exposed to significant risks under BT 64, and are remeasured into US dollars. The Company has remeasured its foreign subsidiaries into US dollars under this requirement as follows:

- Monetary assets and liabilities are translated at year-end rates of exchange between the US dollar and the local currency.
- All non-monetary assets and liabilities and shareholder's equity are translated at historical rates of exchange between the US dollar and the local currency.
- Income and expense accounts are translated at average rates of exchange between the US dollar and local currency.
- The effects of any exchange rate fluctuations between the local currency and the US dollar are included in the results of operations for the period.

Under BT 64, the investment in the foreign subsidiary is price-level restated, the effects of which are reflected in income, while the effects of the foreign exchange gains or losses between the Chilean Peso and the US dollar on the foreign investment measured in US dollars, are reflected in equity in the account "Cumulative Translation Adjustment".

The amounts of foreign exchange losses included in income that is attributable to operations in unstable countries because these amounts have been remeasured into US dollars were ThCh\$ 27,270,956, ThCh\$ 38,086,824 and ThCh\$ 152,609,657 for the years ended December 31, 2005, 2006 and 2007, respectively (See Note 23).

Under US GAAP, the functional currency is determined based on criteria provided by SFAS 52, resulting in the functional currency of an entity being the currency of the primary economic environment of operations of the entity. Differences resulting from fluctuation of exchange rates between foreign currencies and functional currency are recorded in income, whereas translation differences from converting the financial statements from functional currency to the group's presentation currency are recorded in other comprehensive income.

Company's Management believes that, foreign currency translation procedures described above are part of the comprehensive basis of preparation of price-level adjusted financial statements required by Chilean GAAP. Inclusion of inflation and translation effects in the financial statements is considered appropriate under the inflationary conditions that have historically affected the Chilean economy, and accordingly, are not eliminated in the reconciliation to U.S. GAAP as permitted by Form 20-F.

(t) Derivative instruments

The Company engages in derivative activity for hedging purposes. These derivatives are considered accounting hedges under Chilean GAAP. Under Chilean GAAP the accounting treatment of hedging activity is similar to the accounting treatment of fair value hedges and cash flow hedges under SFAS 133. The documentation and hedge effectiveness requirements under Chilean GAAP though are not as burdensome as under SFAS 133.

Under US GAAP, if the derivative is designated as a fair value hedge, changes in fair value of the derivative and of the hedged item attributable to the hedged risk are recognized directly in earnings. If the derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative are recorded in Other Comprehensive Income ("OCI") and are reclassified into earnings in the same period during which the hedged item affects earnings. Ineffectiveness, if any, is reflected directly in earnings. Finally, the gain or loss on a hedging derivative instrument that is designated as, and is effective as, an economic hedge of the net investment in a foreign operation shall be reported in the same manner as a translation adjustment to the extent it is effective as a hedge. The ineffective portion of net investment hedges shall be reported in earnings. If the derivative is not designated as a hedge, or if it does not meet the requirements for hedge accounting under SFAS 133, changes in fair value of the derivative instrument are recorded directly in earnings.

Until December 31, 2004 the Company applied hedge accounting only to some derivative instruments under US GAAP. All those derivative instruments where hedge accounting did not apply have been accounted at fair value with changes in fair value recognized directly in earnings. However, hedge accounting was applied under Chilean GAAP to other derivative instruments in addition to those applied under US GAAP in those periods. Starting as of and for the years ended December 31, 2005, 2006 and 2007, the Company applied hedge accounting under both Chilean and US GAAPs to a portfolio of derivative instruments executed in those years.

The Company has designated under Chilean GAAP certain non-derivative financial instruments as hedges of the foreign currency exposure of net investments in foreign operations. The gain or loss on the non-derivative financial instrument that is designated as a hedge is reported as a translation adjustment to the extent it is effective as a hedge, any ineffectiveness is recorded in earnings. This accounting treatment is consistent with SFAS 52 and SFAS 133.

SFAS 133 also requires that certain embedded derivatives be separated and reported on the balance sheet at fair value and be subject to the same rules as other derivative instruments. Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statements under Chilean GAAP.

The effects of the adjustment with respect to financial derivatives, commodity derivatives, and embedded derivatives for the years ended December 31, 2005, 2006 and 2007 are included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (ee) below.

(u) Fair value of long-term debt assumed

As part of the purchase of the majority ownership interest in Endesa Chile, a portion of the purchase price was allocated to the fair value of long-term debt. As discussed in paragraph (i), up until December 31, 2003, under Chilean GAAP, assets acquired and liabilities assumed were recorded at their carrying value, and the excess of the purchase price over the carrying value was recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired is recorded as goodwill.

The effect on shareholders' equity and net income for the years presented is included in paragraph (ee) below.

(v) Deferred income

During 2000, fiber optic cable was contributed to the Company in return for granting the contributing company access to the fiber optic network after installation in the Company's electricity distribution system. Under Chilean GAAP, the contributed assets were recorded at their fair market value, with a corresponding credit recognized as income in 2000. Under U.S. GAAP, the amount was deferred and amortized over the life of the related service contract. This adjustment reverses the gain under Chilean GAAP and records the amortization of the deferred income recognized under U.S. GAAP.

The effect on shareholders' equity and net income for the years presented is included in (ee) below.

(w) Regulated assets and deferred costs

The electricity sector in Chile and other Latin American countries is regulated pursuant to applicable laws. Most of the Company's sales are subject to node price regulation, which is designed to ensure an adequate supply of energy at reasonable, determined prices, which considers a variety of factors. The marginal cost pricing model is not solely based upon costs incurred by the Company, and as a result, the requirements of U.S. GAAP under SFAS No.71, "Accounting for the Effects of Certain Types of Regulation", related to a businesses whose rates are not regulated are not applicable, except for the Company's operations in Brazil as described below.

As a result of changes in Brazilian Electricity Laws and Regulations, the Company's distribution subsidiaries in Brazil, Ampla Energia e Serviços S.A. (AMPLA, ex CERJ) and Companhia Energética do Ceará (Coelce), are subject to the provisions of SFAS No. 71 beginning on January 1, 2001. With the new regulations issued by the National Agency of Electric Energy (ANEEL), the rate-setting structure in Brazil is now designed to provide recovery for allowable costs incurred, which will be recovered through future increases in energy tariffs in order to recover losses experienced during the period of Brazilian Federal Government mandated energy rationing from June 1, 2001 to December 31, 2001. The Company estimates remaining costs will be recovered approximately over a period of five years, from the balance date.

Accordingly, the Company capitalizes incurred costs as deferred regulatory assets when it is probable that future revenue equal to the costs incurred will be billed and collected as a direct result of the inclusion of the costs in an increased rate set by the regulator. The deferred regulatory asset is eliminated when the Company collects the related costs through billings to customers. ANEEL perform a rate review on an annual basis. If ANEEL excludes all or part of a cost from recovery, that portion of the deferred regulatory assets is impaired and is accordingly reduced to the extent of the excluded cost. The Company has recorded deferred regulatory assets, which it expects to pass on to its customers in accordance with and subject to regulatory provisions.

The regulations also included certain fixed costs or VPA costs, which each distribution company is permitted to defer and pass on to their customers using future rate adjustments. VPA costs are limited by concession contracts to the cost of purchased power and certain other costs and taxes. Due to uncertainty in the Brazilian economy, ANEEL delayed the approval of such VPA rate increases. An Executive Order in October 2001 created a tracking account mechanism, in order to calculate the variation in the VPA costs for future rate adjustment calculation purposes. The Company has not recognized any regulatory assets for VPA costs incurred prior to 2001, because costs incurred prior to January 1, 2001, are not recoverable through the tracking account.

Under Chilean GAAP, the Company recognized revenue and deferred costs related to those assets. Under U.S. GAAP, in accordance with EITF 92-7, "Accounting by Rate Regulated Utilities for the Effects of Certain Alternate Revenue Programs", revenue amounts not expected to be collected within 24 months, have been deferred.

The effect of deferring revenues expected to be collected after two years is included in (ee) below.

(x) Reorganization of subsidiaries

This adjustment corresponds to the following reorganizations of the Company's subsidiaries:

- Endesa Costanera S.A. and Central Buenos Aires (CBA) during 2001, in which Endesa Costanera acquired the minority interest in CBA from third parties and exchanged shares with Endesa Argentina S.A.
- During 2006, the Company's subsidiary Edegel was merged with Etevensa, an entity which was controlled by Endesa Internacional S.A., the Company's parent company. This reorganization included a purchase of a minority interest portion in exchange for shares of Edegel and cash.
- On April 1, 2006 the Company's subsidiaries Chilectra S.A. was merged with Elesur S.A. (currently Chilectra S.A.) which is 99.09% owned by Enersis S.A. This reorganization included a purchase of a minority interest portion by cash.
- During 2007, the Company's subsidiaries Betania and Emgesa were merged into a new entity Emgesa (merged entity). (See note 11 (f) vi). The merger was materialized through a stock exchange where the Company exchanged the shares it owned in Betania and Emgesa for shares issued by the new entity Emgesa (merged entity). In addition, as a result of the share-exchange, the Company purchased a portion of minority interest from a third party.

Under Chilean GAAP, the Company recorded these transactions under the pooling of interests method, using the book values of the net assets acquired under merger accounting as prescribed by Technical Bulletin 72 for reorganizations under common control.

Under US GAAP, to the extent minority interest was acquired from a related party, the transaction shall be accounted for as a transaction under common control, using the pooling-of-interest method and thus book values to reflect the increase in participation, with any difference between purchase price consideration and book value of net assets acquired being recorded in shareholders' equity. However, the purchase of minority interest to the extent that this minority interest was purchased from an unrelated party shall be accounted for under the purchase method pursuant to SFAS 141, measuring the assets acquired and liabilities assumed at fair values.

The effect of this difference on the net income and shareholder's equity of the Company is included in paragraph (ee) below.

(y) Effects of minority interest on the U.S. GAAP adjustments

The net income and shareholders' equity under Chilean GAAP is adjusted in the U.S. GAAP for the impact of the U.S. GAAP reconciling items on the allocation of income and loss to minority interests. The sum of this adjustment and the minority interest reflected in our consolidated income statement and balance sheet for each period presented under Chilean GAAP represents the allocation of our results and shareholders' equity to our minority shareholders under U.S. GAAP.

The effect of this adjustment is included in net income and shareholders' equity reconciliation to US GAAP under paragraph (ee) below.

(z) Amortization of bond discount and deferred debt issuance costs

Under Chilean GAAP the company amortized bond discounts and deferred debt issuance costs using the straight line method over the estimate maturity of the related debt. Under U.S. GAAP, deferred debt issuance costs and bond discounts have to be amortized using the effective interest method. The effect of this adjustment included in the net income and shareholders equity reconciliation to US GAAP under paragraph (ee) below.

(aa) Asset retirement obligations

Under Chilean GAAP, there is no requirement to record obligations associated with the retirement of tangible long-lived assets. Under U.S. GAAP, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" effective January 1, 2003. Previously, the Company had not been recognizing amounts related to asset retirement obligations under U.S. GAAP. This standard requires the Company to record the fair value of the legal obligation it has to make certain environmental restorations upon closure of its facilities. The fair value of the liability is estimated by discounting the future estimated expenditures related to the restoration. The Company then measures changes in the liability due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used to measure that change is the credit-adjusted risk-free rate that existed when the liability, or portion thereof, was initially measured. For new liabilities, as well as for increases in fair value due to changes in estimates that are treated like new liabilities, the interest rate used for subsequent valuations is the interest rate that was valid at the time the new liability was incurred or when the change in estimate occurred. That amount is recognized as an increase in the carrying amount of the liability and the expense is classified as an operating item in the statement of income, referred to as accretion expense.

At the same time the standard requires the Company to capitalize the new asset retirement obligation costs arising as the result of additional liabilities incurred, such as the activation of a new generation facility, and subsequently allocate that asset retirement cost to expense over the life of the plant based on the useful life of the plant. At December 31, 2005, 2006 and 2007, the adjustment to US GAAP income from continuing operations represents the accreted interest expense and depreciation of the costs capitalized for the asset retirement obligations.

In Peru, where we have eight hydroelectric plants and one thermoelectric plant, existing legislation includes the requirement for entities with electrical assets to conduct retirement activities when operations cease. In Chile, under certain concession decrees governing six distribution lines, we are similarly required to conduct retirement activities upon cessation of operations.

The effects of this U.S. GAAP adjustment on net income and shareholders' equity are presented in note (ee) below.

(bb) Creation of Endesa Brasil

On September 30, 2005, certain Brazilian affiliates under common control were reorganized under a newly created holding company, Endesa Brasil S.A. In connection with this reorganization, Enersis transferred its interest in certain investees to Endesa Brasil in exchange for a 53.57% direct and indirect interest therein (see Note 2.a.iii). The Company began accounting for Endesa Brasil as a consolidated subsidiary as of that date. The difference between net assets contributed and received generated a difference of ThCh\$ 6,795,425 presented as reserve in equity. Although the transaction received the same accounting treatment under both Chilean GAAP and US GAAP, as a result of the existing adjustment to US GAAP in the subsidiaries which were the subject of the reorganization, an incremental charge to equity of ThCh\$ 1,420,056 was recorded.

The effect of this adjustment is included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (ee) below.

(cc) Accounting for the Impairment or Disposal of Long-Lived Assets

In accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company evaluates the carrying amount of property, plant and equipment and other long-lived assets, in relation to the operating performance and future undiscounted cash flows of the underlying business. This standard requires that an impairment loss be recognized in the event that facts and circumstances indicate that the carrying amount of an asset may not be fully recoverable, when compared to the estimated future undiscounted cash flows. Impairment is recorded based on estimates of future discounted cash flows, as compared to carrying

amounts. For the years ended December 31, 2005, 2006, and 2007 no additional amounts were recorded for impairment under US GAAP.

(dd) Exchange of non-financial assets and acquisition of minority interest

As stated in Note 11 (f) vi, during 2007, the Company's subsidiaries in Colombia were subject to a reorganization which involved the purchase of a minority interest portion. Under Chilean GAAP, the transaction was accounted for as a transaction under common control using book value of the involved assets and liabilities, with any differences between net assets given up and net assets received being recorded in other reserves within shareholders' equity. Under US GAAP, the several steps to materialize the transaction were accounted for as follows:

- a. The exchange of the participation in Betania against participation of Emgesa (merged entity) was accounted for as an exchange of financial assets, realizing a loss to the extent the transaction did not represent a common control transaction
- b. To the extent that minority interest was purchased from third parties, the transaction was accounted for under the purchase method pursuant to SFAS 141, with any excess of the purchase price consideration over the fair value of identifiable net assets acquired being accounted for as goodwill.
- c. To the extent third parties were involved, the disposal of a portion of participation of Emgesa (merged entity) was accounted for as a partial disposal of investments, affecting net income of the period to the extent the fair value of consideration received exceeded the book value of the investment together with the pro-rata portion of goodwill, fair value increment to net assets and accumulated other comprehensive income previously accounted for.

To the extent the transaction was carried out among parties under common control, book values were used and differences between consideration given (step a. and b.) and consideration received (step c.) over the book value of net assets received (step a. and b.) and book value of net assets given up (step c.) being recorded in other reserves of shareholders' equity.

(ee) Effect of conforming to U.S. GAAP

The reconciliation of reported net income required to conform to U.S. GAAP is as follows:

	As of December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
Net income in accordance with Chilean GAAP	74,584,165	307,121,433	188,376,410
Reversal of amortization of revaluation of property, plant and equipment (paragraph b)	1,206,772	1,009,653	1,008,914
Depreciation of property, plant and equipment and difference in fixed assets value at acquisition date (paragraph c)	(1,172,796)	(1,208,247)	(941,192)
Special Obligations (paragraph d)	-	-	(128,867,428)
Deferred income taxes (paragraph e)	6,385,846	12,756,498	12,460,703
PIS - COFIN (paragraph f)	-	-	(13,498,514)
Pension and post-retirement benefits (paragraph g)	1,646	167,004	915,409
Investments in related companies (paragraph h)	(36,326,106)	5,126,657	2,141,201
Amortization and impairment of goodwill (paragraph i)	59,884,018	59,418,178	59,160,536
Amortization of negative goodwill (paragraph j)	966,615	19,067,114	14,035,838
Capitalized interest (paragraph k)	12,379,696	12,783,397	8,302,776
Depreciation capitalized interest (paragraph k)	(1,814,000)	(2,188,351)	(1,461,799)
Difference foreign exchange capitalized (paragraph k)	7,152	33,735	28,819
Depreciation difference foreign exchange capitalized (paragraph k)	530,125	532,415	514,936
Accumulated deficit during the development stage (paragraph l)	-	(325,438)	-
Capitalized general and administrative expenses (paragraph n)	(3,216,816)	(3,147,648)	(9,756,672)
Involuntary employee termination benefits (paragraph o)	(18,546)	(22,871)	(18,385)
Revenue recognition in Edesur (paragraph p)	(4,277,821)	4,373,242	-
Elimination of amortization of capitalized interest in Brazil (paragraph q)	493,421	501,458	436,268
Amortization of organizational and start-up costs (paragraph r)	3,969,110	2,561,453	1,818,152
Derivative instruments operating income (paragraph t)	36,185,238	1,137,349	1,933,724
Derivative instruments non operating income (paragraph t)	(2,061,584)	(91,411)	(2,114)
Fair value of long-term debt assumed (paragraph u)	(1,050,635)	(29,396)	(29,395)
Deferred income (paragraph v)	137,839	140,244	121,784
Regulated assets and deferred cost (paragraph w)	13,231,912	(3,826,352)	479,460
Reorganization of subsidiaries (paragraph x)	(250,083)	(254,446)	(936,438)
Effects of minority interest on the U.S. GAAP adjustments (paragraph y)	(7,505,287)	(7,745,228)	62,097,447
Deferred tax effects on the U.S. GAAP adjustments	(18,198,488)	(20,213,677)	(9,727,849)
Amotization of bond discount and deferred debt issuance cost (paragraph z)	-	2,511,606	(494,011)
Asset retirement cost - (paragraph aa)	(69,240)	(12,985)	(25,048)
Asset retirement obligations - liabilities (paragraph aa)	159,403	(1,224,564)	(19,889)
Net income in accordance with U.S. GAAP	134,161,556	388,950,822	188,053,643
Net income in accordance with U.S. GAAP	134,161,556	388,950,822	188,053,643
Other comprehensive income (loss):			
Cumulative translation adjustment determined under Chilean GAAP net of minority interest	(113,524,133)	16,948,488	(122,816,340)
Cumulative translation adjustment related to U.S GAAP adjustments net of minority interest	22,703,029	(3,581,052)	4,597,060
Fair value change of hedging instruments used in cash flow hedges	1,414,993	(48,057,287)	1,987,463
Application of FAS 158	-	-	(481,754)
Comprehensive income in accordance with U.S.GAAP	44,755,445	354,260,971	71,340,072

The reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

	<u>2006</u>	<u>2007</u>
	ThCh\$	ThCh\$
Shareholders' equity in accordance with Chilean GAAP	3,082,253,169	2,903,209,631
Reversal of revaluation of property, plant and equipment net of accumulated amortization revaluation of property, plant and equipment (paragraph b)	(9,921,971)	(8,899,184)
Depreciation of property, plant and equipment and difference in fixed asset value at acquisition date (paragraph c)	(10,749,051)	(12,267,623)
Special Obligations (paragraph d)	-	(128,867,428)
Deferred income taxes (paragraph e)	(196,296,393)	(175,986,589)
PIS - COFIN (paragraph f)	-	(13,498,514)
Pension and post-retirement benefits (paragraph g)	8,653,946	2,900,844
Investments in related companies (paragraph h)	(2,463,392)	(19,365)
Goodwill (paragraph i)	515,047,345	568,247,561
Goodwill gross amount (paragraph i)	94,960,410	95,336,070
Negative goodwill (paragraph j)	(364,500,726)	(306,250,170)
Capitalized interest (paragraph k)	85,072,971	80,770,462
Exchange difference (paragraph k)	(21,378,757)	(20,003,141)
Minimum dividend (paragraph m)	(51,240,560)	(37,842,392)
Capitalized general and administrative expenses (paragraph n)	(31,546,887)	(39,130,341)
Involuntary employee termination benefits (paragraph o)	41,741	17,888
Elimination of capitalized interest in Brazil (paragraph q)	(5,441,695)	(4,292,633)
Organizational and start-up costs (paragraph r)	(8,406,751)	(5,487,421)
Derivative instruments (paragraph t)	(35,814,533)	(30,543,260)
Fair value of long-term debt assumed (paragraph u)	176,373	146,978
Deferred income (paragraph v)	(2,103,656)	(1,706,320)
Regulated assets and deferred cost (paragraph w)	(551,729)	-
Reorganization of subsidiaries (paragraph x)	14,838,595	30,276,263
Effects of minority interest on the U.S. GAAP adjustments (paragraph y)	205,265,271	272,692,694
Deferred tax effects on the U.S. GAAP adjustments	(7,837,957)	(11,624,865)
Amortization of bond discount and deferred debt issuance cost (paragraph z)	2,511,606	2,017,595
Asset retirement cost (paragraph aa)	587,644	1,020,950
Asset retirement obligations - liabilities (paragraph aa)	(2,297,416)	(2,584,425)
Shareholders' equity in accordance with U.S. GAAP	<u>3,258,857,597</u>	<u>3,157,633,265</u>

The changes in shareholders' equity in U.S. GAAP as of each year-end are as follows:

	<u>As of December 31,</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
	ThCh\$	ThCh\$	ThCh\$
Shareholders equity in accordance with U.S. GAAP - January 1	2,992,920,758	3,006,539,862	3,258,857,597
Dividends paid during the year	(14,913,701)	(73,992,114)	(177,019,145)
Reversal of dividends payable as of previous balance sheet date	9,270,240	17,277,401	51,240,560
Minimum dividend payable (paragraph m)	(17,277,401)	(51,240,560)	(37,842,392)
Reorganization under common control (paragraph x and bb)	(8,215,479)	(5,150,688)	(8,943,427)
Fair value change of hedging instruments used in cash flow hedges, net of deferred tax	1,414,993	(48,057,287)	1,987,463
Adoption of FAS 158, Brazilian subsidiaries, net of deferred tax	-	11,162,725	(481,754)
Cumulative translation adjustment	(90,821,104)	13,367,436	(118,219,280)
Net income in accordance with U.S. GAAP for the year	<u>134,161,556</u>	<u>388,950,822</u>	<u>188,053,643</u>
Shareholders equity in accordance with U.S. GAAP - December 31	<u>3,006,539,862</u>	<u>3,258,857,597</u>	<u>3,157,633,265</u>

II. Additional disclosure requirements:

(a) Goodwill and negative goodwill

The following is an analysis of goodwill and negative goodwill, determined on Chilean GAAP basis, as of December 31, 2006 and 2007, respectively:

	<u>As of December 31,</u>	
	<u>2006</u>	<u>2007</u>
	ThCh\$	ThCh\$
Goodwill	1,934,856,476	1,932,312,476
Less: accumulated amortization	<u>(1,231,319,891)</u>	<u>(1,291,134,063)</u>
Goodwill, net	<u>703,536,585</u>	<u>641,178,413</u>
Negative goodwill	(510,622,612)	(512,683,267)
Less: accumulated amortization	<u>470,867,088</u>	<u>475,288,947</u>
Negative goodwill, net	<u>(39,755,524)</u>	<u>(37,394,320)</u>

Amortization expense under Chile GAAP is disclosed in Note 13.

(b) Basic and diluted earnings per share:

	For the year ended December 31,		
	2005	2006	2007
	Ch\$	Ch\$	Ch\$
Chilean GAAP earnings per share	2.28	9.41	5.77
Basic and diluted U.S. GAAP earnings per share	4.11	11.91	5.76
Total number of common outstanding shares at December 31,	32,651,166	32,651,166	32,651,166
Weighted average number of common shares outstanding (000's)	32,651,166	32,651,166	32,651,166

There are no requirements to provide earnings per share disclosures under Chilean GAAP. The earnings per share figures disclosed above for both US GAAP and Chilean GAAP purposes have been calculated by dividing the respective consolidated net income in accordance with US GAAP and Chilean GAAP, respectively, by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or equity securities nor does it have other common stock equivalent securities or stock options outstanding. Consequently, there are no potentially dilutive effects on the earnings per share of the Company.

(c) Income taxes:

The provision (benefit) for income taxes charged to the results of operations determined in accordance with U.S. GAAP is as follows:

	2005					
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Income tax provision under Chilean GAAP						
Current income taxes as determined under Chilean GAAP	(13,701,386)	(6,531,384)	(26,415,914)	(27,948,702)	(80,639,390)	(155,236,776)
Deferred income taxes as determined under Chilean GAAP	(30,218,063)	(6,508,785)	(2,296,864)	2,768,480	508,596	(35,746,636)
Total income tax provision under Chilean GAAP	(43,919,449)	(13,040,169)	(28,712,778)	(25,180,222)	(80,130,794)	(190,983,412)
U.S. GAAP adjustments:						
Deferred tax effect of applying SFAS No. 109	256,721	138,476	5,990,649	-	-	6,385,846
Deferred tax effect of adjustments to U.S. GAAP	(11,178,775)	1,877,464	(1,137,897)	(7,672,408)	(86,873)	(18,198,489)
U.S. GAAP reclassifications (1)	1,747,136	-	-	-	1,719,123	3,466,259
Total U.S. GAAP adjustments:	(9,174,918)	2,015,940	4,852,752	(7,672,408)	1,632,250	(8,346,384)
Total Income tax provision under U.S. GAAP	(53,094,367)	(11,024,229)	(23,860,026)	(32,852,630)	(78,498,544)	(199,329,796)
	2006					
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Income tax provision under Chilean GAAP						
Current income taxes as determined under Chilean GAAP	(52,091,521)	(4,841,426)	(36,242,876)	(71,858,002)	(91,513,462)	(256,547,287)
Deferred income taxes as determined under Chilean GAAP	89,843,031	(11,685,157)	(8,792,806)	59,784,655	25,140,834	154,290,557
Total income tax provision under Chilean GAAP	37,751,510	(16,526,583)	(45,035,682)	(12,073,347)	(66,372,628)	(102,256,730)
U.S. GAAP adjustments:						
Deferred tax effect of applying SFAS No. 109	6,267,246	134,009	6,355,243	-	-	12,756,498
Deferred tax effect of adjustments to U.S. GAAP	(7,609,644)	(3,842,324)	(8,024,614)	1,830,848	(2,567,942)	(20,213,676)
U.S. GAAP reclassifications (1)	92,404	-	-	-	195,709	288,113
Total U.S. GAAP adjustments:	(1,249,994)	(3,708,315)	(1,669,371)	1,830,848	(2,372,233)	(7,169,065)
Total Income tax provision under U.S. GAAP	36,501,516	(20,234,898)	(46,705,053)	(10,242,499)	(68,744,861)	(109,425,795)
	2007					
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Income tax provision under Chilean GAAP						
Current income taxes as determined under Chilean GAAP	(38,247,208)	(26,513,785)	(34,017,695)	(61,188,995)	(56,808,612)	(216,776,295)
Deferred income taxes as determined under Chilean GAAP	(33,827,978)	(6,759,289)	33,297	6,259,829	(2,077,000)	(36,371,141)
Total income tax provision under Chilean GAAP	(72,075,186)	(33,273,074)	(33,984,398)	(54,929,166)	(58,885,612)	(253,147,436)
U.S. GAAP adjustments:						
Deferred tax effect of applying SFAS No. 109	6,415,518	114,733	5,930,452	-	-	12,460,703
Deferred tax effect of adjustments to U.S. GAAP	(8,167,573)	537,798	(7,977,720)	5,537,104	342,542	(9,727,849)
Total U.S. GAAP adjustments:	(1,752,055)	652,531	(2,047,268)	5,537,104	342,542	2,732,854
Total Income tax provision under U.S. GAAP	(73,827,241)	(32,620,543)	(36,031,666)	(49,392,062)	(58,543,070)	(250,414,582)

(1) Certain tax-related income under Chilean GAAP are classified as non-operating, but under US GAAP would be classified as income taxes.

Deferred tax assets (liabilities) as of balance sheet dates are summarized as follows:

	2006			2007		
	SFAS No. 109 Applied to Chilean GAAP Balances	SFAS No. 109 applied to U.S. GAAP Adjustments	Total Deferred Taxes under SFAS No. 109	SFAS No. 109 Applied to Chilean GAAP Balances	SFAS No. 109 applied to U.S. GAAP Adjustments	Total Deferred Taxes under SFAS No. 109
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Deferred income tax assets:						
Property, plant and equipment	2,941,948	109,536,827	112,478,775	2,579,361	120,457,544	123,036,905
Allowance for doubtful accounts	72,545,891	-	72,545,891	78,634,782	-	78,634,782
Actuarial deficit (companies in Brazil)	11,277,352	-	11,277,352	12,297,971	-	12,297,971
Deferred income	2,401,696	-	2,401,696	2,373,336	-	2,373,336
Provision real estate projects	2,543,050	-	2,543,050	2,430,203	-	2,430,203
Vacation accrual	-	9,864,280	9,864,280	-	9,313,092	9,313,092
Intangible	-	-	-	-	-	-
Valuation allowance	(42,958,129)	(1,186,363)	(44,144,492)	(16,109,759)	(3,477,139)	(19,586,898)
Others	15,411,698	1,339,636	16,751,334	13,041,523	735,864	13,777,387
Provision for employee benefits	5,958,815	(2,942,342)	3,016,473	4,156,789	(986,287)	3,170,502
Total deferred income tax assets	426,965,612	116,612,038	543,577,650	387,688,417	130,632,569	518,320,986
Deferred income tax liabilities:						
Property, plant and equipment (2)	442,046,191	90,014,428	532,060,619	425,638,818	110,984,264	536,623,082
Severance indemnities	1,801,981	-	1,801,981	1,701,576	-	1,701,576
Regulated assets	31,118,055	(187,588)	30,930,467	25,690,403	-	25,690,403
Finance costs	16,490,104	-	16,490,104	19,427,055	-	19,427,055
Derivative contracts	-	5,251,174	5,251,174	-	3,444,913	3,444,913
Bond discount	1,587,909	426,973	2,014,882	1,311,724	342,991	1,654,715
Cost of studies	9,043,752	-	9,043,752	8,960,610	-	8,960,610
Imputed interest on construction	4,034,502	-	4,034,502	3,959,224	-	3,959,224
Materials used	871,574	-	871,574	806,387	-	806,387
Exchange difference	20,060,608	-	20,060,608	6,798,246	-	6,798,246
Capitalized expenses	2,288,007	-	2,288,007	2,352,113	-	2,352,113
Capitalized interest	-	28,915,023	28,915,023	-	27,454,019	27,454,019
Others	14,652,117	29,983	14,682,100	21,060,616	31,247	21,091,863
Total deferred income tax liabilities	543,994,800	124,449,993	668,444,793	517,706,772	142,257,434	659,964,206
Net deferred assets (liabilities)	(117,029,188)	(7,837,955)	(124,867,143)	(130,018,355)	(11,624,865)	(141,643,220)
Complementary Account	196,296,393	(196,296,393)	-	175,986,589	(175,986,589)	-
Net deferred assets (liabilities)	79,267,205	(204,134,348)	(124,867,143)	45,968,234	(187,611,454)	(141,643,220)

- (1) Tax loss carryforwards relate primarily to Chilean and Brazilian entities. In accordance with the current enacted tax law in Chile such tax losses may be carried-forward indefinitely.
- (2) In September 2004, the Peruvian tax court ruled invalid the tax basis of certain assets held by Edegel S.A. Based on this ruling, the Company has increased the long-term deferred tax liability ThCh\$ 80,429,245, in order to reflect the write-off of the corresponding tax-basis assets held in Peru. As such estimate of future deductible amounts was determined prior to the acquisition of Edegel in connection with the acquisition of Endesa Chile in 1999, the Company has adjusted goodwill by a corresponding amount in accordance with SFAS No. 109 "Accounting for Income Taxes" ("SFAS No. 109") and EITF 93-7 "Uncertainties Related to Income Taxes in a Business Combination".

Accumulated tax losses by country as of December 31, 2006 and 2007, are as follows:

	December 31, 2006		December 31, 2007	
	Amount ThCh\$	Year of expiration	Amount ThCh\$	Year of expiration
Chile	1,181,387,591	Do not expire	998,365,867	Do not expire
Argentina	10,812,910	2007/2008	143,333,455	2008/2012
Colombia (a) ...	77,220,205	2007	-	-
Brazil	211,058,851	2007/2012	182,723,059	2012
Total	1,480,479,557		1,324,422,381	

- (a) During the years ended December 31, 2005 and 2006, management did not expect that the subsidiaries in Colombia will be able to recover deferred tax assets related to tax loss carry forwards. Thus, as of December 31, 2006, a valuation allowance has been recorded, which covered the whole amount of the deferred tax asset related to tax loss carryforwards. However, due to the merger of the Company's Colombian Subsidiaries, the tax loss carryforwards were applied against income during the year ended December 31, 2007.

A reconciliation of the U.S. GAAP Statutory Income Tax rate to the Company's effective tax rate on net income is as follows:

	2005					
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(33,125,972)	7,771,672	(15,296,579)	(17,237,282)	(33,041,753)	(90,929,914)
Effect of higher foreign tax rates	-	8,228,830	(14,846,679)	(15,706,840)	(39,018,124)	(61,342,813)
Increase (decrease) in rates resulting from:						
for tax purposes	4,895,231	(7,175,270)	-	-	122,679	(2,157,360)
Non-taxable items	14,586,454	2,128,394	10,135,640	18,215,005	9,591,781	54,657,274
Non-deductible items	(40,376,479)	(20,487,565)	(2,502,421)	(18,101,813)	(16,083,300)	(97,551,578)
Effect of change in valuation allowance	(673,630)	-	-	-	-	(673,630)
Prior years income tax	838,164	-	-	-	-	838,164
Other	(985,271)	(1,490,290)	(1,349,987)	(21,700)	(3,236,917)	(7,084,165)
US GAAP reclassifications (1)	1,747,136	-	-	-	1,719,123	3,466,259
Tax (benefit) expense at effective tax rate	(53,094,367)	(11,024,229)	(23,860,026)	(32,852,630)	(78,498,544)	(199,329,796)
	2006					
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(58,205,735)	(2,417,482)	(11,249,822)	(28,977,913)	(37,038,593)	(137,889,545)
Effect of higher foreign tax rates	-	(2,559,686)	(10,918,944)	(28,977,912)	(46,842,928)	(89,299,470)
Increase (decrease) in rates resulting from:						
for tax purposes	(5,699,395)	(6,541,127)	-	-	25,582,390	13,341,868
Non-taxable items	17,762,225	5,932,875	1,723,076	58,367,613	4,184,675	87,970,464
Non-deductible items	(67,774,434)	(14,634,403)	(26,354,807)	(16,600,274)	(16,017,548)	(141,381,466)
Effect of change in valuation allowance	140,610,577	-	-	-	(62,458)	140,548,119
Prior years income tax	6,509,183	-	-	-	-	6,509,183
Other	3,206,691	(15,075)	95,444	5,945,987	1,253,892	10,486,939
US GAAP reclassifications (1)	92,404	-	-	-	195,709	288,113
Tax (benefit) expense at effective tax rate	36,501,516	(20,234,898)	(46,705,053)	(10,242,499)	(68,744,861)	(109,425,795)
	2007					
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(41,950,759)	(16,113,212)	(7,775,767)	(6,303,694)	(30,519,420)	(102,662,851)
Effect of higher foreign tax rates	-	(17,686,209)	(6,803,359)	(6,303,694)	(30,365,782)	(61,159,044)
Increase (decrease) in rates resulting from:						
for tax purposes	(21,163,460)	1,097,453	(14,337)	-	-	(20,080,344)
Non-taxable items	97,632,701	22,271,833	4,847,780	63,859,533	13,083,912	201,695,758
Non-deductible items	(104,811,652)	(22,190,408)	(25,504,480)	(102,252,106)	(36,504,252)	(291,262,898)
Effect of change in valuation allowance	(4,038,454)	-	-	-	25,352,804	21,314,350
Prior years income tax	1,996,665	-	-	-	-	1,996,665
Other	(1,492,282)	-	(781,503)	1,607,899	409,668	(256,218)
Tax (benefit) expense at effective tax rate	(73,827,241)	(32,620,543)	(36,031,666)	(49,392,062)	(58,543,070)	(250,414,582)

- (1) US GAAP reclassifications are tax related income that under Chilean GAAP are classified as non-operating income, but under US GAAP would be classified as income taxes.

Additionally, effective January 1, 2007, the Company adopted FASB Interpretation No. 48: "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109: "Accounting for Income Taxes" ("FAS 109"). The Interpretation prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken within an income tax return. For each tax position, the enterprise must determine whether it is more likely than not that the position will be sustained upon examination by taxing authorities, based on the technical merits of the position, including resolution of any related appeals or litigation. A tax position that meets the more likely than not recognition threshold is then measured to determine the amount of benefit to be recognized within the financial statements. No benefits may be recognized for tax positions that do not meet the more likely than not threshold. For tax positions that meet the more likely than not threshold, the benefit to be recognized is the largest amount that is greater than 50% likely of being realized upon ultimate settlement.

As a result of implementing FIN 48, there was no impact on the Company's financial statements from the adoption of this interpretation. In addition, as of the date of the adoption of FIN 48, the Company did not have any accrued interest and penalties related to unrecognized tax benefits. The Company and its subsidiaries will recognize interest and penalties related to unrecognized tax benefits in interest expense and other operating expense, respectively.

We are potentially subject to income tax audits in numerous jurisdictions in Chile and internationally until the applicable statute of limitations expire. Tax audits by their nature are often complex and can require several years to complete. The following is a summary of tax years, potentially subject to examination, in the significant tax and business jurisdictions in which we operate.

Jurisdiction	Tax Years Subject to Examination
Chile	2003-2007
Argentina	2002-2007
Brazil	2003-2007
Colombia	2005-2007
Peru	2003-2007

(d) Segment disclosures

The Company is primarily engaged in the distribution and generation of electricity in Chile, Argentina, Brazil, Colombia and Peru. Enersis provides these and other services through four business segments:

- Generation
- Distribution
- Transmission
- Engineering Services and Real Estate
- Corporate and other

Generation involves the generation of electricity primarily through its subsidiary Endesa Chile. Distribution involves the supply of electricity to regulated and unregulated customers. Transmission involves the transmission of high voltage the electricity produced by generation companies Engineering Services and Real Estate includes engineering services and real estate development. Corporate and other includes computer-related data processing services and the sale of electricity-related supplies and equipment. The Company's reportable segments are strategic business units that offer different products and services and are managed separately. The methods of revenue recognition by segment are as follows:

Generation

Revenue is recognized when energy and power output is delivered and capacity is provided at rates specified under contract terms or prevailing market rates.

Distribution - Operating Revenues

Revenue is recognized when energy and power is provided at rates specified under contract terms or prevailing market rates.

Distribution - Non Operating Revenues

Revenue is recognized as services are provided, such as public light posts, telephone poles, and other services related to distribution services.

Transmission

Revenue is recognized as services are provided, through to tolls for the transmission service of high voltage the electricity produced by generation companies..

Engineering Services and Real Estate

Revenue is recognized as services are provided, or when projects are sold.

Corporate and Other

Revenue is recognized as services are provided, or when supplies or equipment are sold.

The following segment information has been disclosed in accordance with U.S. reporting requirements; however, the information presented has been determined in accordance with Chilean GAAP:

	Generation ThCh\$	Transmission ThCh\$	Distribution ThCh\$	Engineering services and real estate ThCh\$	Corporate and other ThCh\$	Eliminations ThCh\$	Consolidated ThCh\$
2005							
Sales to unaffiliated customers	947,742,300	14,056,856	2,432,503,410	22,633,334	69,574,227	414,183	3,486,924,310
Intersegment sales	306,314,148	16,673,990	18,585,396	13,937,630	122,686,858	(431,872,273)	46,525,749
Total revenues	<u>1,254,256,448</u>	<u>30,730,846</u>	<u>2,451,088,806</u>	<u>36,570,964</u>	<u>192,261,085</u>	<u>(431,458,090)</u>	<u>3,533,450,059</u>
Operating income	<u>452,810,056</u>	<u>14,326,046</u>	<u>421,409,513</u>	<u>3,405,471</u>	<u>(505,819)</u>	<u>(1,481,541)</u>	<u>889,963,726</u>
Participation in net income of affiliate companies	<u>14,724,108</u>	<u>-</u>	<u>3,408,393</u>	<u>166,880</u>	<u>164,747,114</u>	<u>(175,649,321)</u>	<u>7,397,174</u>
Depreciation and amortization	<u>175,993,345</u>	<u>2,966,483</u>	<u>212,312,699</u>	<u>2,198,904</u>	<u>62,283,939</u>	<u>-</u>	<u>455,755,370</u>
Identifiable assets including investment in related companies	<u>5,938,310,259</u>	<u>536,874,481</u>	<u>5,195,639,865</u>	<u>116,488,706</u>	<u>5,276,402,995</u>	<u>(5,820,098,656)</u>	<u>11,243,617,650</u>
Capital expenditures	<u>65,846,330</u>	<u>352,780</u>	<u>275,010,348</u>	<u>1,543,585</u>	<u>5,347,116</u>	<u>-</u>	<u>348,100,159</u>
2006							
Sales to unaffiliated customers	1,228,746,687	85,946,998	2,696,892,920	36,413,907	71,404,808	-	4,119,405,320
Intersegment sales	355,255,370	68,601,502	20,363,576	17,045,631	143,436,094	(568,262,790)	36,439,383
Total revenues	<u>1,584,002,057</u>	<u>154,548,500</u>	<u>2,717,256,496</u>	<u>53,459,538</u>	<u>214,840,902</u>	<u>(568,262,790)</u>	<u>4,155,844,703</u>
Operating income	<u>627,179,827</u>	<u>(814,646)</u>	<u>503,791,673</u>	<u>10,596,057</u>	<u>(10,322,791)</u>	<u>1,200,522</u>	<u>1,131,630,642</u>
Participation in net income of affiliate companies	<u>45,256,636</u>	<u>-</u>	<u>22,464,422</u>	<u>126,273</u>	<u>419,403,570</u>	<u>(481,839,080)</u>	<u>5,411,821</u>
Depreciation and amortization	<u>203,770,406</u>	<u>14,559,129</u>	<u>221,967,138</u>	<u>2,422,318</u>	<u>64,538,367</u>	<u>-</u>	<u>507,257,358</u>
Identifiable assets including investment in related companies	<u>6,248,239,898</u>	<u>494,745,281</u>	<u>5,727,091,588</u>	<u>127,625,355</u>	<u>5,237,344,916</u>	<u>(5,954,019,468)</u>	<u>11,881,027,570</u>
Capital expenditures	<u>186,351,958</u>	<u>2,033,816</u>	<u>360,721,841</u>	<u>1,752,111</u>	<u>5,223,478</u>	<u>-</u>	<u>556,083,204</u>
2007							
Sales to unaffiliated customers	1,519,129,481	209,542,985	2,805,878,497	35,442,673	60,612,108	-	4,630,605,744
Intersegment sales	395,673,119	51,827,205	16,747,611	19,302,084	142,200,614	(569,680,818)	56,069,815
Total revenues	<u>1,914,802,600</u>	<u>261,370,190</u>	<u>2,822,626,108</u>	<u>54,744,757</u>	<u>202,812,722</u>	<u>(569,680,818)</u>	<u>4,686,675,559</u>
Operating income	<u>662,072,640</u>	<u>23,180,273</u>	<u>562,686,523</u>	<u>8,452,765</u>	<u>(4,585,296)</u>	<u>3,759,788</u>	<u>1,255,566,693</u>
Participation in net income of affiliate companies	<u>(10,699,853)</u>	<u>-</u>	<u>29,990,247</u>	<u>262,095</u>	<u>291,009,242</u>	<u>(365,322,784)</u>	<u>(54,761,053)</u>
Depreciation and amortization	<u>204,838,817</u>	<u>12,391,572</u>	<u>196,841,035</u>	<u>2,562,866</u>	<u>64,184,754</u>	<u>-</u>	<u>480,819,044</u>
Identifiable assets including investment in related companies	<u>6,005,952,696</u>	<u>424,670,546</u>	<u>5,529,312,433</u>	<u>83,146,627</u>	<u>4,935,684,441</u>	<u>(5,541,000,099)</u>	<u>11,437,766,644</u>
Capital expenditures	<u>210,021,708</u>	<u>162,528</u>	<u>378,287,983</u>	<u>1,430,656</u>	<u>4,152,446</u>	<u>-</u>	<u>594,055,321</u>

A summary of activities by geographic area is as follows:

	Chile	Argentina	Peru	Brazil	Colombia	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
2005						
Total revenues	<u>1,169,994,549</u>	<u>432,381,788</u>	<u>322,484,538</u>	<u>964,421,327</u>	<u>644,167,857</u>	<u>3,533,450,059</u>
2006						
Total revenues	<u>1,329,850,962</u>	<u>529,308,911</u>	<u>394,823,067</u>	<u>1,187,880,330</u>	<u>713,981,433</u>	<u>4,155,844,703</u>
Long lived assets (net) (1)	<u>2,601,413,450</u>	<u>1,089,978,390</u>	<u>1,073,768,221</u>	<u>1,999,399,701</u>	<u>1,921,348,006</u>	<u>8,685,907,768</u>
Total assets	<u>3,655,331,862</u>	<u>1,409,448,181</u>	<u>1,197,079,103</u>	<u>3,218,526,524</u>	<u>2,403,718,051</u>	<u>11,884,103,721</u>
2007						
Total revenues	<u>1,672,000,731</u>	<u>564,779,021</u>	<u>359,779,927</u>	<u>1,311,140,787</u>	<u>778,975,093</u>	<u>4,686,675,559</u>
Long lived assets (net) (1)	<u>2,705,339,585</u>	<u>928,594,019</u>	<u>919,360,304</u>	<u>1,798,513,681</u>	<u>1,655,538,527</u>	<u>8,007,346,116</u>
Total assets	<u>3,812,322,629</u>	<u>1,295,898,049</u>	<u>1,018,879,010</u>	<u>3,130,195,643</u>	<u>2,180,471,313</u>	<u>11,437,766,644</u>

(1) Long-lived assets include property, plant and equipment.

(e) Concentration of risk:

The Company does not believe that it is exposed to any unusual credit risk from any single customer. The Company's debtors are dependent on the economy in Latin America, which could make them vulnerable to downturns in the economic activity in the countries in which the Company operates.

No single customers accounted for more than 10% of revenues for the years ending December 31, 2005, 2006 and 2007.

(f) Schedule of debt maturity:

Following is a schedule of debt maturity in each of the next five years and thereafter:

	As of December 31, 2007 ThCh\$
2008	689,224,125
2009	697,315,381
2010	345,274,845
2011	493,478,977
2012	321,564,335
Thereafter	<u>1,436,981,624</u>
Total	<u>3,983,839,287</u>

(g) Disclosure regarding interest capitalization:

	Year ended December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
Interest expense incurred	384,527,149	419,622,162	407,285,992
Interest capitalized under Chilean GAAP	-	6,211,632	5,220,177
Interest capitalized under U.S. GAAP	12,379,696	18,995,028	13,522,953

(h) Cash flow information:

- (i) The statement of cash flows under Chile GAAP differs in certain respects from the presentation of a statement of cash flow under U.S. GAAP. Marketable securities under Chile GAAP qualify as cash flow equivalent, whereas under U.S. GAAP they are classified as available - for -sale securities (See note 36 II (q))

	As of December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
Cash flow from operating activities - Chile GAAP and US GAAP	899,097,063	926,226,558	954,434,311
Cash flow from financing activities - Chile GAAP and US GAAP	(820,816,598)	(319,074,513)	(178,482,376)
Cash flow investing activities Chile GAAP	(362,654,441)	(545,249,093)	(691,537,359)
Differences between Chilean GAAP and US GAAP:			
Purchase of marketable securities during period	(5,823,226)	(9,687,242)	(10,299,039)
Sale of marketable securities during period	13,997,635	5,823,226	9,687,242
Cash flow investing activities US GAAP	(354,480,032)	(549,113,109)	(692,149,156)
Net cash flow	(276,199,567)	58,038,936	83,802,779
Effect of price-level restatement and foreign exchange differences	(22,990,227)	15,657,548	19,449,757
Net increase (decrease) in cash and cash equivalent	(299,189,794)	73,696,484	103,252,536
Cash and cash equivalent at beginning of the year	607,680,365	389,273,345	462,969,829
Additional cash resulting from creation of Endesa Brasil	80,782,774	-	-
Cash and cash equivalent at end of the year	389,273,345	462,969,829	566,222,365

- (ii) The reconciliation of cash and cash equivalents from Chilean GAAP to U.S. GAAP as of December 31, 2005, 2006 and 2007 is as follows:

	Year ended December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalent under Chilean GAAP	395,096,571	472,657,071	576,521,404
Elimination of marketable securities	(5,823,226)	(9,687,242)	(10,299,039)
Total cash and cash equivalents under US GAAP	389,273,345	462,969,829	566,222,365

- (iii) Additional disclosures required under U.S. GAAP are as follows:

	Years ended December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
Interest paid during the year	316,999,583	321,298,206	326,615,508
Income taxes paid during the year	107,426,016	167,453,325	151,919,528

- (iv) Under US GAAP, cash and cash equivalents includes all highly liquid debt instruments purchased with a maturity of three months or less:

	Years ended December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
Cash	78,266,397	107,178,991	81,979,611
Time deposits and repurchase agreements	311,006,948	355,790,838	484,242,754
Total cash and cash equivalents under US GAAP	389,273,345	462,969,829	566,222,365

(i) Disclosures about fair value of financial instruments

The following methods and assumption were used to estimate the fair value of each class of financial instruments as of December 31, 2006 and 2007 for which it is practicable to estimate that value:

Cash

The fair value of the Company's cash is equal to its carrying value.

Time deposits

The fair value of time deposits is equal to its carrying value due to its relatively short-term nature.

Marketable securities

The fair value of marketable securities is based on quoted market prices of the mutual money market funds held and is equal to its carrying value.

Long-term accounts receivable

The fair value of long-term accounts receivable was estimated using the interest rates that are currently offered for loans with similar terms and remaining maturities.

Long-term debt

The fair value of long-term debt was based on rates currently available to the Company for debt with similar terms and remaining maturities.

Derivative instruments

Estimates of fair values of derivative instruments for which no quoted prices or secondary market exists have been made using valuation techniques such as forward pricing models, present value of estimated future cash flows, and other modeling techniques. These estimates of fair value include assumptions made by the Company about market variables that may change in the future. Changes in assumptions could have a significant impact on the estimate of fair values disclosed. As a result such fair value amounts are subject to significant volatility and are highly dependent on the quality of the assumptions used.

The estimated fair values of the Company's financial instruments compared to Chilean GAAP carrying amounts are as follows:

	2006		2007	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash	107,178,991	107,178,991	81,979,611	81,979,611
Time deposits	303,002,428	303,002,428	404,583,941	404,583,941
Marketable securities	9,788,358	9,788,358	11,797,463	11,797,463
Accounts receivable	901,208,837	901,208,837	987,383,472	987,383,472
Notes receivable, net	8,020,849	8,020,849	11,839,116	11,839,116
Other accounts receivable, net	108,526,853	108,526,853	99,770,021	99,770,021
Amounts due from related companies	14,568,778	14,568,778	152,384,020	152,384,020
Long-term accounts receivable	147,653,188	147,653,188	195,537,843	195,537,843
Accounts payable and other	(634,218,821)	(634,218,821)	(565,984,736)	(565,984,736)
Notes payable	(146,537,354)	(146,537,354)	(180,031,021)	(180,031,021)
Long-term debt	(3,859,766,099)	(4,232,403,090)	(3,983,839,289)	(4,174,128,168)
Derivative instruments	(156,922,494)	(156,922,494)	(215,719,609)	(215,719,609)

(j) Derivative instruments

The Company is exposed to the impact of market fluctuations in the price of electricity, primary materials such as natural gas, petroleum, coal, and other energy-related products, interest rates, and foreign exchange rates. The Company has policies and procedures in place to manage the risks associated with these market fluctuations on a global basis through strategic contract selection, fixed-rate and variable-rate portfolio targets, net investment hedges, and financial derivatives. All derivatives that do not qualify for the normal purchase and sales exemption under SFAS No. 133 are recorded at their fair value. On the date that swaps, futures, forwards or option contracts are entered into, the Company designates the derivatives as a "hedge", if the documentation is not appropriate to designate as a "hedge", the derivative's mark-to-market adjustment flows through the income statement.

The Company has classified its derivatives into the following general categories: commodity derivatives, embedded derivatives, and financial derivatives. Certain energy and other contracts for the Company's operations in Chile are denominated in the US dollar. According to SFAS No. 133, an embedded foreign currency derivative should be separated from the host contract because none of the applicable exclusions are met (See Embedded Derivative Contracts below). For purposes of evaluating the functional currency of the Company's subsidiaries in Argentina, Peru, Brazil, and Colombia, the Company applied BT 64, consistent with the methodology described in Note 36 I paragraph (s), thus the functional currency of these subsidiaries was the US dollar as these subsidiaries were remeasured into US dollars because foreign subsidiaries operate in countries exposed to significant risks as determined under BT 64.

The following is a summary of the Company's derivative contracts as of December 31, 2006 and 2007.

	2006		
	Distribution ThCh\$	Generation ThCh\$	Total ThCh\$
Embedded derivatives	5,549,209	24,821,508	30,370,717
Commodity derivatives	-	(8,303,771)	(8,303,771)
Financial derivatives	(157,341,520)	419,026	(156,922,494)
Derivative instruments U.S.GAAP Shareholders equity adjustment	(151,792,311)	16,936,763	(134,855,548)
	2007		
	Distribution ThCh\$	Generation ThCh\$	Total ThCh\$
Embedded derivatives	4,026,797	19,247,459	23,274,256
Financial derivatives	(206,873,883)	(8,845,726)	(215,719,609)
Derivative instruments U.S.GAAP Shareholders equity adjustment	(202,847,086)	10,401,733	(192,445,353)

The following is the reconciliation of the Company's derivative contracts from Chile GAAP to US GAAP:

	2006		
	Chile GAAP ThCh\$	Adjustment ThCh\$	US GAAP ThCh\$
Embedded derivatives	-	30,370,717	30,370,717
Commodity derivatives	-	(8,303,771)	(8,303,771)
Financial derivatives	(99,041,015)	(57,881,479)	(156,922,494)
Shareholders equity adjustment	(99,041,015)	(35,814,533)	(134,855,548)
	2007		
	Chile GAAP ThCh\$	Adjustment ThCh\$	US GAAP ThCh\$
Embedded derivatives	-	23,274,256	23,274,256
Financial derivatives	(161,902,093)	(53,817,516)	(215,719,609)
Shareholders equity adjustment	(161,902,093)	(30,543,260)	(192,445,353)

Certain Company's generation and distribution commodity contracts in 2006 could be seen as contracts that meet the definition of a derivative under SFAS No. 133 and are required to be accounted for at fair value. These conditions are (i) have an underlying, which is the market price of power at the delivery location and a notional amount specified in the contract; (ii) have no initial payment on entering into the contract; and (iii) have a net settlement provision or have the characteristic of net settlement because power is readily convertible to cash, as it is both fungible and actively traded in the country of generation or country of distribution.

The Company assessed that its commodity contracts that are requirements contracts do not meet the above definition because the contracts, do not have notional amounts, as they only have maximum amounts or no specified amounts, and do not include an implicit or explicit minimum amount in a settlement or a default clause. A requirements contract allows the purchaser to use as many units of power as required to satisfy its actual needs for power during the period of the contract, and the party is not permitted to buy more than its actual needs. Such

assessment is in line to US GAAP Derivates Implementation Group (“DIG”) response to Issue A6 (“DIG Issue A6”) Additionally, note that there were no such similar commodity contracts in 2007.

The Company has commodity contracts that are unique, due to their long-term nature and complexity. In establishing the fair value of contracts management makes assumptions using available market data and pricing models. Factors such as commodity price risk are also included in the fair value calculation. Inputs to pricing models include estimated forward prices of electricity and natural gas, interest rates, foreign exchange rates, inflation indices, transmission costs, and others. These inputs become more difficult to predict and the estimates are less precise, the further out in time these estimates are made. As a result, fair values are highly sensitive to the assumptions being used.

Until December 31, 2005 the Company's Argentine generation entities had access to the Brazilian energy market through an interconnection system between those two countries. Due to action taken by Argentine Regulation Authorities, the exportations of energy from Argentina to Brazil were limited, resulting in a default of most energy supply contracts the Company had entered into. However, during 2006 the Brazilian regulator issued a statement that allowed these interconnection contracts to reduce their amounts of power and energy to be delivered, and to accelerate their maturity date to December 2007. As a result of action taken by Argentine and Brazilian regulation authorities, the contracts the Argentine subsidiaries had entered into ceased to exist as of the December 31, 2006.

Derivative instruments

The use of derivative instruments is one of the Company's tools to mitigate these risks. Hedging strategies applicable according to the terms established by our Board of Directors are as follows:

(a) Exchange rate risk hedging policy

The exchange rate risk hedging policy for the Enersis Group is based on cash flow. Its objective is to balance foreign currency indexed flows and the assets and liability structure in such currency. In order to mitigate the exchange rate risk, the company has entered into financial derivative contracts, such as cross currency swaps (“CCS”) and currency forwards, which have reduced the impact of fluctuations of the exchange rate applicable to assets and liabilities subject to foreign currency volatility.

(b) Interest rate risk hedging policy

The interest rate risk hedging policy for the Enersis Group is based on maintaining a significant level of debt not subject to interest rate variations. We have set the desired level of fixed interest rate debt (which includes both variable rate instruments that have been swapped to fixed rate, as well as variable rate instruments with a hedging option which limits the interest variability around a desired minimum and maximum band) at approximately 70% of total debt. When the level of variable debt increases significantly above a 30% threshold, the Company uses derivative instruments, typically interest rate swaps and interest rate collars, as a tool to remain close to the desired level of maximum unhedged variable debt.

As a result of the foregoing hedging policies, the Company uses cash flow hedges primarily. The exchange and interest rate hedging policies convert variable cash flows into fixed cash flows. As of December 31, 2007, the maximum amount of time over which future cash flows are hedged is 9 years approximately, which corresponds to a CCS with a notional value of ThCh\$ 124,222,500 and a negative fair value of approximately ThCh\$ 86,955,750.

Under US GAAP, for the years ended December 31, 2005, 2006 and 2007, the derivative portfolio for the Enersis Group is the following:

Accounting Classification	Risk Hedged	Derivative Instrument	Year ended December 31, (thousands Ch\$)					
			2005		2006		2007	
			Notional Value	Fair Value	Notional Value	Fair Value	Notional Value	Fair Value
Cash Flow	Exchange	CCS	393,388,748	(108,856,286)	414,545,474	(152,724,270)	360,245,250	(196,718,751)
	Rate	Forward	168,595	-	-	-	-	-
	Interest	Collar	56,198,393	(168,595)	182,971,795	-	124,222,500	(1,093,158)
	Rate	Swap	9,385,132	56,198	84,338,562	285,893	72,807,246	(596,268)
Fair Value Hedge	Exchange	CCS	-	-	28,589,343	(3,545,079)	61,058,360	(16,695,504)
	Rate	Forward	-	-	-	-	-	-
	Interest	Collar	-	-	-	-	-	-
	Rate	Swap	-	-	-	-	-	-
Investment	Exchange	CCS	70,809,975	(26,469,443)	1,429,467	(937,791)	527,697	(596,268)
	Rate	Forward	-	-	-	-	-	-
	Interest	Collar	47,768,634	-	-	-	-	-
	Rate	Swap	-	-	-	-	-	-
	Total		577,719,477	(135,438,126)	711,874,641	(156,921,247)	618,861,053	(215,699,949)

In order to allow hedge accounting classification under SFAS 133, it was necessary to fulfill strict documentation and effectiveness requirements. Hedge accounting cannot be applied to derivatives that do not satisfy documentation requirements, and accordingly, such operations are registered according to the general treatment of derivatives (“investment contracts”). As a result, fair value adjustments to investment contracts have a direct effect on the income statement. This is a significant difference when compared to Chilean GAAP, which is more flexible in its documentation requirements.

The Company performs tests on a quarterly basis in order to measure the effectiveness level of its accounting hedge, which may be either a cash flow or fair value hedge. Test results for 2005, 2006 and 2007 revealed that the ineffective portion of our hedging contracts were immaterial.

Net Investment Hedges

Company has designated certain non-derivative instruments as hedges of net investments in foreign operations. Accounting classification for such operations is the same under Chilean GAAP and under US GAAP (see Note 22 (e)). The changes in the cumulative translation adjustment are shown net of foreign currency gains or losses of debt designated as hedges for foreign net investments. Gains (Loss) related to debt designated as hedges of Ch\$ 29.8 billion, (Ch\$ 4.0 billion) and Ch\$ 99.5 billion were included in the cumulative translation adjustment for the years ended December 31, 2005, 2006 and 2007, respectively.

The Company is also exposed to foreign currency risk arising from long-term debt denominated in foreign currencies, the majority of which is the US dollar. This risk is mitigated, as a substantial portion of the Company's revenues are either directly or indirectly linked to the US dollar. Additionally, the Company records the foreign exchange gains and losses on liabilities related to net investments in foreign countries which are denominated in the same currency as the functional currency of those foreign investments. Such unrealized gains and losses are included in the cumulative translation adjustment account in shareholders equity, and in this way act as a net investment hedge of the exchange risk affecting the investments (see Note 11 (c) and Note 22 (e) for further detail).

Embedded Derivative Contracts

The Company enters into certain contracts that have embedded features that are not clearly and closely related to the host contract. As specified in SFAS No. 133, bifurcation analysis focuses on whether the economic characteristics and risks of the embedded derivative are clearly and closely related to the economic characteristics and risks of the host contract. In certain identified contracts, the host service contract and the embedded feature are not indexed to the same underlying and changes in the price or value of service will not

always correspond to changes in the price of the commodity to which the contract is indexed. U.S. GAAP requires embedded features to be measured at fair value as freestanding instruments. Unless the embedded contracts are remeasured at fair value under otherwise applicable GAAP, the embedded feature must be valued at fair value with changes in fair value reported in earnings as they occur.

Embedded foreign currency derivative instruments are not separated from the host contract and considered a derivative instrument if the host contract is not a financial instrument and it requires payments denominated in either: (1) the currency of any substantial party to the contract, (2) the local currency of any substantial party to the contract, (3) the currency used because the primary economic environment is highly inflationary, or (4) the currency in which the good or service is routinely denominated in international commerce.

(k) Presentation to U.S. GAAP

Certain reclassifications and adjustment would be made to the Chilean GAAP income statement in order to present the amounts in accordance with U.S. GAAP. For example, certain non-operating income and expenses under Chilean GAAP would be included in the determination of operating income under U.S. GAAP. Such reclassifications from non-operating to operating income and expense include the following:

- Losses arising from contingencies and litigation, and reversals thereof
- Gains and losses from disposals of fixed assets
- Taxes, other than income taxes
- Penalties and fines

In addition to the above, recovered taxes included in other non-operating revenues under Chilean GAAP would be recorded as part of income tax expense under U.S. GAAP, and equity in net income or loss of related companies included in non-operating results under Chilean GAAP would be presented after income taxes and minority interest under U.S. GAAP.

The following reclassifications and adjustment disclose amounts in accordance with U.S. GAAP presentation:

2005					
Chilean GAAP	U.S. GAAP Reclassification	Sub-total	U.S. GAAP Adjustments	U.S. GAAP	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Operating income	889,963,726	(103,514,322)	786,449,404	118,046,451	904,495,855
Non-operating expense, net	(455,509,025)	109,643,710	(345,865,315)	(2,825,025)	(348,690,340)
Income taxes	(190,983,412)	3,466,258	(187,517,154)	(11,812,642)	(199,329,796)
Minority interest	(185,879,944)	-	(185,879,944)	(7,505,287)	(193,385,231)
Equity participation in income of related companies, net	-	7,397,174	7,397,174	(36,326,106)	(28,928,932)
Amortization of negative goodwill	16,992,820	(16,992,820)	-	-	-
Net income	74,584,165	-	74,584,165	59,577,391	134,161,556
2006					
Chilean GAAP	U.S. GAAP Reclassification	Sub-total	U.S. GAAP Adjustments	U.S. GAAP	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Operating income	1,131,630,642	(127,620,432)	1,004,010,210	89,528,074	1,093,538,284
Non-operating expense, net	(439,029,814)	128,447,793	(310,582,021)	2,702,503	(307,879,518)
Income taxes	(102,256,730)	288,113	(101,968,617)	(7,457,178)	(109,425,795)
Minority interest	(289,749,961)	-	(289,749,961)	(7,745,229)	(297,495,190)
Equity participation in income of related companies, net	-	5,411,822	5,411,822	4,801,219	10,213,041
Amortization of negative goodwill	6,527,296	(6,527,296)	-	-	-
Net income	307,121,433	-	307,121,433	81,829,389	388,950,822
2007					
Chilean GAAP	U.S. GAAP Reclassification	Sub-total	U.S. GAAP Adjustments	U.S. GAAP	
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Operating income	1,255,566,693	(186,416,555)	1,069,150,138	(53,270,235)	1,015,879,903
Non-operating expense, net	(558,859,177)	245,599,467	(313,259,710)	(14,024,034)	(327,283,744)
Income taxes	(253,147,436)	-	(253,147,436)	2,732,854	(250,414,582)
Minority interest	(259,605,529)	-	(259,605,529)	62,097,447	(197,508,082)
Equity participation in income of related companies, net	-	(54,761,053)	(54,761,053)	2,141,201	(52,619,852)
Amortization of negative goodwill	4,421,859	(4,421,859)	-	-	-
Net income	188,376,410	-	188,376,410	(322,767)	188,053,643

Certain reclassifications and adjustments would be made to the Chilean GAAP balance sheet in order to present Chilean GAAP amounts in accordance with U.S. GAAP. Deferred taxes from depreciation differences that are recorded as short-term under Chilean GAAP would be recorded as long-term under U.S. GAAP. Additionally, the regulated asset recorded during 2001 by Coelce and Ampla, Brazilian subsidiaries, has been partially recorded in trade receivables and an additional component was recorded in current assets by Coelce under Chilean GAAP. However, under U.S. GAAP the presentation of these regulated assets should be classified as non-current assets as the recovery of these assets is not expected in the short term. Assets and liabilities related to financial derivatives have been recorded in the balance sheet at their gross amounts for Chilean GAAP purposes, whereas under US GAAP unrealized derivative gains and losses are recorded in earnings or directly to shareholders' equity for qualifying cash flow hedges. Under U.S. GAAP, negative goodwill is allocated to long-lived assets instead of a separate line item in the other assets. Until December 31, 2006, investments in subsidiaries in the development stage would be consolidated under US GAAP, as opposed to being presented as equity method investees, under Chilean GAAP (see also Note 3).

The effect of the reclassifications and adjustment discloses amounts using a U.S. GAAP presentation:

	2006				
	Chilean GAAP ThCh\$	U.S. GAAP Reclassification ThCh\$	Sub-total ThCh\$	U.S. GAAP Adjustments ThCh\$	U.S. GAAP ThCh\$
Current assets	1,793,665,542	(56,831,048)	1,736,834,494	-	1,736,834,494
Property, plant and equipment, net	8,685,907,768	(39,755,524)	8,646,152,244	6,622,254	8,652,774,498
Other assets	1,404,530,411	8,586,979	1,413,117,390	248,923,751	1,662,041,141
Total assets	11,884,103,721	(87,999,593)	11,796,104,128	255,546,005	12,051,650,133
Current liabilities	1,506,475,561	(3,156,272)	1,503,319,289	(3,486,708)	1,499,832,581
Long-term liabilities	4,213,034,785	(84,843,321)	4,128,191,464	287,693,556	4,415,885,020
Minority interest	3,082,340,206	-	3,082,340,206	(205,265,271)	2,877,074,935
Shareholder's equity	3,082,253,169	-	3,082,253,169	176,604,428	3,258,857,597
Total liabilities and shareholders' equity	11,884,103,721	(87,999,593)	11,796,104,128	255,546,005	12,051,650,133
	2007				
	Chilean GAAP ThCh\$	U.S. GAAP Reclassification ThCh\$	Sub-total ThCh\$	U.S. GAAP Adjustments ThCh\$	U.S. GAAP ThCh\$
Current assets	2,260,687,476	(52,222,233)	2,208,465,243	-	2,208,465,243
Property, plant and equipment, net	8,007,346,116	(37,394,320)	7,969,951,796	(2,801,513)	7,967,150,283
Other assets	1,169,733,052	13,929,790	1,183,662,842	382,102,938	1,565,765,780
Total assets	11,437,766,644	(75,686,763)	11,362,079,881	379,301,425	11,741,381,306
Current liabilities	1,740,259,178	(1,464,423)	1,738,794,755	51,323,018	1,790,117,773
Long-term liabilities	4,052,530,788	(74,222,340)	3,978,308,448	346,247,467	4,324,555,915
Minority interest	2,741,767,047	-	2,741,767,047	(272,692,694)	2,469,074,353
Shareholder's equity	2,903,209,631	-	2,903,209,631	254,423,634	3,157,633,265
Total liabilities and shareholders' equity	11,437,766,644	(75,686,763)	11,362,079,881	379,301,425	11,741,381,306

(I) Employee Benefit Plans

Enersis S.A. and its subsidiaries sponsor various benefit plans for its current and retired employees. A description of such benefits follows:

Severance indemnities

The provision for severance indemnities, included in the account "Accrued expenses" short and long-term is calculated in accordance with the policy set forth in Note 2 (n), using the current salary levels of all employees covered under the severance indemnities agreement, an assumed discount rate 6.5% for the years ended December 31, 2005, 2006 and 2007, and an estimated average service period based on the years of services for the Company.

Benefits for Retired Personnel

Other benefits provided to certain retired personnel of Enersis include electrical service rate subsidies, additional medical insurance and additional post-retirement benefits. Descriptions of these benefits for retired personnel are as follows:

i) Electrical rate service

This benefit is extended only to certain retired personnel of Enersis. These electric rate subsidies result in the eligible retired employees paying a percentage of their total monthly electricity costs, with Enersis paying the difference.

ii) Medical benefits

This benefit provides supplementary health insurance, which covers a portion of health benefits not covered under the institutional health benefits maintained by employees of Enersis. This benefit expires at the time of death of the pensioner.

iii) Supplementary pension benefits

Eligible employees are able to receive a monthly amount designed to cover a portion of the difference between their salary at the point of retirement and the theoretical pension that would have been received had the employee reached the legal retirement age of the *Institución de Previsión Social* (Institute of Social Welfare).

This benefit expires upon the death of the pensioner for the Enersis employee, however, continues to cover the surviving-spouse in the case of employees of the subsidiary Endesa Chile.

iv) Worker's compensation benefits

Employees that were entitled to Worker's compensation insurance in prior years for work related injuries receive benefits from the Company when that insurance expires. This benefit continues at the time of death of the pensioner, to cover the surviving-spouse.

The Company has recognized liabilities related to complementary pension plan benefits and other postretirement benefits as stipulated in collective bargaining agreements. Under U.S. GAAP, post-retirement employee benefits have been accounted for in accordance with SFAS No. 87 and SFAS No. 106, with inclusion of prior-period amounts in current year's income as the amounts are not considered significant to the overall financial statement presentation. The effects of accounting for post-retirement benefits under U.S. GAAP have been presented in paragraph (ec), above. The following data represents Chile GAAP amounts presented under FAS N°132 Revised 2003 Employers' Disclosures about Pensions and other Postretirement Benefits, for Company's post-retirement benefit plans.

	At December 31, 2006			
	Pension Benefits			Other Benefits
	Non Contributory ThCh\$	Contributory ThCh\$	Total ThCh\$	Total ThCh\$
Assets and obligations				
Accumulated benefit obligation	(65,291,460)	(269,922,100)	(335,213,560)	(60,341,708)
Plan assets at fair value	-	258,563,955	258,563,955	-
Unfunded accumulated benefit	(65,291,460)	(11,358,145)	(76,649,605)	(60,341,708)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(62,361,916)	(56,737,896)	(119,099,812)	(55,665,179)
Foreign exchange effect	(2,771,585)	(989,134)	(3,760,719)	212,793
Net periodic expense	(7,158,898)	(370,425)	(7,529,323)	(9,428,661)
Benefits paid	6,823,032	(7,957,679)	(1,134,647)	3,898,044
Company contributions	-	20,999,472	20,999,472	1,776,542
Effect of exchange adjustment	-	(2,761,157)	(2,761,157)	(1,230,485)
Recognized net prior service cost (application SFAS 158)	-	29,735,157	29,735,157	(3,368,396)
Benefit (obligations) at December 31	(65,469,367)	(18,081,662)	(83,551,029)	(63,805,342)
Funded Status of the Plans				
Projected Benefit Obligation	(65,469,367)	(276,645,617)	(342,114,984)	(63,805,342)
Fair value of the plans assets	-	258,563,955	258,563,955	-
Funded Status	(65,469,367)	(18,081,662)	(83,551,029)	(63,805,342)
Net liability recorded under U.S. GAAP	(65,469,367)	(18,081,662)	(83,551,029)	(63,805,342)
Change in the plan assets				
Fair value of the plan assets, beginning	-	195,199,826	195,199,826	-
Foreign exchange effect	-	22,888,510	22,888,510	-
Actual return on the plan assets	-	40,991,175	40,991,175	-
Employer contributions	-	17,190,994	17,190,994	-
Plan participant contributions	-	3,667,536	3,667,536	-
Benefits paid	-	(21,374,086)	(21,374,086)	-
Fair value of plans assets, ending	-	258,563,955	258,563,955	-
Service cost	(415,682)	1,054,478	638,796	(23,865)
Interest cost	(6,904,460)	(4,293,870)	(11,198,330)	(6,426,597)
Expected return on assets	-	3,586,473	3,586,473	-
Amortization gain (loss)	161,244	6,973,673	7,134,917	(2,978,199)
Amortization of transition asset	-	(7,691,179)	(7,691,179)	-
Net periodic expenses	(7,158,898)	(370,425)	(7,529,323)	(9,428,661)

Assumptions as of December 31, 2006	Pension Benefits		Other Benefits		
	Brazil	Colombia	Chile	Brazil	Colombia
Weighted - discount rate (1)	12.0%	10.4%	6.5%	10.4%	12.3%
Weighted - salary increase	5.8%	5.3%	3.5%	-	-
Weighted - return on plan assets (1)	14.1%	-	-	-	-
Weighted - long term inflation (2)	4.7%	5.3%	3.0%	4.5%	5.3%

(1) Includes fixed long term inflation assumption detail in (2)

	At December 31, 2007			
	Pension Benefits			Other Benefits
	Non Contributory ThCh\$	Contributory ThCh\$	Total ThCh\$	Total ThCh\$
Assets and obligations				
Accumulated benefit obligation	(62,065,477)	(315,518,838)	(377,584,315)	(62,088,313)
Plan assets at fair value	-	310,739,614	310,739,614	-
Unfunded accumulated benefit	<u>(62,065,477)</u>	<u>(4,779,224)</u>	<u>(66,844,701)</u>	<u>(62,088,313)</u>
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(65,469,367)	(18,081,662)	(83,551,029)	(63,805,342)
Foreign exchange effect	2,421,427	(890,183)	1,531,244	1,837,302
Net periodic expense	(5,857,433)	(652,968)	(6,510,401)	(11,764,440)
Benefits paid	6,717,299	(9,388,536)	(2,671,237)	6,327,314
Company contributions	-	10,522,129	10,522,129	1,875,295
Benefit (obligations) at December 31	<u>(62,188,074)</u>	<u>(18,491,220)</u>	<u>(80,679,294)</u>	<u>(65,529,871)</u>
Funded Status of the Plans				
Projected Benefit Obligation	(62,188,074)	(329,230,834)	(391,418,908)	(65,529,871)
Fair value of the plans assets	-	310,739,614	310,739,614	-
Funded Status	<u>(62,188,074)</u>	<u>(18,491,220)</u>	<u>(80,679,294)</u>	<u>(65,529,871)</u>
Net liability recorded under U.S. GAAP	<u>(62,188,074)</u>	<u>(18,491,220)</u>	<u>(80,679,294)</u>	<u>(65,529,871)</u>
Change in the plan assets				
Fair value of the plan assets, beginning	-	240,748,561	240,748,561	-
Foreign exchange effect	-	30,463,667	30,463,667	-
Actual return on the plan assets	-	53,055,877	53,055,877	-
Employer contributions	-	6,432,948	6,432,948	-
Plan participant contributions	-	4,068,703	4,068,703	-
Benefits paid	-	(24,030,142)	(24,030,142)	-
Fair value of plans assets, ending	<u>-</u>	<u>310,739,614</u>	<u>310,739,614</u>	<u>-</u>
Service cost	(398,286)	651,298	253,012	107,751
Interest cost	(6,185,964)	(7,501,481)	(13,687,445)	(4,704,967)
Expected return on assets	-	9,650,128	9,650,128	-
Amortization gain (loss)	726,817	(6,143,241)	(5,416,424)	(7,167,224)
Amortization of transition asset	-	2,690,328	2,690,328	-
Net periodic expenses	<u>(5,857,433)</u>	<u>(652,968)</u>	<u>(6,510,401)</u>	<u>(11,764,440)</u>

Assumptions as of December 31, 2007	Pension Benefits		Other Benefits		
	Brazil	Colombia	Chile	Brazil	Colombia
Weighted - discount rate (1)	11.2%	9.8%	6.5%	12.1%	9.8%
Weighted - salary increase	6.1%	4.8%	3.5%	-	-
Weighted - return on plan assets (1)	12.8%	-	-	-	-
Weighted - long term inflation (2)	4.7%	4.8%	3.0%	5.0%	4.8%

(1) Includes fixed long term inflation assumption detail in (2)

The following presents the impact of applying the provisions of SFAS 158 on the balance sheets of Enersis as of December 31, 2006:

Liabilities and Equity:	Before SFAS 158	Adjustment SFAS 158	After SFAS 158
	ThCh\$	ThCh\$	ThCh\$
Accrued Pension Cost	(113,286,184)	29,735,155	(83,551,029)
Other Benefits Cost	(60,436,946)	(3,368,396)	(63,805,342)
Deferred taxes - long term	(115,902,445)	(8,964,698)	(124,867,143)
Accumulated Other Comprehensive Income, net of tax	(209,189,905)	17,402,063	(191,787,842)

Following is a schedule of estimated pay-out of pension benefits in each of the next five years:

	As of December 31, 2007
	ThCh\$
2008	13,632,729
2009	34,920,387
2010	33,572,787
2011	32,143,422
2012	30,891,801
Thereafter	81,153,010
Total	<u>226,314,136</u>

The following data present some supplementary information regarding Enersis's pension plans in Brazil:

Defined benefit pension plan assets allocations at December 31, 2006 and 2007, by assets category are as follows:

Asset Category	2006	2007
	Plan asset	Plan asset
Equity securities	22.11%	25.84%
Debt securities	70.75%	67.55%
Real estate	4.80%	5.76%
Other	2.34%	0.86%

(m) Comprehensive income (loss)

In accordance with U.S. GAAP, the Company reports a measure of all changes in shareholders' equity that result from transactions and other economic events of the period other than transactions with owners ("comprehensive income"). Comprehensive income is the total of net income and other non-owner equity transactions that result in changes in net shareholders' equity.

The following represents accumulated other comprehensive income balances as of December 31, 2005, 2006 and 2007 (in thousands of constant Chilean pesos as of December 31, 2007).

2005					
	Chilean GAAP cumulative translation adjustment ThCh\$	Effect of U.S. GAAP adjustments on cumulative translation adjustment ThCh\$	Fair value of financial instruments used in cash flow hedge ThCh\$	Accumulated other comprehensive income (loss) ThCh\$	
Beginning balance	(135,773,731)	56,919,125	-	(78,854,606)	
Credit (charge) for the period	(113,524,133)	22,703,029	1,414,993	(89,406,111)	
Ending balance	(249,297,864)	79,622,154	1,414,993	(168,260,717)	
2006					
	Chilean GAAP cumulative translation adjustment ThCh\$	Effect of U.S. GAAP adjustments on cumulative translation adjustment ThCh\$	Application of SFAS 158 in Ampla and Coelce see Note 36 I g ThCh\$	Fair value of financial instruments used in cash flow hedge ThCh\$	Accumulated other comprehensive income (loss) ThCh\$
Beginning balance	(249,297,864)	79,622,154	-	1,414,993	(168,260,717)
Credit (charge) for the period	16,948,488	(3,581,052)	11,162,725	(48,057,287)	(23,527,126)
Ending balance	(232,349,376)	76,041,102	11,162,725	(46,642,294)	(191,787,843)
2007					
	Chilean GAAP cumulative translation adjustment ThCh\$	Effect of U.S. GAAP adjustments on cumulative translation adjustment ThCh\$	Application of SFAS 158 in Ampla and Coelce see Note 36 I g ThCh\$	Fair value of financial instruments used in cash flow hedge ThCh\$	Accumulated other comprehensive income (loss) ThCh\$
Beginning balance	(232,349,376)	76,041,102	11,162,725	(46,642,294)	(191,787,843)
Credit (charge) for the period	(122,816,340)	4,597,060	(481,754)	1,987,463	(116,713,571)
Ending balance	(355,165,716)	80,638,162	10,680,971	(44,654,831)	(308,501,414)

The Company does not recognize deferred tax assets associated with cumulative translation reclassification as the investment they are associated with is permanent in nature.

(n) Goodwill and intangible assets

As discussed in Note 36 paragraph (i), Enersis S.A. adopted SFAS 142, which requires companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, SFAS 142 requires that goodwill and intangible assets deemed to have an indefinite useful life be reviewed for impairment upon adoption of SFAS 142, effective January 1, 2002 and annually thereafter. Under SFAS 142, goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The Company's reporting units are at the operating subsidiary level. This methodology differs from Enersis's previous policy, as provided under accounting standards existing at that time of using undiscounted cash flows on an enterprise-wide basis to determine if goodwill was recoverable. Subsequent to adoption in 2002 of SFAS No. 142, due to changes in circumstances, the Company recognized a non-cash charge of ThCh\$ 699,100,913 to reduce the carrying value of goodwill.

In calculating the impairment charge, the fair values of the impaired reporting units' goodwill underlying the segments were estimated using discounted cash flow methodology. The ThCh\$ 699,100,913 goodwill impairment is associated entirely with goodwill associated with investments in Argentina and Brazil. The impairment reflects the decline in the Company's revenues and forecasted cash flows in their Argentina and Brazilian subsidiaries and the increase in inflation and interest rates and decreasing expectations of the currencies in Argentina and Brazil. Prior to performing the review for impairment, SFAS 142 required that all goodwill deemed to be related to the entity as a whole be assigned to all of the Company's reporting units, including the reporting units of the acquirer.

A summary of the changes in the Company's goodwill under U.S. GAAP during the year ended December 31, 2006 and 2007, by country of operation and segment is as follows:

2006						
Goodwill by Country	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment ThCh\$	Reclassification (1) ThCh\$	December 31, ThCh\$
Chile	1,251,487,495	-	-	-	-	1,251,487,495
Colombia	43,067,893	-	751,252	-	(9,100,166)	34,718,979
Peru	16,660,517	3,430,721	290,168	-	-	20,381,406
Total	1,311,215,905	3,430,721	1,041,420	-	(9,100,166)	1,306,587,880
2006						
Goodwill by Segment	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment ThCh\$	Reclassification ThCh\$	December 31, ThCh\$
Generation	1,145,974,443	3,430,721	684,605	-	(9,100,166)	1,140,989,603
Distribution	165,167,803	-	356,816	-	-	165,524,619
Other	73,658	-	-	-	-	73,658
Total	1,311,215,904	3,430,721	1,041,421	-	(9,100,166)	1,306,587,880
2007						
Goodwill by Country	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment (2) ThCh\$	Reclassification ThCh\$	December 31, ThCh\$
Chile	1,251,487,495	-	-	(96,353)	-	1,251,391,142
Colombia	34,718,979	-	(4,547,526)	-	-	30,171,453
Peru	20,381,406	-	(2,669,324)	-	-	17,712,082
Total	1,306,587,880	-	(7,216,850)	(96,353)	-	1,299,274,677
2007						
Goodwill by Segment	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment (2) ThCh\$	Reclassification ThCh\$	December 31, ThCh\$
Generation	1,140,989,603	-	(4,491,100)	(96,353)	-	1,136,402,150
Distribution	165,524,619	-	(2,725,750)	-	-	162,798,869
Other	73,658	-	-	-	-	73,658
Total	1,306,587,880	-	(7,216,850)	(96,353)	-	1,299,274,677

i. See Note 11 h) iv

ii. See Note 11 a) (7)

To perform goodwill impairment tests, the Company determines the fair value of its reporting units based on a valuation model which draws on medium-term planning data that the Company uses for internal reporting and planning purposes. The model uses the discounted cash flow approach and market comparables. The fair value of each reporting unit exceeded its carrying amount as of December 31, 2006 and 2007. During the year ended, due to the impairment recorded in the equity's investee Gas Atacama Holding (see note 11 (j)), a goodwill impairment test was carried out, testing the goodwill recorded over the investment. As a result of the impairment test, the goodwill recorded over Gas Atacama Holding was impaired during the year ended December 31, 2007.

The Company's intangible assets were ThCh\$ 97,475,614 and ThCh\$ 95,326,429 and related accumulated amortization were ThCh\$ 58,856,697 and ThCh\$ 59,911,980 as of December 31, 2006 and 2007, respectively. There is no difference between Chilean and U.S. GAAP in the amortization of intangible assets because all of the Company's intangible assets are subject to amortization, since they relate to finite contracts or concessions.

The estimated amortization expense for the intangible assets with definite lives, which now mainly consist of rights of way for US GAAP purposes (which is equivalent under Chile GAAP) for each of the five succeeding fiscal years is as follows:

Year	Amortization ThCh\$
2008	5,998,383
2009	5,907,071
2010	3,770,772
2011	2,109,776
2012	1,834,160

(o) Asset retirement obligations

As discussed in Note 36 paragraph (aa), the Company adopted SFAS No. 143 effective January 1, 2003. The following table describes all changes to the Company's U.S. GAAP asset retirement obligation during the year ended December 31, 2006 and 2007:

	As of December 31,	
	2006 ThCh\$	2007 ThCh\$
Balance as of January 1,	(1,072,591)	(2,297,416)
Cumulative Translation Adjustment	(261)	191,576
Liabilities incurred in the period	(879,946)	(458,696)
Accretion expense	(344,618)	(19,889)
Balance as of December 31,	<u>(2,297,416)</u>	<u>(2,584,425)</u>

(p) Capital lease obligations

Minimum lease obligations for capital lease are presented net of interest expense, and as of December 31, are summarized as follows:

	Year ended December 31,	
	2006 ThCh\$	2007 ThCh\$
Short-term:		
Lease obligations	16,491,226	11,368,008
Less: interest expense	<u>(10,253,751)</u>	<u>(4,134,550)</u>
Net short-term lease obligations	<u>6,237,475</u>	<u>7,233,458</u>
Long-term:		
Lease obligations	132,415,674	74,737,287
Less: interest expense	<u>(43,679,563)</u>	<u>(17,138,727)</u>
Net long-term lease obligations	<u>88,736,111</u>	<u>57,598,560</u>
Weighted-average interest rate	<u>8.47%</u>	<u>7.18%</u>

Future payments under capital leases are summarized as follows:

	Year ended December 31, 2007 ThCh\$
2008	11,368,008
2009	9,448,674
2010	10,782,271
2011	9,137,991
2012	21,354,469
2013 and thereafter	<u>23,413,882</u>
Total	<u>85,505,295</u>

(q) Available for sale securities

Under US GAAP, the company classifies marketable securities as available for sale securities

Realized gains and losses are determined using the proceeds from sales less the cost of the investment identified to be sold. Gross gains and losses realized on the sale of available for-sale securities for the years ended December 31, 2005, 2006 and 2007 are as follows:

	Cost ThCh\$	Gross unrealized gains ThCh\$	Fair value ThCh\$
Securities available for sale at December 31, 2005	5,823,226	-	5,823,226
Securities available for sale at December 31, 2006	9,687,242	-	9,687,242
Securities available for sale at December 31, 2007	10,299,039	-	10,299,039

Information on sales of available for sale securities during the three years in the period ended December 31, 2005, 2006 and 2007 is as follows:

	2005 ThCh\$	2006 ThCh\$	2007 ThCh\$
Proceeds from sales	<u>13,997,635</u>	<u>5,823,226</u>	<u>9,687,242</u>

As of December 2005, 2006 and 2007, the Company has no securities that are considered to be trading securities or debt securities to be held to maturity. The cost of available for sale securities is determined using the average cost method.

(r) Recent accounting pronouncements

Fair Value Measurement

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement". SFAS No. 157 which standardizes the measurement of fair value for companies who are required to use a fair value measure for recognition or disclosure purposes. The FASB defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 for financial assets and financial liabilities and November 15, 2008 for non-financial assets and non-financial-liabilities and interim periods within those fiscal years. The Company is currently evaluating the impact, if any, of the adoption of SFAS No. 157.

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Options for Financial Assets and Financial Liabilities". SFAS No. 159 permits an entity, on a contract-by-contract basis, to make an irrevocable election to

account for certain types of financial instruments and warranty and insurance contracts at fair value, rather than historical cost, with changes in the fair value, whether realized or unrealized, recognized in earnings. SFAS No. 159 is effective as of the beginning of the entity's first fiscal year that begins after November 15, 2007. The Company is evaluating the impact, if any, of the adoption of SFAS No. 159.

Business Combinations

In December 2007, FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). The objective of SFAS No. 141R is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, this Statement establishes principles and requirements for how the acquirer (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquire, (2) Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (3) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination SFAS No. 141R shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is evaluating the impact, if any, of the adoption of SFAS No. 141R.

Noncontrolling Interest in Consolidated Financial Statements

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements". SFAS No. 160 amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements", to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. According to SFAS No. 160, "a noncontrolling interest, sometimes called a minority interest, is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent". The objective of SFAS No. 160 is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company is evaluating the impact, if any, of the adoption of SFAS No. 160.

Derivative Instruments and Hedging Activities

In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company is evaluating the impact, if any, of the adoption of SFAS No. 161.

IFRS Adoption

On August 28, 2007, the SVS issued an official announcement ruling the adoption of International Financial Reporting Standards (IFRS) in Chile, starting on January 1, 2009. The Company will have to adopt IFRS as of this date. According to the convergence plan defined by the Company, it is currently evaluating the impacts that the application of IFRS will have on the financial statements.

SCHEDULE I

Rule 5-04 of the Securities and Exchange Commission requires presentation of condensed financial statements of the registrant (parent company) when restricted net assets, defined as assets not to be transferred to the parent company in the form of loans, advances or cash dividends of the subsidiary without the consent of a third party.

Following are the parent company Chilean GAAP balance sheets as of December 31, 2006 and 2007 and results of operations and cash flows for the years ended December 31, 2005, 2006 and 2007. Note that there are no differences in shareholders' equity and net income under Chilean GAAP between the parent company and the consolidated company in any of the presented periods.

ENERSIS S.A. BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2007 and thousands of US dollars)

ASSETS	As of December 31,		
	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$
CURRENT ASSETS:			
Cash	174,992	179,342	361
Time deposits	7,463,806	13,292,082	26,751
Notes receivable, net	792	-	-
Other accounts receivable, net	8,772,327	1,650,327	3,321
Amounts due from related companies	102,349,384	188,220,255	378,797
Income taxes recoverable	4,204,604	12,215,173	24,583
Prepaid expenses	22,635	6,432	13
Deferred income taxes	38,921,808	19,231,570	38,704
Other current assets	11,922,391	73,040,942	146,996
Total current assets	173,832,739	307,836,123	619,526
PROPERTY, PLANT AND EQUIPMENT:			
Buildings and infrastructure	24,222,977	24,222,818	48,749
Machinery and equipment	3,176,763	3,309,052	6,660
Other assets	803,902	861,640	1,734
Technical appraisal	38,573	38,528	78
Sub - total	28,242,215	28,432,038	57,221
Less: accumulated depreciation	(16,235,387)	(17,372,491)	(34,962)
Total property, plant and equipment, net	12,006,828	11,059,547	22,259
OTHER ASSETS:			
Investments in related companies	2,531,675,829	2,460,391,657	4,951,582
Investment in other companies	13,326,869	11,581,217	23,307
Goodwill, net	684,890,775	625,779,400	1,259,392
Negative goodwill, net	(480,792)	(390,418)	(786)
Amounts due from related companies	518,365,497	327,695,685	659,493
Deferred income taxes long-term	-	8,209,361	16,521
Intangibles	1,674,368	1,674,368	3,370
Accumulated amortization	(744,904)	(828,780)	(1,668)
Other assets	64,240,088	59,299,872	119,342
Total other assets	3,812,947,730	3,493,412,362	7,030,553
TOTAL ASSETS	3,998,787,297	3,812,308,032	7,672,338

SCHEDULE I

**ENERSIS S.A.
BALANCE SHEETS**

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2007 and thousands of US dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,		
	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$
CURRENT LIABILITIES:			
Current portion of long-term debt due to banks and financial institutions	935,221	840,604	1,692
Current portion of bonds payable	9,698,084	8,564,364	17,236
Dividends payable	16,715	387,478	780
Accounts payable	397,032	205,287	413
Miscellaneous payables	167,090	348,244	701
Amounts payable to related companies	38,543,585	162,240,863	326,513
Accrued expenses	5,651,885	5,040,586	10,144
Withholdings	64,546	316,385	637
Income tax	-	121,265	244
Other current liabilities	1,167,359	2,150,224	4,327
Total current liabilities	56,641,517	180,215,300	362,687
LONG -TERM LIABILITIES:			
Due to banks and financial institutions	180,112,861	173,911,500	350,000
Bonds payable	379,504,301	332,559,133	669,281
Amounts payable to related companies	108,433,809	-	-
Accrued expenses	22,992,104	17,950,345	36,125
Deferred income taxes	2,758,006	-	-
Other long-term liabilities	166,091,530	204,462,123	411,484
Total long-term liabilities	859,892,611	728,883,101	1,466,890
SHAREHOLDERS' EQUITY:			
Paid-in capital, no par value shares	2,594,015,458	2,594,015,458	5,220,502
Additional paid-in capital	184,861,405	184,861,405	372,037
Other reserves	(255,979,636)	(435,491,419)	(876,434)
Retained earnings	291,354,472	388,982,534	782,834
Net income for the year	307,121,433	188,376,410	379,111
Provisional dividends	(38,924,762)	(17,534,757)	(35,289)
Deficit of subsidiaries in development stage	(195,201)	-	-
Total shareholders' equity	3,082,253,169	2,903,209,631	5,842,761
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,998,787,297	3,812,308,032	7,672,338

SCHEDULE I

**ENERSIS S.A.
INCOME STATEMENT**

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2007 and thousands of US dollars)

	Years ended December 31,			
	2005 ThCh\$	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$
OPERATING INCOME:				
SALES	5,031,087	5,043,877	5,010,645	10,084
COST OF SALES	(1,254,845)	(1,418,416)	(1,500,984)	(3,021)
GROSS PROFIT	3,776,242	3,625,461	3,509,661	7,063
ADMINISTRATIVE AND SELLING EXPENSES	(18,694,028)	(18,099,914)	(20,083,426)	(40,418)
OPERATING LOSS	(14,917,786)	(14,474,453)	(16,573,765)	(33,355)
NON-OPERATING INCOME AND EXPENSES:				
Interest income	27,817,661	28,473,502	35,975,390	72,401
Equity in income of related companies	190,014,375	427,222,877	291,111,546	585,867
Other non-operating income	13,502,877	7,066,726	12,481,103	25,118
Equity in losses of related companies	(25,283,292)	(10,384,222)	(9,789)	(20)
Amortization of goodwill	(58,378,541)	(58,388,173)	(58,314,582)	(117,359)
Interest expense	(62,002,468)	(52,920,897)	(54,591,866)	(109,867)
Other non-operating expenses	(3,136,364)	(3,221,075)	(878,026)	(1,766)
Price-level restatements, net	(1,775,690)	(811,507)	(6,331,550)	(12,742)
Exchange difference, net	(7,169,771)	(4,764,421)	(19,551,085)	(39,347)
NON-OPERATING RESULT	73,588,787	332,272,810	199,891,141	402,285
INCOME BEFORE INCOME TAXES AND AMORTIZATION OF NEGATIVE GOODWILL	58,671,001	317,798,357	183,317,376	368,930
INCOME TAX	15,870,528	(10,719,988)	5,019,251	10,101
INCOME BEFORE AMORTIZATION OF NEGATIVE GOODWILL	74,541,529	307,078,369	188,336,627	379,031
AMORTIZATION OF NEGATIVE GOODWILL	42,636	43,064	39,783	80
NET INCOME FOR THE YEAR	74,584,165	307,121,433	188,376,410	379,111

SCHEDULE I

**ENERSIS S.A.
STATEMENTS OF CASH FLOWS**

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2007 and thousands of US dollars)

	As of December 31,			
	2005 ThCh\$	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$
CASH FLOWS FROM OPERATING ACTIVITIES :				
Net income for the year	74,584,165	307,121,433	188,376,410	379,111
Charges (credits) to income which do not represent cash flows:				
Depreciation	1,201,309	1,364,542	1,446,589	2,911
Amortization of intangibles	83,876	83,876	83,876	169
Equity in income of related companies	(190,014,375)	(427,222,877)	(291,111,546)	(585,867)
Equity in losses of related companies	25,283,292	10,384,222	11,932,377	24,014
Amortization of goodwill	58,378,541	58,388,173	58,314,582	117,359
Amortization of negative goodwill	(42,636)	(43,064)	(39,783)	(80)
Price-level restatement, net	1,775,690	811,507	6,331,550	12,742
Exchange difference, net	7,169,771	4,764,421	19,551,085	39,347
Other credits to income which do not represent cash flows	(5,114,908)	(134,960)	(5,061,638)	(10,187)
Other charges to income which do not represent cash flows	7,853,872	3,012,956	956,226	1,925
Changes in assets which affect cash flows:				
Decrease in dividends receivables	94,349,840	-	-	-
Decrease in other assets	(2,740,381)	124,314,098	166,654,589	335,395
Changes in liabilities which affect cash flows:				
Increase (decrease) in accounts payable associated with operating results	(4,721,766)	(13,425,606)	(2,512,921)	(5,057)
Increase in interest payable	(1,038,372)	6,536,088	11,932,377	24,014
Decrease in income tax payable	(10,105,968)	12,039,833	(2,511,756)	(5,055)
Increase in other accounts payable associated with non-operating results	(41,338)	(21,280,817)	(4,627,170)	(9,312)
Net decrease in value added tax and other similar taxes payable	(330,443)	45,717	1,005,149	2,023
Net cash flows provided by operating activities	56,530,169	66,759,542	148,797,408	299,458
CASH FLOWS FROM FINANCING ACTIVITIES:				
Loans obtained	-	175,972,374	19,912,551	40,074
Other loans obtained from related companies	1,265,737	35,964,282	41,299,507	83,116
Loans obtained from related companies	27,669,499	10,012,887	-	-
Other sources of financing	487,066	-	-	-
Dividends paid by related company	(9,276,422)	-	-	-
Dividends paid	(6,129,286)	(74,720,123)	(186,375,808)	(375,085)
Payment of loans	(163,916,186)	(46,059,269)	-	-
Payment of bonds	(158,830)	(171,391,836)	(1,538,137)	(3,094)
Payment of loans granted by related companies	-	(12,344,422)	-	-
Payment of other loans obtained from related companies	(42,405,920)	-	-	-
Other disbursements for financing	(6,409,172)	-	-	-
Net cash used in financing activities	(198,873,514)	(82,766,107)	(126,701,887)	(254,989)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sales of property, plant and equipment	-	201,356	-	-
Other receipts from investment	61,320,751	25,806,797	2,901,695	5,840
Proceeds from loans granted to related companies	238,196,180	24,585,175	67,433,082	135,710
Long-term investments	(26,646,364)	(13,020,863)	(260,834)	(525)
Loans granted to related companies	(148,166,158)	(220,746)	-	-
Other loans to related companies	(10,133,728)	(6,609,226)	(22,312,422)	(44,904)
Sales of other investment	1,188,192	-	-	-
Additions to property, plant and equipment	(159,421)	(194,572)	(564,366)	(1,136)
Other disbursement for investments	-	(539,592)	22,368,439	(45,017)
Net cash provided by investing activities	115,599,452	30,008,329	24,828,716	49,968
NET CASH FLOW FOR THE YEAR	(26,743,893)	14,001,764	46,924,237	94,437
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS	(221,065)	26,209	(879,288)	(1,770)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(26,964,958)	14,027,973	46,044,949	92,667
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27,095,032	130,074	14,158,047	28,493
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	130,074	14,158,047	60,202,996	121,160

SCHEDULE I

**ENERSIS S.A.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in thousands of historical Chilean pesos, except as stated)

	Paid-in capital ThCh\$	Additional paid-in capital ThCh\$	Other reserves ThCh\$	Retained earnings ThCh\$	Deficit of subsidiaries in development stage ThCh\$	Interim dividends ThCh\$	Net income for the year ThCh\$	Total ThCh\$
As of January 1, 2005	2,283,404,124	162,725,820	(122,588,994)	194,378,259	(2,673,664)	-	44,307,596	2,559,553,142
Transfer of prior year income to retained earnings	-	-	-	41,633,932	2,673,664	-	(44,307,596)	-
Changes in equity of affiliates	-	-	(5,851,418)	-	-	-	-	(5,851,418)
Dividend paid	-	-	-	(13,600,517)	-	-	-	(13,600,517)
Cumulative translation adjustment	-	-	(97,676,664)	-	-	-	-	(97,676,664)
Reserve Technical Bulletin No. 72	-	-	(6,197,072)	-	-	-	-	(6,197,072)
Price-level restatement of capital	82,202,548	5,858,130	(4,413,203)	7,979,618	-	-	-	91,627,092
Net income for the year	-	-	-	-	-	-	68,016,865	68,016,865
As of December 31, 2005	2,365,606,672	168,583,950	(236,727,351)	230,391,292	-	-	68,016,865	2,595,871,428
As of December 31, 2005(1)	2,594,015,458	184,861,406	(259,584,324)	252,636,493	-	-	74,584,165	2,846,513,198
As of January 1, 2006	2,365,606,672	168,583,950	(236,727,351)	230,391,292	-	-	68,016,865	2,595,871,429
Transfer of prior year income to retained earnings	-	-	-	68,016,865	-	-	(68,016,865)	-
Investment equity variations	-	-	(10,585,093)	-	-	-	-	(10,585,093)
Accumulated deficit of subsidiaries in development stage	-	-	-	-	(181,751)	-	-	(181,751)
Final dividend 2005	-	-	-	(32,651,166)	-	-	-	(32,651,166)
Cumulative translation adjustment	-	-	14,766,794	-	-	-	-	14,766,794
Reserve Technical Bulletin No. 72	-	-	(825,381)	-	-	-	-	(825,381)
Price-level restatement	49,677,740	3,540,263	(4,971,274)	5,522,778	-	-	-	53,769,506
Interim dividend	-	-	-	-	-	(36,242,795)	-	(36,242,795)
Net income for the year	-	-	-	-	-	-	285,960,366	285,960,366
As of December 31, 2006	2,415,284,412	172,124,213	(238,342,305)	271,279,769	(181,751)	(36,242,795)	285,960,366	2,869,881,909
As of December 31, 2006(1)	2,594,015,458	184,861,405	(255,979,636)	291,354,472	(195,201)	(38,924,762)	307,121,433	3,082,253,169
As of January 1, 2007	2,415,284,412	172,124,213	(238,342,305)	271,279,769	(181,751)	(36,242,795)	285,960,366	2,869,881,909
Transfer of prior year income to retained earnings	-	-	-	249,535,820	181,751	36,242,795	(285,960,366)	-
Investment equity variations	-	-	(7,702,898)	-	-	-	-	(7,702,898)
Final dividend 2006	-	-	-	(159,675,172)	-	-	-	(159,675,172)
Reserve Technical Bulletin No. 72	-	-	(56,695,443)	-	-	-	-	(56,695,443)
Cumulative translation adjustment	-	-	(115,113,442)	-	-	-	-	(115,113,442)
Price-level restatement	178,731,046	12,737,192	(17,637,331)	27,842,117	-	(190,784)	-	201,482,240
Interim dividend	-	-	-	-	-	(17,343,973)	-	(17,343,973)
Net income for the year	-	-	-	-	-	-	188,376,410	188,376,410
As of December 31, 2007	2,594,015,458	184,861,405	(435,491,419)	388,982,534	-	(17,534,757)	188,376,410	2,903,209,631
As of December 31, 2007(2)	5,220,502	372,037	(876,434)	782,834	-	(35,289)	379,111	5,842,761

(1) Restated in thousands of constant Chilean pesos as of December 31, 2007.

(2) Expressed in thousands of US\$ as of December 31, 2007

The following table presents the dividends received by Enersis individual in the years ended December 31, 2005, 2006 and 2007:

Dividends received	Years ended December 31,		
	2005	2006	2007
	ThCh\$	ThCh\$	ThCh\$
	94,343,388	136,940,476	188,142,044

The Company has subsidiaries that must abide by certain financial ratios and covenants that require minimum equity levels or that contain other characteristics that restrict the transfer of assets to the parent company. The amounts of Enersis's proportionate share of restricted net assets in consolidated subsidiaries as of December 31, 2007 is ThCh\$ 1,171,236,566.

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ANALYSIS OF THE ENERSIS GROUP
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2007

ECONOMIC AND FINANCIAL SUMMARY

The Enersis result amounted to Ch\$188,376 million which represents an increase of 13.3% with respect to the year 2006 measured in homogeneous terms, that is, eliminating the positive effect on deferred taxes of Ch\$140,835 million as a result of the merger of the Chilectra subsidiaries with Elesur that took place this year.

This result is reduced by an impairment loss provision in the Investment in Gas of Atacama Holding Ltda., which does not represent cash flow, amounting of Ch\$48,890 million (Ch\$29,324 million net of minority payments).

The most important issues during the 2007 period as compared to the year 2006 can be summarized as follows:

- Operating Revenues grew 12.8% to Ch\$4,686,676 million, explained by 24.2% increased revenue in the Generation and Transmission Operations and a 3.9% in the Distribution Operations.
- The Operating Margin grew 10.9% amounting to Ch\$1,522,811 million.
- The Operating Profit increased 11.0%, amounting to Ch\$1,255,567 million.

Generation and Transmission	9.3%
Distribution	11.7%

- The energy demand continued to grow in the countries where we operate:

Chile	4.0%
Argentina	5.2%
Brazil	4.8%
Colombia	4.0%
Peru	10.7%

- In the Distribution Operations, physical sales as well as customers continued to increase, by 5.7% and 3.4% respectively. Furthermore, the accumulated energy losses remained at 11.2%.
- The merger between the Colombian generating companies, Emgesa and Betania took place on September 1.
- During this year, the construction of the Bocamina II (350 MW and the Quintero (240 MW) plants were given the go-ahead and the San Isidro II (350 MW), Palmucho (3 MW) and Canela (18 MW) plants went into operation.
- Standard & Poor's raised the Enersis and Endesa Chile rating to BBB (stable), both of them being classified with an investment grade by the three international agencies.
- Likewise, the national agencies Feller Rate and Fitch improved their local rating to AA- (stable), reflecting the operating and financial strengthening of these companies.

MARKET IN WHICH THE COMPANY OPERATES

The Enersis corporate activities are run through subsidiary companies that operate in the different businesses in the countries where the company is present. Enersis' most relevant businesses are the Generation, Transmission and the Distribution of Electricity.

The following tables reflect some of the key indicators as of December 31, 2007 and 2006 of the companies in the different operating countries.

Company	Markets in which operates	Generation and Transmission Operations			
		Energy Sales (GWh)		Market Share	
		Dec-06	Dec-07	Dec-06	Dec-07
Endesa Chile (1)	SIC and SING	20,923	19,212	41.6%	36.5%
Endesa Costanera	SIN	8,736	8,450	8.9%	8.2%
El Chocón	SIN	5,191	3,956	5.3%	3.8%
Edegel	SICN	6,766	7,994	30.4%	32.5%
Emgesa (2)	SIN	12,273	15,613	17.4%	21.5%
Betania (2)	SIN	3,054	-	4.3%	-
Cachoeira Dourada	SICN	4,177	4,643	1.2%	1.3%
Endesa Fortaleza	SICN	2,690	2,705	0.8%	0.7%
CIEN	SICN	6,394	6,232	n/a	n/a
Total		70,204	68,805		

(1) Includes Endesa Chile and its generating subsidiaries in Chile
(2) On September 1, 2007 the Betania and Emgesa companies merged.

Company	Distribution Operations								
	Energy Sales (GWh)		Energy Losses (%)		Clients (Thousands)		Clients/Employees		
	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	
Chilectra	12,377	12,923	5.4%	5.9%	1,437	1,483	2,030	2,037	
Edesur	14,837	15,833	10.5%	10.7%	2,196	2,228	912	879	
Edelnor	4,874	5,201	8.2%	8.1%	952	986	1,737	1,813	
Ampla	8,668	8,985	21.9%	21.4%	2,316	2,379	1,639	1,718	
Coelce	6,769	7,227	13.0%	12.5%	2,543	2,689	1,937	2,073	
Codensa	10,755	11,441	8.9%	8.7%	2,138	2,209	2,289	2,373	
Total		58,280	61,610	11.2%	11.2%	11,582	11,974	1,582	1,614

(*) Including end-customer sales, tolls and inter-company sales

I. - FINANCIAL STATEMENTS ANALYSIS

1. – Income Statement Analysis

Enersis achieved a profit of Ch\$188,376 million for the period ending December 31, 2007 which, compared to the same period of the previous year when the profit amounted to Ch\$307,122 million, this represents a decline of 38.7%. It should be pointed out that the 2006 results included the positive effect of deferred taxes amounting to Ch\$140,835 million as a result of the merger between the subsidiaries Chilectra and Elesur as well as the sale of the ex Elesur S.A. office premises. If we discount this effect and compare in homogenous terms, the profit would have increased by 13.3%, resulting mostly from the increase in operating results amounting to Ch\$123,936 million. This is partially countered by greater non operating losses arising fundamentally from the BT-64 conversion effect on foreign subsidiaries amounting to Ch\$114,523 million (Ch\$35,945 million net of minority sales) and the impairment loss provision in the Investment in Gas of Atacama Holding Ltda., amounting to Ch\$48,890 million (Ch\$29,324 million net of minority payments).

A comparison of each item of the financial statement is presented below:

Income Statement (Million Ch\$)	Dec-06	Dec-07	Var. Dec 07 - 06	Var. % Dec 07- 06
Operating Revenues	4,155,845	4,686,676	530,831	12.8%
Operating Costs	(2,782,687)	(3,163,865)	(381,178)	(13.7%)
Operating Margin	1,373,158	1,522,811	149,653	10.9%
Selling and Administrative Expenses	(241,527)	(267,244)	(25,717)	(10.7%)
Operating Income	1,131,631	1,255,567	123,936	11.0%
Net Income from Related Companies	5,412	(54,761)	(60,173)	N.A.
Net other Non Operating Income (Expense)	(111,089)	(149,389)	(38,300)	(34.5%)
Net Interest (Expense)	(280,336)	(29,088)	(10,542)	(3.8%)
Positive Goodwill Amortization	(60,045)	(59,814)	231	0.4%
Price Level Restatement	1,307	(10,803)	(12,110)	N.A.
Foreign Exchange Effect	5,722	6,786	1,064	18.6%
Non Operating Income	(439,029)	(558,859)	(119,830)	(27.3%)
Net Inc before Taxes	692,602	696,708	4,106	0.6%
Income Tax	(102,257)	(253,148)	(150,891)	(147.6%)
Minority Interest	(289,750)	(259,606)	30,144	10.4%
Negative Goodwill Amortization	6,527	4,422	(2,105)	(32.3%)
NET INCOME	307,122	188,376	(118,746)	(38.7%)
Net Inc b. Taxes, Min Int and Neg Goodwill Amort.	1,737,098	1,738,624	1,526	0.1%
Earnings per Share Ch\$	9.41	5.77	(3.64)	(38.7%)

(*) Profits before taxes, interest, depreciation, amortization and extraordinary items.

a. – Operating Results :

The operating profit as of December 31, 2007 increased by Ch\$123,936 million, going from Ch\$1,131,631 million as of December 31, 2006 to Ch\$ 1,255,567 million in the current year, reflecting a variation of 11.0%.

The Generation and Transmission Operations shows an increase in operating profit of Ch\$58,285 million equivalent to 9.3%. Physical sales of electricity generation dropped 1.9% going from 70,204 GWh in December 2006 to 68,805 GWh in December 2007.

Chile:

In Chile, the operating result amounted to Ch\$333,643 million for the year 2007, increasing a 7.7% over the Ch\$309,807 million figure registered for 2006, resulting mainly from higher energy sales prices. Physical sales declined by 8.2% explained mainly by a 23.1% drop in hydraulic power production and a 98% increase in thermal power production, aimed at ensuring that the reservoirs can cover our contracts, considering that the 2007 rain season was drier than normal. Furthermore, operating costs suffered an increase of 70.4% of which Ch\$223,259 million stand out as increased fuel costs incurred by thermal generation at higher production costs. Physical sales for 2007 rose to 19,212 GWh (20,923 GWh for 2006).

Brazil:

In Brazil, the operating result of our subsidiary Cachoeira Dourada for the year 2007 amounted to Ch\$50,815 million which compared favorably to the Ch\$31,733 million achieved during 2006, representing an increase of 60.1%. The above is mainly due to an 11.2% increase in physical sales and a better average margin spread for the period. Physical sales for the 2007 period rose to 4,643 GWh (4,177 GWh for 2006).

The operating result of Endesa Fortaleza amounted to Ch\$44,424 million, reflecting a decline of 21.3% compared to 2006, when its operating result amounted to Ch\$56,418 million. This decline is due mainly to a drop in sales prices during 2007 and greater energy purchases at higher prices than the previous year. Physical sales as of December 2007 amounted to 2,705 GWh (2,690 GWh for the 2006 period).

In turn, CIEN's operating result for this year amounts to Ch\$23,180 million which as compared to the previous period, when it registered a loss of Ch\$814 million, reflects an increase of Ch\$23,994 million. The above is basically rationalized by the increase in the year's average margin spread. Physical sales totaled 6,232 GWh as of December, 2007 (6,394 GWh as of December, 2006). It should be pointed out that CIEN is re-focusing its business aimed particularly at not being totally dependent on Argentinean and Brazilian energy. Thus it has been renegotiating its existing energy supply contracts as well as searching for a more compatible compensation in terms of its energy transport reality.

Argentina:

In Argentina, the Central Costanera operating result as of December, 2007 dropped by Ch\$4,867 million, achieving an operating result at year-end 2007 of Ch\$388 million, representing a decline of 92.6% versus the year before. This lower operating result can be accounted for mainly by greater operating costs amounting to Ch\$27,385 million, equivalent to a 15.3%, highlighted by increased fuel consumption to the value of Ch\$23,982 million. Furthermore, operating income increased a 12.1% as a result of greater average sales prices, partially offset by a drop of 3.3% in physical sales which in 2007 amounted to 8,450 GWh. At the hydroelectric El Chocón, the operating result amounted to Ch\$25,305 million, reflecting a decline of Ch\$7,248 million equivalent to 22.3%. The 23.8% drop in physical sales accounts for this decline, going from 5,191 GWh in 2006 to 3,956 GWh for the current period due to a drier rain season in the Comahue region and offset, in part, by an increase in the average sales price.

Peru:

The Peruvian subsidiary Edegel registered an operating result of Ch\$46,153 million representing a decrease of 22.6% with respect to the Ch\$59,645 million of the previous year. Operating income registered a decline of 7.3%, attributable to the 21.6% lower average energy sales prices resulting from the good rainfall, due to a price decline regulated by the exchange rate indexation, and to the lower cost of fuel in Peru, even though physical sales grew 18.1% during the current year as a consequence of growing demand. Operating costs increased by 3.8% mainly due to greater energy purchases at higher

prices resulting from problems of congestion on the transmission lines. It should be pointed out that even though thermal generation increased, the cost of fuel decreased due to the start-up of the more efficient combined cycle Ventanilla plant in November 2006.

Colombia:

In Colombia, the operating result as of December 2007 amounted to Ch\$160,271 million which is Ch\$29,964 million higher than that reached in 2006. The lower operating result is due mainly to a 6.2% in higher average sales prices due to lesser hydrological conditions, to increased reliability revenue, and a 1.9% physical sales increase. In turn, operating costs declined by Ch\$6,062 million, representing a 3.8% drop resulting mainly from lower costs in energy and power purchases due to intermediary operations.

In the Distribution Line of Business our subsidiaries report increased operating results of Ch\$58,893 million for the year 2007, or the equivalent of 11.7% totaling Ch\$562,686 million. Physical sales as of December 31, 2007 amounted to 61,610 GWh, representing an increase of 3,330 GWh, equivalent to 5.7% over the previous year. In turn the number of customers increased by 392 thousand new clients, an equivalent 3.4% rise approaching the 12 million customer figure.

Brazil:

In Brazil, the operating result of our Distribution affiliate Ampla amounted to Ch\$135,536 million that, compared to the same period last year, reflects an increase of 32.0% or equal to Ch\$32,835 million. This improved result is mainly due to the increased energy demand which raised physical sales by 3.7%, totaling 8,985 GWh during the 2007 period, and to the improved purchase-sales margin over the period; the energy loss index for the period dropped by 0.5%, reaching 21.4% (21.9% for year 2006). The number of Ampla customers increased by 63 thousand, totaling 2.38 million customers.

In turn, Coelce reported a decline in operating results of Ch\$15,281 million, amounting to Ch\$77,673 million for the 2007 period. This decline in the operating result is due mainly to the estimated bad debt recovery provision of a portion of the ARTE regulatory asset for Ch\$14,370 million, added to the purchase-sales margin drop for the current year, that were partially offset by the 6.8% increase in physical sales, amounting to 7,227 GWh for 2007; energy losses declined by 0.5% amounting to 12.5% for 2007. The number of customers as of year-end 2007 amounted to 2.69 million that represents an increase of 146 thousand customers with respect to the same period in 2006 or a 5.7% equivalent.

Argentina:

In Argentina, our subsidiary Edesur reported an increased operating result of Ch\$33,557 million, going from an operating loss of Ch\$4,378 million in 2006 to an operating profit of Ch\$29,179 million in the current year. The above is mainly explained by an improved purchase-sales margin for the period as well as a significant increase in physical sales by 996 GWh or 6.7% given the strong increase in energy demand, totaling 15,833 GWh for the 2007 period. Energy losses rose by 0.2%, reaching a 10.7% as of December 2007, and the number of customers increased by 32 thousand, amounting to 2.23 million customers. As of December 28, 2006 and through its Decree N° 1,959 the National Executive ratified the Memorandum of Agreement signed in August 2005 between Edesur and the Ministries of Economy and Production and Federal Planning, Public Investment and Services of the Argentinean Republic that was published in the Argentinean Republic's Official Bulletin on January 8, 2007. Subsequently, on February 5, 2007 the National Electricity Regulatory Body (ENRE) published its Resolution ENRE N° 50/2007 in the Official Bulletin sanctioning the rates in the Edesur Rate Table in force since February 1, 2007 resulting from the Transitional Tariff Scheme foreseen by the Memorandum of Agreement signed in August 2006 between Edesur and the regulatory bodies. In terms of the amounts representing the accrued consumption for the period between November 1, 2005 and January 31, 2007 set by the Transitional Tariff Scheme, the ENRE established that these be invoiced through 55 equal and consecutive installments.

Colombia:

In Colombia, the Codensa operating result amounted to Ch\$155,820 million at year-end 2007, representing an increase of 7.2% with respect to the previous year. This incline is due mainly to increased energy demand that raised physical sales by 6.4% amounting to 11,441 GWh and a 0.2% drop in energy losses that went from 8.9% for 2006 to 8.7% for the current year, partially offset by a decline in the purchase-sales spread; the number of customers increased by 71 thousand, totaling 2.21 million customers as of December 2007.

Peru:

In Peru, our Edelnor subsidiary reported a 2007 year-end operating result of Ch\$42,482 which is higher by Ch\$1,048

million than the Ch\$ 41,434 result achieved the previous year. This is mainly due to greater energy demand as well as improved sales unit margins. The significant energy demand increase raised physical energy sales by 6.7% totaling 5,201 GWh for the year 2007. The number of customers increased by 34 thousand clients, amounting to 986 thousand as of December 2007; the energy losses declined by 0.1%, reaching 8.1% at December 2007, versus the 8.2% figure at the same date in 2006.

Chile:

In Chile, our subsidiary Chilectra reported a 2007 operating result of Ch\$122,105 million representing a decline of Ch\$3,701 million with respect to the previous year, or an equivalent 2.9%. The above is due to higher operating costs as a result of paying higher prices to the generators, as well as to greater physical energy purchases in order to satisfy customer demand. The Ch\$87,653 million in higher operating income was not enough to set-off the greater Ch\$92,699 million operating costs. During this period, physical sales totaled 12,923 GWh, with an increase of 4.4% when compared to the same period for 2006. The above was partially set off by lower administration and sales costs amounting to Ch\$1,345 million, explained mainly by the Ch\$972 million in lower personnel costs and a reduction in operating and maintenance costs of Ch\$829 million.

The operating revenues and costs, as well as the administration and sales costs of the Enersis group subsidiaries for the period ending December 2006 and 2007 are as follows:

Companies (million Ch\$)	OPERATING RESULT DETAIL (Ch\$ million)							
	Dec-06				Dec-07			
	Operating Revenues	Operating Costs	Selling and Administrative Expenses	Operating Income	Operating Revenues	Operating Costs	Selling and Administrative Expenses	Operating Income
Endesa Chile	1,436,068	(851,961)	(42,301)	541,806	1,726,964	(1,119,053)	(37,081)	570,830
Cachoeira Dourada	67,258	(33,285)	(2,240)	31,733	115,325	(61,960)	(2,550)	50,815
CGTF	107,607	(49,502)	(1,687)	56,418	103,414	(57,384)	(1,606)	44,424
Cien	154,549	(149,363)	(6,000)	(814)	261,370	(233,816)	(4,374)	23,180
Chilectra S.A.	714,164	(537,874)	(50,484)	125,806	801,817	(630,573)	(49,139)	122,105
Edesur S.A.	266,775	(232,947)	(38,206)	(4,378)	293,374	(223,049)	(41,146)	29,179
Edelnor S.A.	230,127	(167,251)	(21,442)	41,434	214,530	(152,111)	(19,937)	42,482
Ampla	573,827	(452,665)	(18,461)	102,701	551,394	(380,606)	(35,252)	135,536
Coelce	449,269	(319,503)	(36,812)	92,954	439,785	(315,228)	(46,884)	77,673
Codensa S.A.	483,097	(323,551)	(14,178)	145,368	521,726	(350,277)	(15,629)	155,820
Cam Ltd.	151,520	(130,458)	(10,565)	10,497	138,574	(114,708)	(11,758)	12,108
Inmob. Manso de Velasco Ltd.	23,262	(12,632)	(2,820)	7,810	23,844	(16,196)	(3,191)	4,457
Synapsis Solue.y Servicios Ltd.	58,277	(48,828)	(9,471)	(22)	59,228	(45,912)	(8,691)	4,625
Holding Enersis and Investment Company	5,042	(2,573)	(23,350)	(20,881)	5,011	(1,501)	(24,937)	(21,427)
Consolidation Adjustments	(564,997)	529,706	36,490	1,199	(569,680)	538,509	34,931	3,760
Total Consolidated	4,155,845	(2,782,687)	(241,527)	1,131,631	4,686,676	(3,163,865)	(267,244)	1,255,567

Operating Results by Line of Business

The operating revenues and costs, broken down by business line for the periods ending December 31, 2006 and 2007 as follows:

OPERATING RESULTS BY LINE OF BUSINESS Periods ending December 31, 2006 and 2007 in Ch\$ million

Business (Million Ch\$)	Generation and Transmission (1)		Distribution		Engineering and Real State		Headquarters and Other Services		Eliminations		Total	
	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07
Operating Revenues	1,737,839	2,158,077	2,717,257	2,822,626	53,459	54,745	214,841	202,813	(567,551)	(551,585)	4,155,845	4,686,676
Operating Costs	(1,059,442)	(1,428,300)	(2,033,790)	(2,051,844)	(38,811)	(41,762)	(181,861)	(162,121)	531,217	520,162	(2,782,687)	(3,163,865)
Operating Margin	678,397	729,777	683,467	770,782	14,648	12,983	32,980	40,692	(36,334)	(31,423)	1,373,158	1,522,811
Selling and Administrative Expenses	(52,032)	(45,127)	(179,674)	(208,096)	(4,052)	(4,530)	(43,303)	(45,573)	37,534	36,082	(241,527)	(267,244)
Operating Income	626,365	684,650	503,793	562,686	10,596	8,453	(10,323)	(4,881)	1,200	4,659	1,131,631	1,255,567

b. - Non-Operating Result

As of December 31, 2007, Enersis reported a non-operating loss result amounting to Ch\$558,859 million that represents a Ch\$119,830 million increased expense with respect to the non-operating loss at the same date in 2006 which amounted to Ch\$439,029 million.

The net financial expenses on financial revenue reflects an increase of 3.8% equivalent to Ch\$10,542 million, going from a net expenses of Ch\$280,336 million as of December 2006, to a net expenses of Ch\$290,878 million for the current year. The increased expenses is due mainly to the greater average debt prevailing during this period, principally in our Ampla, Codensa and Edelnor subsidiaries, as well as due to lower financial revenues, mainly in terms of less loans and updates. Furthermore, during this period our Edesur subsidiary reported an increase of Ch\$7,385 million on the interests on updates of quality service fines.

Investment profits in related companies reported a decline of Ch\$60,173 million, in going from a known net profit of Ch\$5,412 million for the year 2006 to a net loss of Ch\$54,761 million for the current year. This lower profit is produced mainly by the loss experienced by Inversiones Gas of Atacama Holding amounting to Ch\$10,208 million, added to the impairment loss provision of that investment totaling Ch\$48,890 million (Ch\$29,324 million net of minority sales), resulting from the total lack of gas supply from Argentina, the high generation costs that this company has been subject to and the effect produced by the untoward sentence passed by the arbitral issue between Gas of Atacama Generación and the Emel distributing company.

The amortization on negative Goodwill investments reflects no significant variations and as of December 31, 2007 it amounted to Ch\$59,814 million, with a decline of Ch\$231 million equivalent to a 0.4%.

Further non-operating revenue and expenses reports a greater loss of Ch\$38,300 million, going from a net loss as of year-end 2006 of Ch\$111,089 million to a net loss of Ch\$149,389 million for the present year. The main reasons for this variation in results are detailed below:

- A net loss of Ch\$114,523 million arising from the conversion adjustment to Chilean standards resulting from the application of Technical Bulletin N° 64, mostly from subsidiaries in Brazil, Colombia and Peru (Ch\$35,760 million, net of minority sales).
- Less profit from the sale of fixed assets amounting to Ch\$21,142 million; the sale took place in 2006 (Generación Ampla)
- Greater expenses due to the Colombia Corporate Tax amounting to Ch\$18,576 million.

The above was partially offset by:

- Lesser accounts receivable write-offs at CIEN, during 2006, in the renegotiation contract with Copec for Ch\$32,776 million.
- Edesur tariff adjustment revenues from previous fiscal years amounting to Ch\$27,804 million.
- Lower allowances, contingencies and claims amounting to Ch\$21,086 million (Mainly Ampla, Coelce and CIEN in Brazil).
- Less expenses for programming energy efficiency in the Brazilian subsidiaries amounting to Ch\$11,919 million.
- Profit on the cancellation of the CIEN contract with Cemsas amounting to Ch\$8,144 million.
- Lower allowance for obsolescence and fixed asset clearance amounting to Ch\$6,457 million.

The postponed correction reports a negative variation of Ch\$12,110 million, mainly due to a higher inflation effect on the 2007 fiscal year that amounted to 7.4% versus the 2.1% achieved in the same period the previous year. This variation has its effect on monetary and non-monetary assets and liabilities, mainly debts, established in U.F., as well as on the updating of operating accounts

Exchange rate adjustments as of December 31, 2007 report a positive variation of Ch\$1,064 million, going from Ch\$5,722 million in 2006 to Ch\$6,786 million in the current year. The above is the result of the dollar market gap position sustained by the company in both periods.

Income Taxes and Deferred Taxes, at year-end 2007 reported an expenses of Ch\$253,148 million that, compared to the Ch\$102,257 million expenses accumulated as of December 2006, reports a negative variation of Ch\$150,891 million.

Item (Million Ch\$)	INCOME TAX AND DEFERRED TAXES		
	Dec-06	Dec-07	Variations
Income Tax	(254,849)	(206,547)	48,302
Deferred Tax	152,592	(46,601)	(199,193)
Total	(102,257)	(253,148)	(150,891)

The income tax expenses declined by Ch\$48,302 million, explained mainly by lower income tax allowances in our subsidiaries Emgesa of Ch\$19,916 million, in Endesa of Ch\$21,597 million, in Codensa of Ch\$14,788 million, in Enersis of Ch\$13,982 million, in Coerce of Ch\$7,030 million and Ampla of Ch\$6,377 million partially offset by increases in Edesur of Ch\$15,462, Pehuenche Ch\$13,518 million and el Chocón of Ch\$5,786 million.

In terms of deferred taxes that do not represent cash flow, these report a negative variation of C\$199,193 million arising mainly from the accredited effect of the 2006 period at Chilectra (ex Elesur) amounting to Ch\$140,835 million resulting from the merger between Elesur and Chilectra and the sale of the Elesur S.A. office premises, that managed to overturn the valuation provisions on accumulated tax losses of previous fiscal years. Other significant variations are reported at Ampla for Ch\$30,837 millions, Cien for Ch\$21,634 million, Emgesa Ch\$14,245 million and Codensa Ch\$12,973 million, partially offset by el Chocón with Ch\$8,040 million, Edegel Ch \$7,177 million, Endesa Chile Ch\$3,274 million and Coerce Ch\$2,607 million.

The Amortization of Goodwill investments amounted to Ch\$4,422 million as of December, 2007, representing a decline of Ch\$2,105 million as compared to the same period of the prior year. The lower amortization is produced mainly by the Goodwill amortization period generated by the first Emgesa (Betania) share purchase, whose effect is a lower amortization of Ch\$1,798 million.

EXCHANGE AND INTEREST RATE RISK ANALYSIS

A high percentage of the company's assets are held in dollars as part of its sales in the different markets where it operates show a high degree of indexation to this currency. However, in the Brazilian, Colombia and Argentinean markets there is a lower dollar indexation, so the subsidiaries in these countries look to greater debt transactions in local currency. In the case of Argentina, the dollar funding is being replaced by local currency debts, in as much as the maturity terms and the market rates permit.

Notwithstanding this natural exchange rate hedge, in a scenario of high dollar volatility the company has continued with its policy of partially hedging its dollar liabilities, with an aim to mitigating the fluctuations in its results caused by variations in exchange rates. In view of the significant reduction in the mismatched accounting position in recent years, which has reached prudent levels, the Company has modified its dollar-peso hedging policy so as to establish a cash flow hedging policy together with a maximum accounting mismatched position above which hedging transactions are made.

As of December 31, 2007, the Company, on a consolidated basis, has hedged, in Chile, through dollar-UF swap contracts amounting to US\$ 600 million and dollar-peso Swap contracts amounting to US\$ 125 million, which permits compliance with the above mentioned hedging policy. As of the same date of the previous year, the Company hedged US\$ 600 million in dollar-UF Swap contracts.

Regarding the interest rate risk, the Company, on a consolidated basis, has a proportion of fixed and variable rate debt at approximately 68.3% / 31.7% / fixed / variable percentages as of December 31, 2007. The fixed rate debt percentage has dropped as compared to the 70.8% / 29.2% ratio at the same date of the previous year.

The operating results by country are reported in the following chart, comparing the 2007 year-end results to the year-end results in 2006.

OPERATING RESULTS BY COUNTRY Periods ending December 31 2006 and 2007 in Ch\$ million

Country (Million Ch\$)	Chile		Argentina		Brazil		Peru		Colombia		Eliminations		Totales	
	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07
Positive Goodwill Amortization	1,332,441	1,674,461	533,276	569,420	1,187,880	1,311,195	394,823	360,506	713,982	778,975	(6,557)	(7,881)	4,155,845	4,686,676
% r / consolidated	32%	36%	12%	12%	29%	28%	10%	8%	17%	17%				
Price Level Restatement	(815,119)	(1,130,689)	(451,632)	(467,445)	(845,206)	(891,617)	(262,192)	(244,811)	(415,457)	(436,982)	6,919	7,679	(2,782,687)	(3,163,865)
% r / consolidated	29%	36%	15%	15%	30%	28%	9%	8%	15%	14%				
Foreign Exchange Effect	517,322	543,772	81,644	101,975	342,674	419,578	132,631	115,695	298,525	341,993	362	(202)	1,373,158	1,522,811
% r / consolidated	38%	36%	6%	7%	25%	28%	10%	8%	22%	22%				
Non Operating Income	(78,801)	(80,395)	(43,302)	(45,090)	(67,451)	(93,344)	(31,146)	(26,101)	(20,970)	(22,314)	143	-	(241,527)	(267,244)
% r / consolidated	33%	30%	18%	17%	28%	35%	13%	10%	9%	8%				
Net Inc before Taxes	438,521	463,377	38,342	56,885	275,223	326,234	101,485	89,594	277,555	319,679	505	-202	1,131,631	1,255,567

Other risks

As is common practice with bank loans and equity markets, a portion of the Enersis financial borrowings as well as that of its affiliate Endesa Chile is subject to cross default regulations. If certain defaults are not remedied by the relevant subsidiaries this could result in an Enersis and Endesa Chile cross default in which case, in time, certain liabilities of these companies could become due.

The repayment – after any given applicable grace period – of the debts of these companies or any of their more relevant subsidiaries of an individual sum in excess of 30 million dollars could be subject to prepayment of syndicated bank loans undersigned in 2004. In the case of loans undersigned by Endesa between January and December 2006 and by Enersis in December 2006, the threshold is 50 million dollars. Similarly, the lack of payment – after any given applicable grace period - of the debts of these companies or any of their more relevant subsidiaries of an individual sum in excess of 30 million dollars could be subject to prepayment of Yankee bonds. Furthermore, some credit agreements are regulated whereby certain of these nonpayment events, by these companies or any of their relevant subsidiaries, such as bankruptcy, insolvency, and adverse court ruling settlement and for a sum greater than US\$ 50 million, asset expropriation, could be reason for declaring acceleration on these loans.

There are no clauses in these loan agreements whereby changes by the risk agencies in the corporate classification or of these company debts could provoke mandatory debt prepayment. However, a variation in the risk classification of the debt in foreign currency by the risk agency Standard & Poor's (S&P) could produce a change in the margin applied to those syndicated bank loans undersigned in 2004 and 2006.

As of December 31, 2007, these obligations and restrictions have been entirely fulfilled.

The liabilities that could be demandable in terms of non-compliance as well as the respective creditor subsidiary are detailed below:

Bank Loans

Amounts in US\$ million as of December 31, 2007

	Syndicated
Enersis	350
Endesa Chile	216
Total	566

Potentially active non-compliance events in subsidiaries that generate cross default at the parent company.

Enersis

Effect at Parent Company: 566 MMU\$

1. Debt Default > 30 MMU\$ (1)	Only generate effect on Parent Company if those reasons recorded occur in so-called Relevant Subsidiaries. Failures in other subsidiaries do not produce effect on Parent. The Relevant Subsidiaries are classified based on latest year's financial results under US GAAP. Based on financial results as of December 31, 2006, the Enersis Relevant Subsidiaries are: Endesa Chile, Endesa Brazil, Chiletra y Ampla Energia e Servicios.
2. Bankruptcy or Suspension of Payments	
3. Substantial Effect Adverse Failure	
4. Government Action (2)	

Endesa

Effect at Parent Company: 216 MMU\$

1. Debt Default > 30 MMU\$ (1)	Only generate effect on Parent Company if those reasons recorded occur in so-called Relevant Subsidiaries. Failures in other subsidiaries do not produce effect on Parent. The Relevant Subsidiaries are classified based on latest year's financial results under US GAAP. Based on financial results as of December 31, 2006, the Enersis Relevant Subsidiaries are: Southern Cone, Pehuenche, and Pangu y C.E. Tarapacá.
2. Bankruptcy or Suspension of Payments	
3. Substantial Effect Adverse Failure	
4. Government Action (2)	

Notes:

- (1) At an individual debt operating level
- (2) Nationalization, expropriation, dissolution, etc.

Yankee International Bonds

Amounts in US\$ million as of December 31, 2007

	B. Yankee
Energis	601
Endesa Chile	1.866
Total	2.467

Potentially active non-compliance events in subsidiaries (would trigger cross default at the parent company)

Energis

1. Debt Default > 30 MMUS\$ (1)	Debt default by Energis or any Subsidiary. The Energis Subsidiaries that to date register third party debts in excess of 30 MMUS\$ are: Ampla, Betania, Endesa Fortaleza, CIEN, Codensa, Coelce, Edegel, Edesur, El Chocón, Emgesa, Endesa Costanera, Endesa Chile.
2. Bankruptcy Process Initiation	In Energis or any Energis Significant Subsidiary. Based on financial results as of 31.12.2006, the Energis Significant Subsidiaries Chilectra, Endesa Chile, Endesa Brazil, CIEN y Ampla Energia e Servicios, both according to US and Chilean GAAP.

Endesa

1. Debt Default > 30 MMUS\$ (1)	Debt default by Endesa or any Subsidiary. The Endesa Subsidiaries that to date register third party debts in excess of 30 MMUS\$ are: Betania, Edegel, El Chocón, Emgesa y Endesa Costanera
2. Bankruptcy Process Initiation	In Endesa or any Endesa Significant Subsidiary. Based on financial results as of 31.12.2006, the only Endesa Significant subsidiary is Southern Cone, both according to US and Chilean GAAP.

Notes:

(1) Only on individual debt operating level, from the Issuer or from any Subsidiary.

Local Bonds

Amounts in US\$ million as of December 31, 2007

	Local Bonds
Energis	72,4
Endesa Chile	374,2
Total	447,5

The ENERSIS bond has cross default only on its own debt exceeding 3% of its assets.

Potentially active non-compliance events in subsidiaries
(Would trigger cross default at the parent company)

	Important Subsidiaries	Subsidiaries
	Southern Cone	Remaining Subsidiaries
Endesa Chile	(important effects in brackets MMUS\$)	
1. Insolvency or cannot pay debts	Yes (375)	No
2. Debt Default >= 2 MMUF	No	No
3. Bankruptcy Proceedings Initiation	Yes (375)	no

2. –BALANCE SHEET ANALYSIS

Assets (Million Ch\$)	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Current Assets	1,793,666	2,260,688	467,022	26.0%
Fixed Assets	8,685,908	8,007,346	(678,562)	(7.8%)
Other Assets	1,404,530	1,169,733	(234,797)	(16.7%)
Total Assets	11,884,104	11,437,767	(446,337)	(3.8%)

The Company's total assets at March 31, 2007 showed a decrease of Ch\$446,337 million compared to the same period of the previous year, mainly due to:

- Fixed assets decrease of Ch\$678,562 million equivalent to 7.8%, mainly resulting from the depreciation for the year of fixed assets amounting to Ch\$417,000 million, fixed assets sales amounting to Ch\$3,756 million and due to the effect of the real exchange rate of fixed assets of foreign companies due to the methodology of holding non-monetary assets in historical dollars, in accordance with Technical Bulletin N° 64 in the subsidiaries in countries with unstable economies for approximately Ch\$850,000 million. The above is partially offset by an increase in current assets in one year amounting approximately to Ch\$594,000 million.
- Other Assets decreased by Ch\$234,797 million, caused mainly by:
 - Reduction in accounts receivable from related companies amounting to Ch\$96,596 million, basically due to the transfer to the short term of the accounts receivable from Atacama Finance
 - Reduction of investment in related companies amounting to Ch\$64,250 million, due mainly to the impairment provision reported by Inversiones Gas of Atacama Holding Ltda., amounting to Ch\$48,890 million, the known investment loss during the 2007 period of Ch\$8,603 million and the exchange rate effect.
 - Reduction in Negative Goodwill investments amounting to Ch\$62,358 million, basically due to the amortization of Negative Goodwill investments recorded during the year.
 - Reduction in long term Other Assets amounting to Ch\$42,582 million, basically explained by the amortization of deferred expenses amounting to Ch\$27,100 million, a reduction in tax credits amounting to Ch\$9,081 million and a lower fair value of derivative instruments amounting to Ch\$5,418 million.
 - Reduction in the Goodwill Investment balance amounting to Ch\$2,361 million, mainly due to the amortization of the financial period, partially offset by the increase caused by new investments in El Chocón and Endesa Costanera implemented in the first quarter of 2007.
 - Increase in Long Term Debtors amounting to Ch\$47,885, mainly as a result of increases at Condensa amounting to Ch\$52,570 million due to the Codensa Hogar, the Chocón and Endesa Costanera program amounting to Ch\$13,920 million in contributions to the Wholesale Electricity Market Investment Fund (FONINMEM) and Edesur amounting to Ch\$17,013 million for the retroactive tariff re-adjustment. The above is partially offset by the reduction in regulatory assets at Ampla and Coerce amounting to Ch\$23,783 million and Ch\$5,269 million respectively.

Current Assets show an increase of Ch\$467,022 million equivalent to 26.0%, which can be explained by:

- Increase in notes and accounts receivable from related companies amounting to Ch\$137,815 million due mainly to the transfer to the short term of the Atacama Finance Co accounts receivable for Ch\$89,080 million and the increase in the notes and accounts receivable from GNL Quintero for Ch\$40,175 million, Compañía de Energía del Mercosur S.A. for Ch\$2,410 million and GNL Chile Ch\$1,874 million.
- Increase of time deposits amounting to Ch\$101,582 million, explained primarily by Ampla Ch\$90,903 million,

Codensa Ch\$48,642 million, Endesa Fortaleza Ch\$33,627 million, Endesa Chile Ch\$25,913 million, Cachoeira Dourada Ch\$12,750 million and CIEN Ch\$4,506 million, partially compensated by reductions mainly destined to payment of dividends at Emgesa for Ch\$48,909 million, Endesa Brazil for Ch\$37,853 million, Conosur Ch\$19,275 million and Edegel Ch\$9,031 million.

- Increase of sales debtors amounting to Ch\$86,175 million, mainly due to increased billing at the subsidiaries Endesa Chile for Ch\$48,858 million, Ampla Ch\$27,984 million, Cocheira Dourada Ch\$25,558 million, Chocón Ch\$8,980 million, Emgesa Ch\$6,752 million, Endesa Costanera Ch\$2,458 million and Edelnor Ch\$2,009 million, partially offset by reductions at Codensa for Ch\$12,652 million, Coelce for Ch\$11,843 million and Edegel Ch\$11,547 million.
- A Tax refund increase amounting to Ch\$68,082 million as a result of the increases at Endesa Chile for Ch\$34,113 million, Emgesa Ch\$10,361 million, San Isidro Ch\$8,647 million, Enersis Ch\$8,010 million and Endesa Eco Ch\$5,067 million.
- Increase in holdings amounting to Ch\$33,650 million mainly by Endesa Chile for Ch\$23,483 million, San Isidro Ch\$4,362 million, both due to increases in fuel-oil stock and CAM amounting to Ch\$1,372 million.
- A cash drop amounting to Ch\$25,199 million explained mainly by Emgesa Ch\$4,878 million, CIEN Ch\$29,670 million and Endesa Fortaleza Ch\$4,147 million, partially set off by increases at Coelce Ch\$7,547 million and Endesa Brasil Ch\$4,247 million.

Liabilities (Million Ch\$)	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Current Liabilities	1,506,476	1,740,259	233,783	15.5%
Long Term Liabilities	4,213,035	4,052,531	(160,504)	(3.8%)
Minority interest	3,082,340	2,741,767	(340,573)	(11.0%)
Equity	3,082,253	2,903,210	(179,043)	(5.8%)
Total Liabilities	11,884,104	11,437,767	(446,337)	(3.8%)

The total Company liabilities show a reduction of Ch\$446,337 million with respect to the same period of the previous year, mainly due to:

- Long term liabilities show a reduction of Ch\$160,504 million equivalent to 3.8%, explained basically by:
 - Reduction of Public Obligations amounting to Ch\$211,065 million, mainly explained by the transfer to the short term in Endesa Chile of Ch\$ 198,756 million, Ampla Ch\$77,558 million, Edegel Ch\$15,506 million and Emgesa Ch\$5,190 million, plus payments made by Endesa Chile and Edesur amounting to Ch\$78,773 million and Ch\$11,209 million respectively and a strong reduction in the effect of the real exchange rate \$/US\$ in Chile for approximately Ch\$200,000 million. The above is partially offset by the increase of new bonds placements in Codensa for Ch\$160,306 million, Endesa Chile for Ch\$78,773 million, Emgesa Ch\$51,791 million, Edegel Ch\$37,134 million, Edesur Ch\$26,006 million and Edelnor Ch\$24,877 million.
 - Reduction of sundry Creditors amounting to Ch\$21,217 million due mainly to a lower leasing obligation in Edegel for Ch\$29,324 million, the above partially offset by greater obligations in Endesa Brazil and Ampla for Ch\$11,112 million and Ch\$2,277 million respectively.
 - Reserves reduction for Ch\$20,693 million explained primarily by the reduction in provisions for labor and third party contingencies in Ampla, Coelce and CIEN for Ch\$20,595 million.
 - Increase in Long-term Bank Obligations amounting to Ch\$51,741 million due to the increase at Ampla of Ch\$145,703 million and Endesa Chile for Ch\$44,3007 million, partially offset by the reduction in Edesur of Ch\$53,690 million, Edegel Ch\$32,155 million and Endesa Fortaleza Ch\$12,490 million.
 - Increase in Other long-term Liabilities amounting to Ch\$19,295 million, due mainly to the increase in Enersis of

Ch\$38,966 million due to fair value derivatives and the reduction in Edesur of the transfer to the long term of quality service fines for Ch\$13,828 million.

- Current Liabilities increased by Ch\$233,783 million, equivalent to 15.5%, explained by variations in:
 - Increase in short term public obligations for Ch\$244,450 million due mainly to the transfer from the long term in Endesa Chile, Ampla, Edegel and Emgesa explained above, and partially set-off by payments in Edelnor Ch\$10,967 million, Edesur Ch\$11,208 million and Edegel Ch\$34,930 million.
 - Increase in accounts payable amounting to Ch\$117,665 million mainly due to the increase in debts with suppliers at Endesa for Ch\$45,213 million, San Isidro for Ch\$40,630 million, Coelce for Ch\$23,185 million and Emgesa for Ch\$7,097 million.
 - Increase in Other Current Liabilities for Ch\$34,644 million resulting from the incline at Edesur of Ch\$26,829 million, electrical emergency reserves for Ch\$11,524 million in Argentina and Brazil, an increase in derivative contracts for Ch\$8,737 million, partially set off by the reduction in liabilities due to the income from portfolio sales of Ch\$10,589 million.
 - Increase in Bank borrowings for Ch\$49,042 million resulting mainly from the increase in Ampla for Ch\$29,545 million, Coelce Ch\$26,626 million, Edelnor Ch\$12,515 million and Codensa Ch\$16,384 million, offset by reductions in Emgesa Ch\$31,724 million and Cachoeira Dourada for Ch\$2,690 million.
 - Income Tax reduction amounting to Ch\$138,572 million, where Ampla Ch\$62,763 million, Endesa Chile Ch\$23,576 million, Emgesa Ch\$25,538 million, Codensa Ch\$16,794 million and Edelnor Ch\$9,338 million stand out.
 - Reduction in dividends payable for Ch\$47,328 million where Ch\$31,808 million account for the reduction of third party payments and Ch\$15,520 million to Endesa Internacional.

The Minority Interest amounted to Ch\$2,741,767 million, showing a reduction of Ch\$340,573 million equivalent to 11.0% resulting from the minority purchases made, as is the case of Endesa Costanera and El Chocón; and furthermore, to the reduction in assets due to dividends paid such as in Codensa, Emgesa and Endesa Brazil and the effect of the real Exchange on the dollar/Chilean peso. (For greater detail of each variation, see Note 21 of the FECU).

Assets declined by Ch\$179,043 million with respect to December 2006. This variation is explained mainly by the decline both in the period result of Ch\$118,550 million, as in the Reserves amounting to Ch\$179,512 million, mainly due to the effect of the real exchange rate on the dollar in the hedging of investments abroad, partially offset by the increase in accumulated results for Ch\$97,628 million and the lesser distribution of interim dividends for Ch\$21,390 million.

Indicator	The evolution of major financial indicators is as follows:					
	Unit	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06	
Liquidity	Current Ratio	Times	1.19	1.30	0.11	9.2%
	Acid Test (1)	Times	1.11	1.21	0.10	9.0%
	Working capital	MM Ch\$	287,190	520,429	233,239	81.2%
Debt	Debt Ratio	Times	0.93	1.03	0.10	10.8%
	Short-term debt	%	0.26	0.30	0.04	15.4%
	Long-term debt	%	0.74	0.70	(0.04)	(5.4%)
	Interest Coverage (2)	Times	4.14	4.27	0.13	3.1%
Profitability	Return on Equity	%	9.96%	6.49%	(3.47%)	(34.8%)
	Return on Assets	%	2.58%	1.65%	(0.93%)	(36.0%)

(1) Net current assets on prepaid reserves and expenses
(2) RAIIIDAE (EBIDTA) used, divided by financial expenses

The liquidity ratio as of December 2007 was 1.30:1, an improvement of 0.1:1 or an equivalent of 9.2% versus the same period in 2006. The above reflects a company that is continually presenting a strong liquidity position, reducing its bank borrowings through its cash surpluses as well as having a satisfactory debt maturity pattern.

The debt ratio was 1.03:1 as of December 31, 2007, increasing a 10.8% compared to the previous year.

The hedging of debt service costs increased 0.13:1 or an equivalent 3.1%, going from 4.14:1 in December 2006 to 4.27:1 for the current period. The above is the result of the increase in the Enersis Group operating results for the current period, added to the reduction in the debt service costs for the period.

Furthermore, the annual equity profit amounted to 6.49% which at the same period last year was 9.96%. This decline is directly related to the lower result achieved for the period, resulting from the effect of the merger of Elesur and Chilectra in 2006 and which caused an increase in the net profit for that period.

The annual profit on assets went from 2.58% in December 2006 to 1.65% in December 2007, situation which also reflects a lower result for the current period due to the merger mentioned above.

3. – MAIN CASH FLOWS

The company generated a positive cash flow of Ch\$84,415 million for the period, comprised of the following items:

Cash Flows (Million Ch\$)	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Operating	926,227	954,434	28,207	3.0%
Financing	(319,074)	(178,482)	140,592	44.1%
Investment	(540,823)	(691,537)	(150,714)	(27.9%)
Net Cash flow for the year	66,330	84,415	18,085	(27.3%)

As of December 31, 2007, company activities generated a positive net cash flow of Ch\$954,434 million that represents an increase of 3.0% with respect to the same period of the previous year. This cash flow is comprised mainly of:

The profit for the period was Ch\$188,376 million, plus:

- Charges on results which do not represent cash flow amounting to Ch\$809,980 million, that account mainly for Depreciation during the period amounting to Ch\$416,693 million, write-offs and provisions amounting to Ch\$52,432 million, Amortization of Negative Goodwill for Ch\$59,814 million, Amortization of intangibles for Ch\$8,734 millions, loss on definitive investments for Ch\$57,493 million and other charges that do not represent cash flow for Ch\$204,010 million including the effect of negative conversion at the foreign subsidiaries due to the BT 64 amounting to Ch\$192,036 million.
- Variation of net liabilities that affect the operating flow amounting to Ch\$81,924 million.

The above was partially offset by:

- Payments that do not represent cash flow for Ch\$67,671 million, that account for other payments that do not represent cash flow amounting to Ch\$53,731 million of which Ch\$39,426 correspond to the effect of positive conversion in foreign subsidiaries totaling Ch\$2,732 million and Goodwill amortization for Ch\$4,422 million.
- Variation of net assets that affect the operating flow in the amount of Ch\$313,570.

Financing Activities originated a negative cash flow of Ch\$178,482 million, mainly from loan repayments totaling Ch\$713,170 million, dividend payments of Ch\$553,117 million, public bond repayments of Ch\$129,597 million, payment of documented loans to related companies of Ch\$2,375 million and other payments totaling Ch\$1,381 million. The above is offset in part by the acquisition of loans for Ch\$869,562 million and bond placements for Ch\$353,115 million.

Investing Activities generated a negative cash flow of Ch\$691,537 million that, compared to the same period of the previous year shows an increase of 27.9%, or Ch\$150,714 million. These payments represent mainly the addition of fixed assets amounting to Ch\$594,055 million, definitive investments for Ch\$38,182 million, other loans to related companies for Ch\$38,731 million and other payments amounting to Ch\$72,360 million; the above was partially set-off by the revenue from the sale of definitive investments amounting to Ch\$8,374, income from the sale of fixed assets for Ch\$3,756 million and other investment income for Ch\$44,103 million.

FIXED ASSET INFORMATION BY COMPANY (Ch\$ million)

Company	Payments for Additions of Fixed Assets		Depreciation	
	Dec-06	Dec-07	Dec-06	Dec-07
Endesa Chile	182,671	207,030	188,280	192,976
Cachoeira Dourada	1,808	1,834	16,290	12,588
CGTF	2,424	1,468	5,366	3,690
CIEN	2,034	163	14,465	12,292
Chilectra S.A.	61,503	68,903	19,295	21,070
Edesur S.A.	37,769	41,676	46,557	37,920
Edelnor S.A.	21,425	19,913	18,361	15,854
Ampla	115,081	104,627	45,904	35,099
Coelce	78,915	101,292	39,741	38,241
Codensa S.A.	46,028	41,876	44,581	40,892
Cam Ltd.	1,567	1,633	2,316	1,689
Inmob. Manso de Velasco Ltd.	1,202	1,120	368	318
Synapsis Soluc.y Servicios Ltd.	3,190	1,519	2,382	2,576
Holding Enersis and Investment Company	465	1,001	1,392	1,488
Consolidation Adjustments	556,083	594,055	445,298	416,693

II. BOOK VALUE AND ECONOMIC VALUE OF ASSETS

Regarding the more important assets, the following should be mentioned:

The value of the fixed assets is adjusted according to the criteria established by the Securities and Insurance Commission in their 1985 Circulars N° 550 and 566. In the case of Sociedad Extranjera Inversiones Distrilima S.A. the fixed asset value was adjusted according to the exceptional criteria set out in Technical Bulletin N° 45 of the Chilean Accountants Association (Colegio de Contadores de Chile A.G.) regulation in force at the time of investment and was not modified by Technical Bulletin N° 51 which replaced it.

Depreciation is based on the restated asset value according to the remaining years of useful life of each asset.

Investments in related companies are valued at proportional equity value. In the case of foreign companies, this method is applied to the financial results submitted in accordance with the regulations established in Technical Bulletins N° 72 and 64 of the Chilean Accountants Association and the intangible assets are currency corrected and amortized according to the

regulation established in Technical Bulletin N° 55 of the Chilean Accountants Association.

In keeping with the Superintendence for Securities & Insurance Companies (Superintendencia de Valores y Seguros - S.V.S.) Circular Letter N° 150 dated January 31, 2003, the company has assessed the recoverability of investment associated assets as of the 2007 year-end closing pursuant to that established by Technical Bulletin N° 72 of the Chilean Collage of Accountants. As a result of this assessment, it has been determined that there is no impairment associated to businesses acquired, with the exception of the investment of our subsidiary Endesa Chile in Inversiones Gas of Atacama Holding Ltda., whose proof of depreciation determined that the value recovered from said investment was in fact lower than its book value, thereby making provision for this.

Assets expressed in foreign currency are submitted at the current exchange rate at the closing of the period.

Investments in agreed securities are submitted according to their purchase value plus the interest portion responding to the implicit rate of each operation.

Notes and accounts receivable from related companies are classified according to their short and long term maturities. These operations are adjusted according to prevalent market equity conditions.

In summary, assets are valued according to the widely accepted accounting principles and regulations and the pertinent instructions given by the Securities and Insurance Commission, expressed in Note 2 of the Financial Statements.

CONSOLIDATED HIGHLIGHTS

ENERSIS S.A. (Parent Company)

Chilectra S.A. Notification Ruling N° 7/2006

On January 15, Chilectra S.A., a 99.09% Enersis S.A. subsidiary, was notified by Ruling N° 7-2006 dated January 12, 2007 issued by the Panel of Experts contemplated under the Electrical Services General Law, whereby the differences originating from the Technical Report that contains observations and corrections to the research performed in order to establish de Sub-transmission Annual Value as well as the respective tariff formulas were resolved and approved by the National Energy Commission through its Exempt Resolution N° 695 dated October 31, 2006.

Said Ruling N°7-2006, upon substantially rejecting the discrepancies posed by our subsidiary, could probable give rise to the fact that the process of setting sub-transmission rates might end up in a revenue reduction for Chilectra S.A. in energy and capacity sales of approximate 28 billion Chilean pesos a year, before taxes, which would mean an approximate annual reduction of 4.6% of the mentioned revenue. This ruling implies a negative effect on net results after taxes for Enersis S.A., which is estimated at approximately 23 billion Chilean pesos a year.

Notwithstanding the above, our subsidiary Chilectra S.A. is analyzing all actions and remedies with regard to the challenge procedure to the above mentioned ruling

Edesur S.A. ENRE Resolution N°50/ 2007

In June, 2005 we informed, as an essential fact, that our Argentinean subsidiary, Empresa Distribuidora Sur Sociedad Anónima (EDESUR), had signed a Letter of Understanding with the Renegotiation and Public Services Contracts Unit (UNIREN) in the Argentinean Republic. Pursuant to what is established by said Letter of Understanding, dated August 29, 2005, EDESUR signed a Memorandum of Agreement of Adjustment to the Edesur S.A. Distribution and Marketing Concession Contract (Memorandum of Agreement), that took into account, amongst other things, a Transitional Tariff Scheme, an Integral Tariff Revision and a new rates scheme as a result of the mentioned Revision.

On February 5, 2007, the National Electricity Regulating Board (ENRE) published its ENRE Resolution N° 50/2007 in the Official Bulletin sanctioning the values of the EDESUR Rate Table in force as from February 1, 2007 resulting from the Transitional Tariffs Scheme foreseen in the Memorandum of Agreement. Upon the terms and conditions of the Memorandum of Agreement's reference to the Transitional Tariffs Scheme taking operating effect, an increase of 23% is enforced on all own distribution costs (not affecting the residential rates T1R1 and T1R2), on connection and reactivation costs received by Edesur, as well as an additional average increase of 5% on the above mentioned own distribution costs intended for the implementation of a project plan. Likewise, the ENRE decided to apply to the already deferred costs, and as from May 1, 2006 a positive variation of 9.962% of the cost monitoring mechanism index (CMM) established in the Memorandum of Agreement.

The ENRE has decided that the amounts resulting from the application of the Transitional Tariffs Scheme in terms of the consumption accrued during the period between November 1, 2005 and January 31, 2007 be invoiced in 55 equal and consecutive installments.

The application of these new rates as from February 1, 2007, implies a positive effect on the Enersis S.A. net results after taxes, estimated at approximately US\$2.6 million a month. Furthermore, the quantification of the effect on results in terms of the consumption for the period between November 1, 2005 and January 31, 2007 that will be invoiced in 55 installments, demands that a decision be taken on various factors, even though at this point it is not possible to precisely quantify this effect.

Final Dividend

On February 28, 2007, the Board of Directors of Enersis S.A., agreed unanimously by all members present to propose to the Enersis S.A. General Shareholders' Meeting scheduled for April 24, 2007, the distribution of a Final Dividend representing 70% of the liquid assets of the company, that is to say \$6.00 per share to be discounted from the interim dividend of \$1.11 per share paid out in December 2006. Thus, the amount to be distributed amongst the shareholders in May 2007 will be \$4.89 per Company share.

Pursuant to the agreement by the Enersis S.A. General Shareholders' Meeting held on April 24, 2007, it was agreed to pay the Final Dividend N° 75. This represents a total distribution of M\$195,906,998 charged to results as of December 31, 2006.

The above modifies to such effect the current dividend policy that considers a Final Dividend distribution of 60% of the Company's liquid assets.

Subsidiary Fine

On July 26, 2007, Chilectra S.A., subsidiary of Enersis S.A. was notified of a definitive ruling issued by the Supreme Court confirming the penalty applied by the Securities and Insurance Commission (SVS) on Edesur S.A., today known as Chilectra S.A., dated October 31, 1997 (notified by Note 28 b). Said penalty establishes payment of a fine, to the benefit of the State, amounting to UF 100,000 plus interests and adjustments for the use of privileged information in the sixth clause of the Strategic Alliance signed between Endesa España S.A. and Enersis S.A. dated August 2, 1997. Payment of this fine has no effect on the results of the subsidiary Chilectra S.A., in view of the fact that Endesa Internacional, the Enersis S.A. parent company, has a commitment to cover the respective cost as this was a contingency prior to the agreement entered into with Endesa Internacional for the purchase and sale of shares.

Changes in Parent Company ownership

On October 11, 2007, the following essential fact was informed:

1. The companies Enel Energy Europe S.R.L. and Acciona S.A. (the "Bidders") jointly filed a Public Tender Offer for Shares issued by Endesa S.A. (The "Bid"). It is worth recalling that Endesa S.A. ("Endesa") holds 60.62% of the Enersis S.A. capital stock through its Spanish subsidiary Endesa Internacional S.A. In turn, Enersis S.A. holds 99.08% of Chilectra S.A. stock and a 59.98% of Empresa Nacional de Electricidad S.A. (Endesa Chile S.A.).

2. The Bid was filed with the Comisión Nacional del Mercado de Valores de España ("CNMV") (the Spanish Stock Exchange Commission), the public entity that proceeded to sanction the bid on July 25. Subsequently, on July 30, said entity informed that the Bid's acceptance term would be extended from July 30, 2007 to October 1, 2007. The Bid's objective was 100% of the Endesa capital stock, excluding the 46.01% of shares already owned by the Bidders.

3. Through a public statement dated October 5, 2007, the CNMV announced the successful outcome of the Bid. Final liquidation of the Bid took place on October 10, 2007, following which on that date Enel S.P.A and Acciona S.A. became joint holders, directly or indirectly, of 92.06% of the Endesa S.A. capital stock.

4. Pursuant to the above, as from October 10, 2007 the controlling shareholders of Enersis S.A. – through Endesa S.A. and Endesa Internacional S.A. – are Enel S.P.A. and Acciona S.A. who, together with their respective subsidiaries Enel Energy Europe S.R.L. and Finanzas Dos S.A., on March 26, 2007 signed an agreement for joint management of Endesa S.A. The text of the abovementioned agreement was sent to the CNMV as a relevant fact on the same day as it was signed and it can be reviewed on the web site of said entity (www.cnmv.es)

Interim Dividend

On October 30, 2007, the Board of Directors of Enersis S.A., agreed unanimously by all members present to distribute, on December 27, 2007, an interim dividend for \$0,53119 per share, charged to the results for the year 2007, representing 15% of liquid assets as of September 30, 2007, pursuant to the current Company dividends policy.

CHILECTRA S.A.

Sub-transmission Tariffs

On January 15, 2007, the Company was notified by Ruling N° 7-2006 dated January 12, 2007, issued by the Panel of Experts contemplated under the Electrical Services General Law, whereby the differences originated by the Technical Report that contains observations and corrections to the studies performed in order to establish de Sub-transmission Annual Value as well as the respective tariff formulas were resolved and approved by the National Energy Commission through its Exempt Resolution N° 695 dated October 31, 2006.

Said Ruling N°7-2006, upon substantially rejecting the discrepancies posed by the Company, could give rise to the fact that the process of setting sub-transmission rates might end up in a revenue reduction of its energy and capacity sales of approximately \$28 billion a year, before taxes, which would mean an approximate reduction of 4.6% annually of the mentioned revenue.

Notwithstanding the above, our subsidiary Chilectra S.A. is analyzing all actions and remedies with regard to the above mentioned ruling.

Edesur S.A. Concession Contract

In due course, Chilectra S.A. informed, as an essential fact, on the renegotiation of the Empresa Distribuidora Sur Sociedad Anónima /Edesur S.A.) – associate of Chilectra S.A. - Concession Contract under which a Letter of Understanding with the Renegotiation and Public Services Contracts Unit (UNIREN) has been signed

We informed that, after publication of decree PEN N° 1959/2009 in the Official Bulletin dated January 8, 2007 that ratified the Memorandum of Agreement of Adjustment to the Edesur S.A. Distribution and Marketing Concession Contract resulting from the Letter of Understanding signed between Edesur S.A. and the Ministries of Economy and Production and Federal Planning, Public Investment and Services, and its Addenda on February 5, 2007, the National Electricity Regulating Body (ENRE) published Resolution ENRE N° 50/2007 in the official Bulletin approving the Edesur S.A. Rates Table in force as from February 1, 2007 resulting from the Transitional Tariffs Scheme foreseen in the Memorandum of Agreement.

Once the terms and conditions of the Memorandum of Agreement's reference to the Transitional Tariffs Scheme took operating effect, an increase of 23% was enforced on all own distribution costs (not affecting the residential rates TIR1 and TIR2), on connection and reactivation costs received by Edesur, as well as an additional average increase of 5% on the above mentioned own distribution costs intended for the implementation of a project plan. Likewise, the ENRE authorized the application of the already deferred costs, and as from May 1, 2006 a positive variation of 9.962% of cost monitoring mechanism index (CMM) established in the Memorandum of Agreement.

The ENRE has decided that the amounts resulting from the application of the Transitional Tariffs Scheme in terms of the consumption accrued during the period between November 1, 2005 and January 31, 2007 be invoiced in 55 equal and consecutive installments.

The application of these new rates as from February 1, 2007, implies a positive effect on the Chilectra S.A. net results after taxes, estimated at approximately US\$1.4 million a month. Furthermore, the quantification of the effect on results in terms of the consumption for the period between November 1, 2005, and January 31, 2007, that will be invoiced in 55 installments, requires that a decision be taken on various factors, even though at this point it is not possible to precisely quantify this effect.

• At the General Shareholders' Meeting held on April 24, 2007, the following Company Directors were appointed:

1. Jorge Rosenblut
2. José Manuel Fernández
3. Hernán Felipe Errázuriz
4. Pedro Buttazzoni
5. José María Calvo-Sotelo
6. Marcelo Llévanes
7. Antonio Cámara

• At its Ordinary Session N° 4/2007, held on April 24, 2007, the Board of Directors proceeded to appoint Mr. Jorge Rosenblut Ratinoff as Chairman of the Board of Directors and Mr. José Manuel Fernández Norniella as Vice-Chairman. Furthermore, in the same session, members of the Board of Directors' Committee, namely Messrs. Jorge Rosenblut Ratinoff, Hernán Felipe Errázuriz Correa and José María Calvo-Sotelo Ibáñez-Martín were appointed.

Final Dividend

At the General Shareholders' Meeting held on April 24, 2007 it was agreed to distribute, as from May 23, 2007, a Final Dividend of \$34.3 per share, charged to the results of the period ending 2006.

Change of Director and Appointment of Board of Directors' Committee

At its Ordinary session N°7/2007, held on July 24, 2007, the Board of Directors of Chilectra S.A. accepted the

resignation of the Director Mr. José María Calvo-Sotelo Ibáñez-Martín and appointed as replacement Director, pursuant to that established in article 32 of Law N° 18.046 Mr. Joaquín Pérez de Ayala Esquivias.

Furthermore, in the same session the Board appointed Messrs Jorge Rosenblut Ratinoff, Hernán Felipe Errázuriz Correa and Joaquín Pérez de Ayala Esquivias as members of the Board of Directors' Committee.

Elesur S.A. Fine

On July 26, 2007, Chilectra S.A., subsidiary of Enersis S.A. was notified of a definitive ruling issued by the Supreme Court confirming the penalty applied by the Securities and Insurance Commission (SVS) on Elesur S.A., today known as Chilectra S.A., dated October 31, 1997. Said penalty consists of the payment of a fine, to the benefit of the State, amounting to UF 100,000 plus interests and adjustments for the use of privileged information in the sixth clause of the Strategic Alliance signed between Endesa España S.A. and Enersis S.A. dated August 2, 1997. Payment of this fine has no effect on the results of the subsidiary Chilectra S.A., in view of the fact that Endesa Internacional, the Enersis S.A. parent company, has a commitment to cover the respective cost as this was a contingency prior to the agreement entered into with Endesa Internacional for the purchase and sale of shares.

Interim Dividend

At the Board of Directors' session held on July 25, 2007, it was agreed to distribute as from August 30, 2007, an interim dividend for \$14.00 per share, charged to the results for the year 2007.

Changes in Parent Company ownership

On October 11, 2007, the Company informed the following:

1. The companies ENEL ENERGY EUROPE S.r.l. and ACCIONA S.A. (the "Bidders") jointly filed a Public Tender Offer for Shares issued by ENDESA S.A. (The "Bid"). It is worth recalling that ENDESA S.A. ("Endesa") holds 60.62% of the Enersis S.A. capital stock through its Spanish subsidiary Endesa Internacional S.A. In turn Enersis S.A. holds 99.08% of Chilectra S.A. stock.

2. The Bid was filed with the CNMV, the public entity that proceeded to sanction the bid on July 25. Subsequently, on July 30, said entity informed that the Bid's acceptance term would be extended from July 30, 2007 until October 1, 2007. The Bid's objective was 100% of the Endesa capital stock, excluding the 46.01% of shares already owned by the Bidders.

3. Through a public statement dated October 5, 2007, the CNMV announced the successful outcome of the Bid. Final liquidation of the Bid took place on October 10, 2007, following which on that date ENEL S.P.A. and ACCIONA S.A. became joint holders, directly or indirectly, of 92.06% of the Endesa S.A. capital stock.

4. Pursuant to the above, as from October 10, 2007 the controlling shareholders of our parent company, Enersis S.A. – through Endesa S.A. and Endesa Internacional S.A. – are ENEL S.P.A. and ACCIONA S.A. who, together with their respective subsidiaries Enel Energy Europe S.R.L. and Finanzas Dos S.A., on March 26, 2007 signed an agreement for joint management of Endesa S.A. The text of the abovementioned agreement was sent to the CNMV as a relevant fact on the same day as it was signed and it can be reviewed on the web site of said entity (www.cnmv.es)

ENDESA S.A. (Parent Company)

• At its session held on February 28, 2007, the Board of Directors of Empresa Nacional de Electricidad S.A. agreed to call a General Shareholders' Meeting for 10 o'clock on April 24, 2007, at the Espacio Riesco convention centre at N°5000 El Salto Avenue, Municipality of Huechuraba, Santiago; and a Extraordinary Shareholders' Meeting for the same date and place, to be held immediately after the Ordinary Meeting.

The General Shareholders' Meeting will take notice and declare on the following issues:

1. Approval of the Annual Report, Balance Sheet, Financial Statements, External Auditors Report and Account Executives Report corresponding to the financial year ending December 31, 2006;
2. Profit and Dividends Distribution;
3. Company Dividends Policy Statement and information regarding the procedures to be used in their distribution;
4. Investment and Financing Policy proposed by the Board of Directors;
5. Appointment of Board of Directors;

6. Establishing Board of Directors' Fees;
7. Establishing Board of Directors' Committee and Auditing Committee Fees;
8. Board of Directors' Committee Report;
9. Appointment of External Auditors;
10. Appointment of the Main Account Executives and two alternates, and establishing fees;
11. Other social interest issues and issues that come under the jurisdiction of the Meeting as well as information on operations referred to in article 44 of Law N° 18.046.

The Extraordinary Shareholders' Meeting will take notice and declare on the following issues:

1. Modify article 32 of the Corporate Bylaws in reference to the faculties of the General Manager, in order to adapt its text to article 40 of Law N° 18,046.
2. Modify the first transitory article of the corporate bylaws so as to reflect how the capital stock was paid.
3. Adopt all agreements necessary to comply with and implement what has been approved in the previous items.

• At the Company Board of Directors' ordinary session held on February 28, 2007, it was agreed to notify, as an essential fact, the Board of Directors agreement to modify ahead of schedule the current dividends policy presented to the 2006 shareholders meeting, so that henceforth the distribution percentage of all the 2006 fiscal year liquid assets to be paid out as Final Dividends to shareholders shall be increased from 50% to 60%.

• In view of the above and considering the liquid assets of the 2006 fiscal year and the distribution of an interim dividend paid out in the month of December of the same year in the amount of \$2.57 per share, the Board of Directors, at the same session, agreed to propose at the new ordinary shareholders meeting to be held on April 24, 2007, the distribution of a Final Dividend of \$10.84 per share that, should it be approved at the mentioned meeting will be distributed during the month of May, 2007.

• On March 9, 2006, it was noted as an essential fact, that on March 7, 2007, the Empresa Nacional de Electricidad S.A. (Endesa Chile) had proceeded to purchase from CMS Generation CO and CMS Generation S.R.L.(CMS) 2,734,110 class R shares and 1,733,390 class L shares, representing 25% of the shares of the Argentinean company Hidroinvest S.A., an investment company and controlling shareholder of Central Hidroeléctrica El Chocón S.A., as well as the acquisition of 7,405,768 shares of the latter company. The purchase price was US\$50,000,000, amount that includes a CMS financial claim on Hidroinvest S.A.

With this acquisition operation, the Endesa Chile percentage in the investment company Hidroinvest S.A. will increase from the current 69.9% to 94.9%, entailing furthermore the termination of the company's shareholders pact and the strengthening of control over Hidroeléctrica El Chocón S.A., which is controlled by Hidroinvest S.A. by 59%. The shares purchase operation was implemented within the framework of the Right of First Refusal notified by CMSA to the Company ahead of schedule.

As a result of the share acquisition that is noted in this essential fact, Endesa Chile will control, directly or indirectly a 64.7% of the Hidroeléctrica El Chocón S.A. share capital.

Hidroeléctrica El Chocón S.A., is a subsidiary of Endesa Chile acquired in 1993, it has an installed capacity of 1.320 MW and is located in Argentina's Province of Neuquén.

• At the Ordinary Shareholders' Meeting held on April 24, 2007, it was agreed to distribute, starting May 23, 2007, a Final Dividend of \$10.84 per share, charged to the 2006 fiscal year results.

Likewise, at that Meeting, the new Company Board of Directors was appointed, for a period of three years:

The Board of Directors is comprised as follows:

Jaime Estévez.
José María Fernández
Enrique García
Pedro Larrea

Héctor López
Carlos Torres
Mario Valcarce
Raimundo Valenzuela
Leonidas Vial

At an Extraordinary Board Meeting session, held on the same date, the Board of Directors agreed to appoint Mr. Mario Valcarce as Chairman of the Board of Directors as well as of the Company and Mr. Pedro Larrea Paguaga as Vice-Chairman.

At the same session it was agreed to appoint members of the Board of Directors' Committee, namely, Mario Valcarce, Raimundo Valenzuela and Jaime Estévez. Likewise, it was agreed to appoint members of the Auditors Committee, namely Messrs. Jaime Estévez, José María Fernández and Enrique García.

- On June 1, 2007 it is informed as an essential fact that, on May 31, 2007 the Empresa Nacional de Electricidad S.A., together with the companies Empresa Nacional de Petróleo (ENAP), Metrogas S.A. (Metrogas) and the British firm British Gas, proceeded to approve a document entitled Final Investment Decision Agreement (FID) on the Regasification Terminal of the Natural Liquid Gas Plant at Quintero. Following the signing of this document, the associate company GNL Quintero S.A., the natural liquid gas project's managing company situated in the locality of Quintero, 5th Region, issued the so called Full Notice to Proceed (FNTP) on the Engineering Procurement and Construction Contract (EPC) with the firm Chica Bridge & Iron (BCI), for the construction of the GNL Project's Regasification Terminal at Quintero, for the sum of close to US\$788.1 million. The total project investment including full contract costs, the above mentioned regasification plant and the corresponding terminal wharf are estimated at some US\$940 million.

With the undersigning and issuance of the above mentioned documents, as well as with the signing of other related contracts and commercial documents, the stage involving contracts of a technical nature, as well as commercial and legal issues, of a binding nature for all parties involved in the Project is terminated, initiating from this point on the actual construction stage of the Natural Liquid Gas Project.

The GNL Quintero Project consists of the construction of a regasification plant of natural liquid gas with a regasification capacity of 9 million m³/day, and an expansion possibility of up to 18 million m³/day, with two 160,000 gross m³ storage reservoirs and the possibility of expansion through an additional reservoir. The purpose of the project is to supply natural liquid gas to the different partner projects, in the case of Endesa Chile, to the combined cycle plants at San Isidro I and San Isidro II located in the province of Quillota.

With the start-up of this project construction, unheard of in our country, a memorable step has been taken towards Chilean electricity industry's independent energy production goal, objective to which Endesa Chile is fully committed.

- On June 28, 2007, it was noted as an essential fact that today, Thursday, June 28, 2007, the Empresa Nacional de Electricidad S.A. was notified by the Maire Engineering – SES – Tecnimont Chile consortium regarding the acceptance of the order to proceed, issued by that company for the construction of the Central Bocamina II, acceptance arising from the signing of the turnkey contract

The Bocamina II Plant consists of a steam-carbon 350 MW capacity plant, located on the adjacent land to the current Bocamina Plant, and it will be equipped with the latest emissions reduction technology and equipment (desulphurization of combustion gases, FGD, OFA combustion, etc) as well as a General Electric turbo-generator. Its expected generating capacity is approximately 2.000 GWh and it will use ground bituminous coal as fuel. It will connect to the Central Interconnected System through the Coronel-Hualpén 220 kV Sub-system.

The Bocamina II Plant will go into service mid 2010 and it represents an investment in the order of US\$ 620 million.

The start-up of the Bocamina II Plant in the year 2010 will mean that Endesa will have new energy with which to participate in the second energy tender proceedings by the Central Interconnected System distributing companies, contributing thus to the stability and safety of the mentioned system in the medium and long term.

- On June 30, 2007, it was noted as an essential fact, that during the Extraordinary Company Board of Directors' session, held on that same date, the Empresa Nacional de Electricidad S.A. has proceeded to notify CMS Enterprises Company (CMNS) that the Company, acting directly or through its subsidiaries, has exercised its right of first refusal granted by CMS in its global direct or indirect interest in the holdings that belong to the so-named Gasatacama Project, amounting to US\$ 80,000,000; this amount includes not only the corporate interest of the referred to companies (50%), but also the financial claims that CMS holds in terms of the Gasatacama Project firms. The operation will be finalized within the terms established by the Gasatacama shareholders pact (Atacama Consortium Agreement).

- Furthermore, on that same date Endesa Chile and Southern Cross Latin America Private Equity Fund III, L-P (Southern Cross) signed a promissory purchasing contract for 50% of the shareholding stake, direct or indirect, by Endesa Chile in the Gasatacama Project and the loans associated to said shareholding owned by the Southern Cross group amounting to US\$80,000,000; this operation is subject to the condition of Endesa Chile fully executing the purchase and sale operation of CMS shares and loans as described in the previous paragraph. Once the above mentioned condition is fulfilled, the promissory contract will be closed, so that both contract closures become part of a single and global operation

Both the execution of the right to first refusal with CMS as well as the promissory purchasing contract for shares and loans with Southern Cross were implemented and signed taking as a relevant factor and prior condition the fact that Gasatacama Generación S.A. at that same date had entered into certain master agreements for the modification of electrical supply contracts and back-up contracts; these agreements could well be extended to other contracts in the future and contain more beneficial contract conditions that will help Gasatacama Generación S.A. to cope with the difficult operative and financial situation they are currently undergoing

Conditions precedent of the master agreements referred in the above paragraph are: i) that Endesa Chile or any of its holding companies will have executed the right to first refusal for 50% of the CMS holding, directly or indirectly in the Gasatacama Project; (ii) that CMS will have transferred to Endesa Chile its direct or indirect global interest in the Gasatacama Project companies and its related loans and (iii) that subsequently Endesa Chile will have transferred the 50% of the Gasatacama Project shares and its related loans to Southern Cross

- On September 10, 2007, it was noted as a relevant fact that dated September 7, 2007, the Arbitral Court of the International Chamber of Commerce, of whom depends the arbitral tribunal that handles the legal action initiated by Endesa Chile against YPF S.A. whereby they claim compensation for damages caused by the breach of the contract signed between the parties for the supply of natural gas to the Tai Tai Plant, located in the Second Region in Chile, deriving from the lack of an export permit for its second unit, took note of the agreement by which the parties feel it worthwhile to terminate the above mentioned litigation

The above is in view of the fact that the current natural gas supply contract for the mentioned power plant was modified by both parties and the respective amendment was sanctioned by the Argentinean regulatory authority.

On October 1, 2007, it is noted as an essential fact that the Board of Directors of the Company at its session held on September 28, 2007 sanctioned the construction project for the thermo-electrical plant called Central Térmica Quintero, in the locality of Quintero, in the 5th Region, consisting of two open cycle gas turbines that will use diesel oil and natural liquid gas once the regasification plant at Quintero goes into commercial service that is currently under construction on lands adjacent to the future plant site.

The project will have a 240 MW capacity and start-up of its commercial operations is expected for the first quarter of the year 2009, thereby reducing significantly the failure probability of the Central Interconnected System for that year.

The Quintero Thermal Plant will have GE Energy-CRT turbines and the total project investment amounts to US\$128.3 million which will include the main equipment, the civil works, transportation, the connection to the system and the value of the land on which the plant will be built.

Following the Board meeting, the contracts for the purchase of the turbines from General Electric will be signed and the corresponding Order to Proceed for the start-up of the project will be delivered.

Changes in the property ownership of the Parent Company

On October 11, 2007, the following is noted as a relevant fact:

1. The companies ENEL ENERGY EUROPE S.R.L. and ACCIONA S.A. (the “Bidders”) jointly filed a Public Tender Offer for Shares issued by ENDESA S.A. (The “Bid”). It is worth recalling that ENDESA S.A. (“Endesa”) holds 60.62% of the Enersis S.A. capital stock through its Spanish subsidiary Endesa Internacional S.A., and in turn Enersis S.A. is the controlling shareholder of Empresa Nacional de Electricidad S.A. (“Endesa Chile”) with a 59.98% of its capital stock.

2. The Bid was filed with the CNMV the public entity that proceeded to sanction the bid on July 25. Subsequently, on July 30, said entity informed that the Bid’s acceptance term would be extended from July 30, 2007 until October 1, 2007. The Bid’s objective was 100% of the Endesa capital stock, excluding the 46.01% of shares already owned by the Bidders.

3. Through a public statement dated October 5, 2007, the CNMV announced the successful outcome of the Bid. Final liquidation of the Bid took place on October 10, 2007, following which on that date ENEL S.P.A and ACCIONA S.A. became joint holders, directly or indirectly, of 92.06% of the Endesa S.A. capital stock

4. Pursuant to the above, as from October 10, 2007 the controlling shareholders of Enersis S.A. – through Endesa S.A. and Endesa Internacional S.A., and Enersis S.A. – are ENEL S.P.A. and ACCIONA S.A. who, together with their respective subsidiaries Enel Energy Europe S.R.L. and Finanzas Dos S.A., on March 26, 2007 signed an agreement for joint management of Endesa S.A. The text of the abovementioned agreement was sent to the CNMV as a relevant fact on the same day as it was signed and it can be reviewed on the web site of said entity (www.cnmv.es)

• On October 31, 2007, the Company Board of Directors informed that at its session held on October 30, 2007, it agreed to pay in cash and charged to the 2007 year-end results, an interim dividend of \$2.1926 per share. This dividend shall be paid out effective December 26, 2007 to those shareholders registered in the Shareholders’ Registry at closure on the 19th day of said month.

PEHUENCHE .S.A.

• On March 01, 2007, it is noted as an essential fact that the Company Board of Directors, at its session held on February 28, 2007 agreed, in accordance with the current Company Dividends Policy, to propose to the Ordinary Shareholders Meeting that will be held on April 23 of the current year, to distribute a Final Dividend of \$41.187505 per share. Through this proposal 100% of the liquid assets of the fiscal year ending December 31, 2006 would be distributed, complying in full with the Dividends Policy informed by the Board of Directors to the General Shareholders’ Meeting held on March 20, 2006. Likewise, it was agreed to propose to the General Shareholders’ Meeting to be held next April 23, 2007 that the previously indicated dividend be paid effective May 4 of the current year to those shareholders registered in the respective Registry as from the fifth working day prior to the date established for payment.

On March 7, 2007, the Company Board of Directors informed that at its session dated February 28, 2007, it agreed to call a General Shareholders’ Meeting to be held on April 23, 2007 at 12 o’clock at the Auditorium of the Endesa Building, located in the city of Santiago, Santa Rose 76, Mezzanine, Municipality of Santiago.

The General Meeting will take notice and declare on the following issues:

1. Appointment of the Company Board of Directors;
2. Approval of the Annual Report, Balance Sheet, Financial Statements, External Auditors Report and Account Executives Report corresponding to the financial year ending December 31, 2006;
3. Profit and Dividends Distribution;
4. Company Dividends Policy Statement and information regarding the procedures to be used in their distribution;
5. Establishing Board of Directors’ Fees and its budget determination;
6. Board of Directors’ Committee Report;
7. Appointment of External Auditors;

8. Other social interest issues and issues that come under the jurisdiction of the Meeting as well as information on operations referred to in article 44 of Law N° 18,046.

• On June 29, 2007, the Company Board of Directors informed that at its session held on June 28, 2007 it agreed to the distribution of an Interim Dividend corresponding to the 2007 year-end results, in the amount of \$28.57 per share. This interim dividend shall be paid out effective July 25, 2007 to all shareholders registered in the Shareholders’ Registry five working days prior to the above mentioned date.

The respective announcement will be published in the Santiago El Mercurio newspaper on July 13, 2007.

• On September 28, 2007, the Company Board of Directors informed that at its session held on September 27 it agreed to the distribution of a Second Interim Dividend corresponding to the 2007 fiscal year, in the amount of \$40.75 per share. This dividend shall be paid out effective October 24, 2007 to all shareholders registered in the Shareholders’ Registry five working days prior to the above mentioned date.

The respective announcement will be published in the Santiago El Mercurio newspaper on October 12, 2007.

• On December 27, 2007, the Company Board of Directors informed that in its session held on December 27, 2007, it agreed to the distribution of a Third Interim Dividend corresponding to the 2007 fiscal year, in the amount of \$66.88 per share. This interim dividend shall be paid as from January 23, 2008 to all shareholders registered in the Shareholders’ Registry five working days prior to the above mentioned date.

The respective announcement will be published in the Santiago El Mercurio newspaper on January 14, 2008.

UNCONSOLIDATED FINANCIAL STATEMENTS

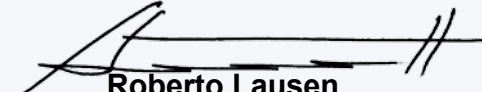
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ACCOUNT INSPECTOR'S REPORT

In accordance with the stipulations of law N° 18,046 on corporations, and in compliance with the mandate conferred by the Ordinary General Shareholders Meeting held on April 24, 2007, we have proceeded to examine the Financial Statements of Enersis S.A. for the fiscal year starting January 1, 2007, and ending on December 31, 2007.

Our work focused on the verification, on a selective basis, of the match between the figures expressed on financial statements and those on the official registers of the Company, and to this end we compared the figures presented in the general ledger against the grouping and classification spreadsheets, in order to subsequently verify that these amounts, which represented the totals of the accounts under one item, coincided with those included in the financial statements. We have no observations on this review.



Roberto Lausen
Account Inspector



Luis Bone
Account Inspector

Santiago, February 25, 2008

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Enersis S.A.


We have audited the accompanying balance sheets of Enersis S.A. as of December 31, 2007 and 2006, and the related statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements at December 31, 2007 and 2006 of certain subsidiaries and investees whose financial statements for 2007 and 2006 reflect total assets and income of 43.78% and 50.61% and 42.35% and 40.13%, respectively. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

These financial statements referred above have been prepared to reflect the unconsolidated financial position of Enersis S.A. based on the criteria described in Note 2, before consolidating line-by-line the financial statements of the subsidiaries detailed in Note 9. Therefore, for an adequate interpretation, these unconsolidated financial statements should be read and analyzed in conjunction with the consolidated financial statements of Enersis S.A. and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of Enersis S.A. as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles described in Note 2.

The accompanying financial statements have been translated into English for the convenience of readers outside of Chile.



Santiago, Chile
February 19, 2008



Daniel Fernández P.

ENERSIS S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2007 AND 2006
(In thousand pesos)

ASSETS	2007 ThCh\$	2006 ThCh\$	LIABILITIES AND SHAREHOLDERS' EQUITY	2007 ThCh\$	2006 ThCh\$
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash	179,342	174,992	Current portion of long-term debt due to banks and financial institutions (Note 12)	840,604	935,221
Time deposits	13,292,082	7,463,806	Current portion of bonds payable (Note 15)	8,564,364	9,698,084
Notes receivable, net (Note 4)	-	792	Dividends payable	387,478	16,715
Other accounts receivable, net (Note 4)	1,650,327	8,772,327	Accounts payable	205,287	397,032
Amounts due from related companies (Note 5)	188,220,255	102,349,384	Miscellaneous payables	348,244	167,090
Income taxes recoverable (Note 6)	12,215,173	4,204,604	Amounts payable to related companies (Note 5)	162,240,863	38,543,585
Prepaid expenses	6,432	22,635	Accrued expenses (Note 16)	5,040,586	5,651,885
Deferred income taxes (Note 6)	19,231,570	38,921,808	Withholdings	316,385	64,546
Other current assets (Note 7)	73,040,942	11,922,391	Income taxes payable	121,265	-
Total current assets	307,836,123	173,832,739	Other current liabilities (Note 13)	2,150,224	1,167,359
PROPERTY, PLANT AND EQUIPMENT:			Total current liabilities	180,215,300	56,641,517
Buildings and infrastructure	24,222,818	24,222,977	LONG -TERM LIABILITIES:		
Machinery and equipment	3,309,052	3,176,763	Due to banks and financial institutions (Note 14)	173,911,500	180,112,861
Other plant and equipment	861,640	803,902	Bonds payable (Note 15)	332,559,133	379,504,301
Technical appraisal	38,528	38,573	Amounts payable to related companies (Note 5)	-	108,433,809
Less: accumulated depreciation	(17,372,491)	(16,235,387)	Accrued expenses (Note 16-17)	17,950,345	22,992,104
Total property, plant and equipment, net (Note 8)	11,059,547	12,006,828	Deferred income taxes (Note 6)	-	2,758,006
OTHER ASSETS:			Other long-term liabilities (Note 18)	204,462,123	166,091,530
Investments in related companies (Note 9)	2,460,391,657	2,531,675,829	Total long-term liabilities	728,883,101	859,892,611
Investment in other companies	11,581,217	13,326,869	SHAREHOLDERS' EQUITY:		
Goodwill, net (Note 10)	625,779,400	684,890,775	Paid-in capital, no par value shares	2,594,015,458	2,594,015,458
Negative goodwill, net (Note 10)	(390,418)	(480,792)	Additional paid-in capital	184,861,405	184,861,405
Amounts due from related companies (Note 5)	327,695,685	518,365,497	Other reserves	(435,491,419)	(255,979,636)
Deferred taxes (Note 6)	8,209,361	-	Retained earnings	388,982,534	291,354,472
Intangibles	1,674,368	1,674,368	Net income for the year	188,376,410	307,121,433
Accumulated amortization	(828,780)	(744,904)	Provisional dividends	(17,534,757)	(38,924,762)
Other assets (Note 11)	59,299,872	64,240,088	Deficit of subsidiaries in development stage	-	(195,201)
Total other assets	3,493,412,362	3,812,947,730	Total shareholders' equity (Note 19)	2,903,209,631	3,082,253,169
TOTAL ASSETS	3,812,308,032	3,998,787,297	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,812,308,032	3,998,787,297

ENERSIS S.A.

INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In thousand pesos)

	2007 ThCh\$	2006 ThCh\$
OPERATING INCOME:		
Sales	5,010,645	5,043,877
Cost of sales	<u>(1,500,984)</u>	<u>(1,418,416)</u>
GROSS PROFIT	3,509,661	3,625,461
Administrative and selling expenses	<u>(20,083,426)</u>	<u>(18,099,914)</u>
OPERATING LOSS	<u>(16,573,765)</u>	<u>(14,474,453)</u>
NON-OPERATING INCOME SELLING EXPENSES:		
Interest income	35,975,390	28,473,502
Equity in income of related companies (Note 9)	291,111,546	427,222,877
Other non-operating income (Note 20)	12,481,103	7,066,726
Equity in losses of related companies (Note 9)	(9,789)	(10,384,222)
Amortization of goodwill (Note 10)	(58,314,582)	(58,388,173)
Interest expense	(54,591,866)	(52,920,897)
Other non-operating expenses (Note 20)	(878,026)	(3,221,075)
Price-level restatements, net (Note 21)	(6,331,550)	(811,507)
Exchange difference, net (Note 22)	<u>(19,551,085)</u>	<u>(4,764,421)</u>
NON-OPERATING RESULT	<u>199,891,141</u>	<u>332,272,810</u>
INCOME BEFORE INCOME TAXES AND AMORTIZATION OF NEGATIVE GOODWILL	183,317,376	317,798,357
Income tax (Note 6)	<u>5,019,251</u>	<u>(10,719,988)</u>
INCOME BEFORE AMORTIZATION OF NEGATIVE GOODWILL	188,336,627	307,078,369
Amortization of negative goodwill (Note 10)	<u>39,783</u>	<u>43,064</u>
NET INCOME FOR THE YEAR	<u>188,376,410</u>	<u>307,121,433</u>

Attached notes conforms integral part of financial Statements

ENERSIS S.A.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In thousand pesos)

	2007 ThCh\$	2006 ThCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	188,376,410	307,121,433
Changes (credits) to income which do not represent cash flows:		
Depreciation	1,446,589	1,364,542
Amortization of intangibles	83,876	83,876
Equity in income of related companies	(291,111,546)	(427,222,877)
Equity in losses of related companies	9,789	10,384,222
Amortization of goodwill	58,314,582	58,388,173
Amortization of negative goodwill	(39,783)	(43,064)
Price-level restatement, net	6,331,550	811,507
Exchange difference, net	19,551,085	4,764,421
Other credits to income which do not represent cash flows	(5,061,638)	(134,960)
Other charges to income which do not represent cash flows	956,226	3,012,956
Changes in assets which affect cash flows:		
Accounts receivable, net	(8,119)	-
Other assets	166,662,708	124,314,098
Changes in liabilities which affect cash flows:		
Decrease in accounts payable associated with operating results	(2,512,921)	(13,425,606)
Increase (decrease) in interest payable	11,932,377	6,536,088
Decrease in income tax payable	(2,511,756)	12,039,833
Decrease in other accounts payable associated with non-operating results	(4,627,170)	(21,280,817)
Net increase (decrease) in value added tax and other similar taxes payable	1,005,149	45,717
Net cash flows provided by operating activities	<u>148,797,408</u>	<u>66,759,542</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans obtained	19,912,551	175,972,374
Other loans obtained from related companies	41,299,507	35,964,282
Loans obtained from related companies	-	10,012,887
Dividends paid	(186,375,808)	(74,720,123)
Payment of loans	-	(46,059,269)
Payment of bonds	(1,538,137)	(171,391,836)
Payment of loans granted by related companies	-	(12,544,422)
Net cash used in financing activities	<u>(126,701,887)</u>	<u>(82,766,107)</u>
CHASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed assets sales	-	201,356
Other investments income (Note 23)	2,901,695	25,806,797
Proceeds from loans granted to related companies	67,433,082	24,585,175
Long-term investments in related companies	(260,834)	(13,020,863)
Documented loans to related companies	-	(220,746)
Other loans to related companies	(22,312,422)	(6,609,226)
Additions to property, plant and equipment	(564,366)	(194,572)
Other disbursements from investments (Note 23)	<u>(22,368,439)</u>	<u>(539,592)</u>
Net cash provided by investing activities	<u>24,828,716</u>	<u>30,008,329</u>
NET CASH FLOW FOR THE YEAR	46,924,237	14,001,764
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS	<u>(879,286)</u>	<u>26,208</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,044,951	14,027,972
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>14,158,045</u>	<u>130,073</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>60,202,996</u>	<u>14,158,045</u>

Attached notes conforms integral part of financial Statements

ENERSIS S.A.

NOTES TO THE FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2007)

1. REGISTRATION IN THE SECURITIES REGISTER

Enersis S.A. (the "Company") is registered in the Securities Register under N°0175 and is regulated by the Chilean Superintendence of Securities and Insurance (the "SVS"). The Company issued publicly registered American Depositary Receipts in 1993 and 1996 and is also subject to the regulation of the Securities and Exchange Commission (SEC) of the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Years covered - These financial statements reflect the Company's financial position as of December 31, 2007 and 2006 and the results of its operations, the changes in its shareholders' equity and its cash flows for the years ended December 31, 2007 and 2006.

b. Basis of preparation - The financial statements have been prepared in accordance with generally accepted accounting principles in Chile and the regulations established by the SVS (collectively "Chilean GAAP"), except for the investment in subsidiaries, which is shown in one line of the balance sheet under the equity method and, therefore, have not been consolidated line by line. This treatment does not affect the net income of the year or shareholders' equity.

These financial statements have been prepared only for stand-alone analysis of the Company and they should be read along with the consolidated financial statements required by accounting principles accepted in Chile.

These financial statements include assets, liabilities and result of the agency established in 1996 by Enersis S.A. in Cayman Islands.

c. Basis of presentation - For comparative purposes the 2006 financial statements and the amounts disclosed in the related notes have been restated by 7.4%, purchasing power. This percentage corresponds to the Consumer Price Index variation within the last twelve months, with a one-month lag.

d. Price-level restatement - The financial statements have been price-level restated in accordance with generally accepted accounting principles, to reflect the effects of the changes in the purchasing power of the Chilean peso for the years ended December 31, 2007 and 2006. The effects of these off-the-books restatements are shown in Note 21.

e. Basis of conversion - Assets and liabilities denominated in foreign currencies and/or Unidad de Fomento (UF, Inflation index linked units of accounts) are shown at their corresponding values and/or exchange rates effective at each year end using the following year-end rates:

Currency	Symbol used	2007 Ch\$	2006 Ch\$
United States dollar (Observed)	US\$	496.89	532.39
Euro	€	730.94	702.08
Inflation index linked units of account (U.F.)	UF	19.622,66	18,336.38

f. Time deposits - Time deposits are presented at original placement plus accrued interest and indexation adjustments at each year end.

g. Property, plant and equipment - Property, plant and equipment are stated at cost plus price-level restatement.

In 1986, the increase resulting from a technical appraisal of property, plant and equipment was recorded in the manner authorized by the SVS in Circulars No.'s 550 and 566 dated October 15 and December 16, 1985, respectively, and Communication N°4790, dated December 11, 1985.

At December 31, 2007, the Company has evaluated the recoverability of the book value of its property, plant and equipment in accordance with Technical Bulletin N°33 of the Chilean Institute of Accountants. As a result of this evaluation no adjustments have been determined that affect the book values of these assets.

h. Depreciation - Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. Depreciation expense was ThCh\$1,446,589 and ThCh\$1,364,542 in 2007 and 2006, respectively.

i. Intangibles - Intangibles are mainly easements recorded at acquisition cost and restated price level adjustment, such assets are amortized over their estimated useful lives in accordance with Technical Bulletin N°55 of the Chilean Institute of Accountants.

j. Investments in related companies - Investments in related companies are presented under the equity method of accounting, on the basis of the corresponding financial statements of the invested.

Investments in foreign affiliates are recorded in accordance with Technical Bulletins No. 64 and 72 (which partially revoked Technical Bulletin No. 42) of the Chilean Institute of Accountants.

The Company and its subsidiaries evaluate the recoverability of their foreign investments as required by Technical Bulletin No.72 of the Chilean Association of Accountants. At December 31, 2007 and 2006, the Company and its subsidiaries have not identified impairments in the net book values of its investments, except for the Inversiones Gas Atacama Holdings Ltda., where it's impairment test conclude that the recoverable value is lower than it's book value. According to that a loss accrual has been determine up to ThCh\$48,890,387 (See Note 9a).

k. Investments in other companies - Investment in other companies are presented at acquisition cost adjusted for price-level restatement, and it corresponds to the investment in Empresa de Energía de Bogotá where the Company has a participation of 1.41%.

l. Goodwill and negative goodwill - Goodwill and negative goodwill are determined according to Circular N°1697 (which revoked Circular N°368 at December 30, 2003 of the SVS). Amortization is calculated using the straight-line method, considering the nature and characteristic of each investment, foreseeable life of the business and investment return, and does not exceed 20 years.

The Company has evaluated at December 31, 2007 and 2006, the recoverability of the book value of its investments abroad in accordance with Technical Bulletin N°72 of the Chilean Institute of Accountants. As a result of this evaluation no adjustments have been determined that affect the book values of its investments.

m. Reverse repurchase agreements - Reverse repurchase agreements are included in "Other current assets" and are stated at cost plus interest and indexation accrued at year-end, in conformity with the related contracts.

n. Bonds - Bonds payable are recorded at the face value of the bonds. The difference between the face value and the placement value, equal to the premium or discount, is deferred and amortized over the term of the bonds.

o. Income tax and deferred taxes - At December 31, 2007 and 2006, the Company recorded current tax expense according to the tax laws. The Company records income taxes in accordance with Technical Bulletin N°60 and its complements of the Chilean Association of Accountants, and with circular N°1466 and N°1560 issued by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities using the tax rates estimated to be in effect at the time of reversal of the temporary differences that gave rise to them.

p. Severance indemnities - The severance indemnity that the Company is obliged to pay to its employees under collective bargaining agreements is stated at the present value of the benefit under the vested cost method, discounted at 6.5% and assuming an average employment span which varies based upon years of service with the Company. This assumption is according to an actuarial valuation.

q. Accrued vacation expense - In accordance with Technical Bulletin No.47 issued by the Chilean Association of Accountants, employee vacation expense is recorded on the accrual basis.

r. Pension and post-retirement benefits - Pension and post-retirement benefits are recorded in accordance with the respective Collective Bargaining Contracts of the employees based on the actuarially determined projected benefit obligation, discounted at 6.5%.

s. Revenue recognition - The Company recognizes revenues for amounts received from substations rental and electrical distribution lines in accordance with contracts with Chilectra S.A. These amounts are presented in current assets as amounts due from related companies and the corresponding cost is included in cost of sales as depreciation of the mentioned equipment and electrical installations.

t. Financial derivative contracts - As of December 31, 2007 and 2006 the Company has forward contracts, currency swaps, and interest swaps and collars with several financial institutions, defined as cover, which are recorded according to Technical Bulletin N°57 of the Chilean Institute of Accountants.

u. Computer software - The computer software has been acquired by the Company as computing packages and are presented as other fixed assets.

v. Research and development expense - During 2007 and 2006 there have been no expenses under this caption which require footnote disclosure as required by Circular No. 981 of SVS dated December 28, 1990.

w. Statements of cash flows - Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin N°50 issued by the Chilean Institute of Accountants, include cash, time deposits and repurchase agreements classified as other current assets.

For classification purposes, cash flows from operations include collections and payments to related companies for services and dividends paid.

x. Reclassifications - No reclassifications have been made for the December 31, 2006, financial statements.

3. ACCOUNTING CHANGES

There were no changes in accounting principles during the year ended December 31, 2007 that would affect the comparison with the prior year financial statements.

4. SHORT AND LONG-TERM RECEIVABLES

Details of the current and long-term other accounts as receivable, net is as follows at each year end:

Item	Until 90 days		More than 90 days up to 1 year		Total current		Long term	
	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2006 ThCh\$
Notes receivable, net	-	792	-	-	-	792	-	-
Others accounts receivable, net	268,707	8,772,327	1,381,620	-	1,650,327	8,772,327	-	-
Totals					1,650,327	8,773,119	-	-

5. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Balances of accounts receivable and payable are as follows at December 31, 2007 and 2006

a. Notes and accounts receivable:

RUT	Company	As of December 31,			
		Short-term		Long-term	
		2007	2006	2007	2006
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.800.570-7	Chilectra S.A.	8,095,663	1,680,363	79,220,771	147,219,701
96.529.420-1	Synapsis, Soluciones y Servicios IT Ltda.	61,828	4,450,193	-	-
79.913.810-7	Inmobiliaria Manso de Velasco Ltda.	78,458	117,307	-	-
96.543.670-7	Cía. Americana de Multiservicios Ltda.	369,751	360,732	-	-
Extranjera	Chilectra S.A. (Agencia en Islas Caymán)	1,344,161	1,466,512	248,474,914	274,143,596
96.764.840-K	Construcciones y Proyecto Los Maitenes S.A.	1,006	1,080	-	-
Extranjera	Edelnor S.A.	-	55,001	-	-
Extranjera	Ampla Energia e Serviços S.A.	139,278,603	52,272,048	-	97,002,200
Extranjera	Edesur S.A.	8,441	50,966	-	-
Extranjera	Luz de Rio Ltda.	38,203,732	41,122,648	-	-
Extranjera	Codensa S.A.	-	11,695	-	-
91.081.000-6	Endesa S.A. (Chile)	213,877	131,418	-	-
Extranjera	Inversiones Distrilima S.A.	-	524	-	-
96.588.800-4	Ingendesa S.A.	8,839	1,317	-	-
96.671.360-7	Túnel el Melón S.A.	551	803	-	-
96.770.940-9	Compañía Eléctrica Tarapacá S.A. (Celta)	28,979	30,799	-	-
Extranjera	Endesa S.A. (España)	272,825	293,014	-	-
Extranjera	Endesa Internacional S.A.	212,475	291,183	-	-
96.773.290-7	Aguas Santiago Poniente S.A.	26,500	10,740	-	-
96.783.220-0	Compañía Eléctrica San Isidro S.A.	344	-	-	-
76.313.310-9	Endesa Eco S.A.	14,222	-	-	-
96.504.980-0	Empresa Eléctrica Pehuenche S.A.	-	1,041	-	-
	Total	188,220,255	102,349,384	327,695,685	518,365,497

b. Notes and accounts payable:

RUT	Company	As of December 31,			
		Short-term		Long-term	
		2007	2006	2007	2006
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.800.570-7	Chilectra S.A.	365,005	361,830	-	-
96.529.420-1	Synapsis, Soluciones y Servicios IT Ltda.	1,071,120	119,469	-	-
79.913.810-7	Inmobiliaria Manso de Velasco Ltda.	25,365,585	10,952,186	-	-
96.543.670-7	Cía. Americana de Multiservicios Ltda.	9,694,591	3,275,306	-	-
Extranjera	Ampla Energia e Serviços S.A.	125,651,204	23,722,597	-	108,433,809
91.081.000-6	Endesa S.A. (Chile)	78,682	86,005	-	-
Extranjera	Edelnor S.A.	-	13,420	-	-
Extranjera	Edesur S.A.	12,422	12,772	-	-
96.526.450-7	Endesa Inversiones Generales S.A.	2,254	-	-	-
	Total	162,240,863	38,543,585	-	108,433,809

c. Transactions:

Company	Relationship	Nature of transaction	December 31, 2007		December 31, 2006	
			Income	Income	Income	Income
			ThCh\$	(expense)	ThCh\$	(expense)
			ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilectra S.A.	Affiliate	Loans	86,387,383	4,334,535	147,538,637	5,698,594
		Property rental	5,010,645	5,010,645	5,043,877	5,043,877
		Services	3,761,864	3,761,864	3,778,962	3,778,962
Inmobiliaria Manso de Velasco Ltda.	Affiliate	Loans	(25,129,178)	(1,121,181)	(10,870,468)	(488,719)
		Property rental	(459,053)	(459,053)	(231,650)	(231,650)
		Services	215,420	215,420	-	-
Compañía Americana de Multiservicios Ltda.	Affiliate	Loans	(9,498,368)	(244,973)	(3,142,854)	43,004
		Services	393,389	393,389	318,103	318,103
		Materials	(173)	(173)	(2,970)	(2,970)
		Property maintenance	(59,673)	(59,673)	(389,827)	(389,827)
Synapsis, Soluciones y Servicios IT Ltda.	Affiliate	Loans	(1,002,326)	192,361	4,394,182	338,213
		Services	(411,163)	(411,163)	(327,042)	(327,042)
Empresa Distribuidora Sur S.A.	Affiliate	Services	80,229	80,229	93,810	93,810
Endesa S.A. (Chile)	Affiliate	Loans	9,350	1,014,271	-	199,039
		Services	830,972	830,972	841,427	841,427
Aguas Santiago Poniente S.A.	Related to affiliate	Advices	80,478	80,478	-	-
Ingendesa S.A.	Related to affiliate	Services	269	269	1,396	1,396
Endesa Inversiones Generales S.A.	Related to affiliate	Property rental	(1,077,823)	(1,077,823)	(1,003,580)	(1,003,580)
Thought agencies:						
Chilectra S.A. (Agencia en Islas Caymán)	Agency of affiliate	Loans	248,474,914	16,854,705	274,143,596	15,041,604
Luz de Rio Ltda.	Related to affiliate	Loans	23,328,986	2,464,034	26,828,212	3,148,976
Eneris Internacional Ltda.	Affiliate	Loans	-	-	63,749	454
Ampla Energia e Serviços S.A.	Affiliate	Loans	(9,934,213)	(1,231,942)	(11,431,610)	(849,316)
Endesa S.A. (Agencia en Islas Caymán)	Agency of affiliate	Loans	-	-	(513,371)	(3,225)
Chilectra Internacional	Related to affiliate	Loans	-	-	-	(2,647)
Compañía Eléctrica Cono Sur	Related to affiliate	Loans	-	-	(9,485,954)	(1,427)

The transfer of short-term funds between related companies is on the basis of a current cash account, at a variable interest rate based on market conditions. The resulting accounts receivable and accounts payable are essentially on 30 day terms, with automatic rollover for the same period and settlement in line with cash flows.

Company	Type	Due date	Currency	Capital	Interest rate
Chilectra S.A.	Account receivable	2010	UF	3,068,036.48	3.40%
Chilectra S.A.	Account receivable	2010	UF	969,172.11	3.45%
Through agencies:					
Chilectra S.A. (Agency in Islas Cayman)	Account receivable	2010	US\$	337,616,020.31	7.01%
Chilectra S.A. (Agency in Islas Cayman)	Account receivable	2010	US\$	162,444,182.46	5.58%
Ampla Energia e Servicios S.A.	Account receivable	2008	US\$	169,647,479.55	11.20%
Ampla Energia e Servicios S.A.	Account payable	2008	US\$	189,640,260.29	11.17%

6. INCOME TAX AND DEFERRED TAXES

a. Income taxes recoverable as of each year-end are as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Credits for absorbed profits	12,107,746	4,179,790
Value added tax	104,427	21,592
Recoverable tax credits	3,000	3,222
Total income taxes recoverable	12,215,173	4,204,604

b. The Company has accumulated tax losses of ThCh\$288,381,386 and ThCh\$349,267,668 for the years ended December 31, 2007 and 2006, respectively.

c. In accordance with BTs N°60 and 69 of the Chilean Institute of Accountants, and Circular N°1,466 of the SVS, the Company has recorded deferred income taxes as of December 31, 2007 and 2006 as follows:

	As of December 31, 2007				As of December 31, 2006			
	Asset		Liability		Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Vacation accrual	132,966	-	-	-	152,933	-	-	-
Depreciation	-	-	-	1,254,171	-	-	-	-
Severance indemnities	-	-	-	138,543	-	-	-	1,738,224
Provisions	638,534	-	135	-	-	-	-	132,484
Bond discount	-	-	149,319	-	754,583	-	-	1,077,080
Deferred changes	-	-	8,017	926,775	-	-	151,909	100,630
Tax losses	18,459,423	23,442,146	-	127,602	50,748,294	-	8,747	-
Other events	158,118	139,946	-	-	143,693	156,313	-	726
Complementary account, net	-	-	-	677	-	-	145	(134,825)
Valuation allowance	-	(13,047,532)	-	(122,569)	(12,716,894)	-	-	-
Total	19,389,041	10,534,560	157,471	2,325,199	39,082,609	156,313	160,801	2,914,319

Assets (liabilities)	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Short-term tax (net)	19,231,570	38,921,808
Long-term tax (net)	8,209,361	(2,758,006)

Income tax expense for the years ended December 31, 2007 and 2006 is as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Deferred tax	(5,021,321)	(8,028,739)
Tax expense art.21	(313,919)	(407,375)
Adjustment for tax expense - prior year	1,335,368	(3,491,357)
Benefits for tax losses	10,228,940	1,216,714
Amortization of complementary accounts of deferred assets and liabilities	(2,967)	(9,231)
Valuation allowance	(1,206,850)	-
Total	5,019,251	(10,719,988)

7. OTHER CURRENT ASSETS

Other current assets as of each year-end are as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Deferred expense	47,161	51,448
Post-retirement benefits	796	857
Bond discount (see note 15 d)	904,778	1,045,668
Guarantee deposits (see note 25 a)	25,291,701	4,305,173
Reverse repurchase agreements (*)	46,731,572	6,519,245
Others	64,934	-
Total	73,040,942	11,922,391

(*) The detail of reverse repurchase agreements is a follows:

As of December 31, 2007									
Code	Date start	Date end	Financial Institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
CRV	27-12-2007	03-01-2008	Chile	UF	L.H.	0.46%	9,698,863	9,711,988	9,706,363
CRV	27-12-2007	03-01-2008	Crédito	UF	L.H.	0.46%	7,616,511	7,626,818	7,622,401
CRV	27-12-2007	03-01-2008	Estado	UF	L.H.	0.46%	2,645,833	2,649,414	2,647,879
CRV	27-12-2007	03-01-2008	Santander	UF	L.H.	0.46%	38,793	38,845	38,823
CRV	27-12-2007	03-01-2008	Corpbanca	UF	L.H.	0.46%	17,405	17,429	17,419
CRV	27-12-2007	03-01-2008	Central	UF	CERO	0.46%	2,439	2,442	2,441
CRV	27-12-2007	03-01-2008	BBVA Banco Bhif	UF	D.P.F.	0.46%	10,180,156	10,194,170	10,188,164
CRV	27-12-2007	03-01-2008	Central	UF	CERO	0.46%	31,448	31,490	31,472
CRV	27-12-2007	03-01-2008	Chile	UF	D.P.R.	0.46%	1,075,988	1,077,443	1,076,820
CRV	27-12-2007	03-01-2008	Santander	UF	D.P.F.	0.46%	1,978,094	1,980,771	1,979,624
CRV	27-12-2007	03-01-2008	Chile	UF	D.P.F.	0.46%	1,014,008	1,015,380	1,014,792
CRV	27-12-2007	03-01-2008	Crédito	UF	D.P.F.	0.46%	2,020,941	2,023,676	2,022,504
CRV	27-12-2007	03-01-2008	Corpbanca	UF	D.P.F.	0.46%	879,520	880,710	880,200
CRV	28-12-2007	02-01-2008	Central	UF	CERO	0.46%	1,723	1,724	1,724
CRV	28-12-2007	02-01-2008	Central	UF	BOND	0.46%	4,998,277	5,003,191	5,001,226
CRV	28-12-2007	07-01-2008	Chile	UF	L.H.	0.46%	3,500,887	3,507,655	3,502,917
CRV	28-12-2007	07-01-2008	Estado	UF	L.H.	0.46%	2,896	2,901	2,898
CRV	28-12-2007	07-01-2008	Crédito	UF	L.H.	0.46%	812,261	813,831	812,733
CRV	28-12-2007	07-01-2008	Santander	UF	L.H.	0.46%	181,066	181,415	181,172
							<u>46,697,109</u>	<u>46,761,293</u>	<u>46,731,572</u>

As of December 31, 2006									
Code	Date start	Date end	Financial Institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
CRV	29-12-2006	02-01-2007	BBVA Banco Bhif	UF	D.P.R.	0.51%	6,793	6,798	6,795
CRV	29-12-2006	02-01-2007	Santander	UF	D.P.F.	0.51%	2,240,648	2,242,172	2,241,409
CRV	29-12-2006	02-01-2007	Chile	UF	D.P.F.	0.51%	550,017	550,391	550,204
CRV	29-12-2006	02-01-2007	Estado	UF	D.P.F.	0.51%	542,652	543,022	542,837
CRV	29-12-2006	02-01-2007	Crédito	UF	D.P.F.	0.51%	1,167,661	1,168,456	1,168,059
CRV	29-12-2006	02-01-2007	BBVA Banco Bhif	UF	D.P.R.	0.51%	783,557	784,091	783,823
CRV	29-12-2006	02-01-2007	Security	UF	D.P.R.	0.51%	675,317	675,776	675,546
CRV	29-12-2006	02-01-2007	Scotiabank	UF	D.P.R.	0.51%	550,386	550,760	550,572
Total							<u>6,517,031</u>	<u>6,521,466</u>	<u>6,519,245</u>

8. PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment as of each year-end is as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Buildings and infrastructure		
Distribution lines, transmission and public lighting	<u>24,222,818</u>	<u>24,222,977</u>
Total constructions and buildings	<u>24,222,818</u>	<u>24,222,977</u>
Machinery and equipment	<u>3,309,052</u>	<u>3,176,763</u>
Other fixed assets		
Other assets	<u>861,640</u>	<u>803,902</u>
Total other fixed assets	<u>861,640</u>	<u>803,902</u>
Technical appraisal		
Buildings and infrastructure	<u>38,528</u>	<u>38,573</u>
Total technical appraisal	<u>38,528</u>	<u>38,573</u>
Total property, plant and equipment	<u>28,432,038</u>	<u>28,242,215</u>
Depreciation		
Accumulated depreciation at beginning of year:		
Buildings and infrastructure	<u>(13,350,130)</u>	<u>(12,797,106)</u>
Machinery and equipment	<u>(1,436,025)</u>	<u>(1,159,823)</u>
Other fixed assets	<u>(1,108,097)</u>	<u>(883,461)</u>
Total accumulated depreciation at beginning of year	<u>(15,894,252)</u>	<u>(14,840,390)</u>
Accumulated depreciation at beginning of year- technical appraisal of buildings and infrastructure	<u>(31,650)</u>	<u>(30,455)</u>
Total depreciation accumulated at beginning of year by technical appraisal	<u>(31,650)</u>	<u>(30,455)</u>
Depreciation of the year (cost of sales)	<u>(1,417,108)</u>	<u>(1,334,540)</u>
Depreciation of the year (selling and administrative expenses)	<u>(29,481)</u>	<u>(30,002)</u>
Total depreciation with charge on operation	<u>(1,446,589)</u>	<u>(1,364,542)</u>
Total accumulated depreciation at end of year	<u>(17,372,491)</u>	<u>(16,235,387)</u>
Total property, plant and equipment, net	<u>11,059,547</u>	<u>12,006,828</u>

b. Chilectra S.A.

On April 1, 2006, the subsidiaries Chilectra S.A. (formerly Elesur S.A.) and Chilectra S.A. merged, as was approved in a Meeting of Shareholders held on March 31, 2006. As a result of the merger and according to Technical Bulletin N°72 of the Chilean Institute of Accountants, this business combination subject to common control was recorded under the pooling of interests methodology, causing an increase of ThCh\$3,019,591 in shareholders' equity.

As a result, of the previous operation Chilectra S.A. (formerly Elesur S.A.) proceeded to reverse the valuation allowance over taxable losses for an amount of ThCh\$107,673,319.

c. Enersis Internacional Ltd.

On September 21, 2006, Enersis Internacional ceased to exist. Its assets and liabilities were awarded to Agencia Enersis. Due to the above, the following investments in related companies were awarded to Agencia Enersis: 33,336,890 shares of Distriec Inversora S.A., equivalent to 6.76%; 56,008,787 shares of Inversiones Distrilima S.A., equivalent to 12.21%; 98,539 shares of Compañía. Peruana de Electricidad S.A., equivalent to 0.1%; 536,591,907,867 shares of Ampla Energia e Serviços S.A., equivalent to 13.68%; 1,641,574,700 shares of Ampla Investimentos e Serviços S.A., equivalent to 13.68%, and 450 rights of Synapsis Argentina S.R.L, equivalent to 0.12%.

10. GOODWILL AND NEGATIVE GOODWILL

a. In accordance with current standards, recognition has been given to the excess of purchase price over the equity in net assets acquired (goodwill) in the purchase of shares as of December 31, 2007 and 2006, as follows:

Company	As of December 31,			
	2007		2006	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Empresa Nacional de Electricidad S.A.	(50,522,159)	532,586,922	(50,522,158)	583,109,081
Chilectra S.A.	(7,304,196)	88,394,519	(7,304,197)	95,698,714
Inversiones Distrilima S.A.	(1,037)	7,261	(1,193)	9,549
Codensa S.A.	(487,190)	4,790,698	(560,625)	6,073,431
	<u>(58,314,582)</u>	<u>625,779,400</u>	<u>(58,388,173)</u>	<u>684,890,775</u>

b. Following current standards, recognition has been given to the excess of the equity in the net assets purchased over the purchase price (negative goodwill) in the purchase of shares as of December 31, 2007 and 2006 as follows:

Company	As of December 31,			
	2007		2006	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Synapsis Soluciones y Servicios IT Ltda.	18,012	(76,552)	18,012	(94,565)
Inversiones Distrilima S.A.	21,771	(313,866)	25,052	(386,227)
Total	<u>39,783</u>	<u>(390,418)</u>	<u>43,064</u>	<u>(480,792)</u>

11. OTHER ASSETS

Other assets as of each year-end are as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Deferred expense	-	47,160
Deferred expenses for post-retirement benefits	3,980	4,275
Bond discount (see Note 15d)	5,425,185	6,320,870
Unrealized loss for derivative contracts	<u>53,870,707</u>	<u>57,867,783</u>
Total	<u>59,299,872</u>	<u>64,240,088</u>

12. LONG TERM DUE TO BANKS AND FINANCIAL INSTITUTIONS, SHORT TERM PORTION

a. Current portion of long-term debt due to banks and financial institutions:

Financial Institution	Currency								As of December 31,	
	US\$		Other		U.F.		ThCh\$		2007	2006
	TbCh\$	TbCh\$	TbCh\$	TbCh\$	TbCh\$	TbCh\$	TbCh\$	TbCh\$	TbCh\$	TbCh\$
Banco Bilbao Vizcaya Argentaria S.A.	111,076	123,642	-	-	-	-	-	-	111,076	123,642
Citibank, N.A., acting through its International Banking Facil	111,076	123,641	-	-	-	-	-	-	111,076	123,641
The Bank of nova Scotiabank	24,016	-	-	-	-	-	-	-	24,016	-
Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	111,076	123,642	-	-	-	-	-	-	111,076	123,642
Banco Santander Central Hispano	67,846	31,325	-	-	-	-	-	-	67,846	31,325
Deutsche Bank AG, New York Branch	28,019	123,641	-	-	-	-	-	-	28,019	123,641
ABN Amro Bank	35,024	38,928	-	-	-	-	-	-	35,024	38,928
Bank of Tokio - Mitsubishi	84,057	93,427	-	-	-	-	-	-	84,057	93,427
Sao Paulo USA	84,057	93,427	-	-	-	-	-	-	84,057	93,427
Caja de Ahorros de Galicia	24,016	26,692	-	-	-	-	-	-	24,016	26,692
Banca Monte Paschi	12,008	13,347	-	-	-	-	-	-	12,008	13,347
Banco HSBC London	70,048	77,856	-	-	-	-	-	-	70,048	77,856
Dresdner Bank	24,016	26,693	-	-	-	-	-	-	24,016	26,693
Instituto de Crédito Oficial	35,024	38,928	-	-	-	-	-	-	35,024	38,928
Banco Itaú Chile	19,213	-	-	-	-	-	-	-	19,213	-
Citibank N.A.	-	-	-	-	-	-	32	32	32	32
Total	840,572	935,189	-	-	-	-	32	32	840,604	935,221
Total principal	-	-	-	-	-	-	-	-	-	-
Weighted average annual interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

As of December 31,

2007	2006
%	%

Percentage of debt in foreign currency:

99.99	99.99
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Percentage of debt in local currency:

0.01	0.01
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Total

100.00	100.00
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13. OTHER CURRENT LIABILITIES

Other current liabilities at each year-end are as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Derivative contracts (swap collar)	2,074,007	1,100,443
Others	76,217	66,916
Total	2,150,224	1,167,359

14. LONG-TERM PORTION OF DEBT DUE TO BANKS AND FINANCIAL INSTITUTIONS

R.U.T.	Financial Institution	Currency	Years to maturity				Total long-term portion-2007	Average annual interest rate %	Total long-term portion-2006
			After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 5 years	After 5 year but within 10 years			
			ThCh\$	ThCh\$	ThCh\$	ThCh\$		ThCh\$	
Foreign	Banco Bilbao Vizcaya Argentaria S.A.	US\$	22,981,162	-	-	-	22,981,162	5.44	23,994,627
Foreign	Citibank, N.A., acting through its International Banking Facility	US\$	22,981,162	-	-	-	22,981,162	5.44	23,994,627
Foreign	Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	US\$	22,981,162	-	-	-	22,981,162	5.44	23,994,627
Foreign	Banco Santander Central Hispano S.A.	US\$	14,037,142	-	-	-	14,037,142	5.44	6,480,251
Foreign	Deutsche Bank AG, New York Branch	US\$	5,797,050	-	-	-	5,797,050	5.44	23,994,627
Foreign	Banco HSBC London	US\$	14,492,624	-	-	-	14,492,624	5.44	14,771,160
Foreign	Dresdner Bank	US\$	4,968,900	-	-	-	4,968,900	5.44	5,064,397
Foreign	Instituto de Crédito Oficial	US\$	7,246,312	-	-	-	7,246,312	5.44	7,385,580
Foreign	ABN Amro Bank	US\$	7,246,312	-	-	-	7,246,312	5.44	7,385,580
Foreign	Bank of Tokio - Mitsubishi	US\$	17,391,150	-	-	-	17,391,150	5.44	17,725,393
Foreign	Sao Paulo USA	US\$	17,391,150	-	-	-	17,391,150	5.44	17,725,393
Foreign	Banca Monte Paschi	US\$	2,484,450	-	-	-	2,484,450	5.44	2,532,199
Foreign	Caja de Ahorros de Galicia	US\$	4,968,901	-	-	-	4,968,901	5.44	5,064,400
Foreign	The Bank of nova Scotiabank	US\$	4,968,901	-	-	-	4,968,901	5.44	-
	76,645,030-K	US\$	3,975,122	-	-	-	3,975,122	5.44	-
	Total		173,911,500	-	-	-	173,911,500		180,112,861

As of December 31,

2007	2006
%	%

Percentage of debt in foreign currency:

100.00	100.00
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In November 2004 the Company obtained a syndicated loan amounting to MUS\$350 through overdraft (revolving) lines, falling due in November, 2008. The spread depends on the corporate rating given by S&P. At December 31, 2007, the risk rating is BBB, and the current spread is 0.375%.

On December 7, 2006 Enersis S.A. signed a new revolving loan for US\$200 million, falling due on December 7, 2009 with a spread above libor of 0.250%. At December 31, 2007, no withdrawals have been made.

The revolving credit of Enersis may be prepaid and drawn during the time the credit is in force.

The operation was carried out without warranties, endorsements, or investment or indebtedness restrictions.

15. BONDS PAYABLE

Details of the current portion of bonds payable is as follows at each year-end:

Bonds long-term - short-term portion

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,		
						2007 ThCh\$	2006 ThCh\$	
Yankee Bonds	1	300,000,000	US\$	6.90%	Semi annual 01/12/2006	-	-	Foreign
Yankee Bonds	2	249,734,000	US\$	7.40%	Semi annual 01/12/2016	765,224	1,101,122	Foreign
Yankee Bonds	3	858,000	US\$	6.60%	Semi annual 01/12/2026	2,345	2,698	Foreign
Yankee Bonds II	1	350,000,000	US\$	7.38%	Semi annual 01/12/2014	5,878,571	6,764,656	Foreign
Bono N° 269	B-1	14,841	U.F.	5.50%	Semi annual 15/06/2009	192,188	183,272	Local
Bono N° 269	B-2	1,817,952	U.F.	5.75%	Semi annual 15/06/2022	1,726,036	1,646,336	Local
Total short-term portion						8,564,364	9,698,084	

Details of the long-term portion of bonds payable is as follows at each year-end:

Bonds long-term

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,		
						2007 ThCh\$	2006 ThCh\$	
Yankee Bonds	2	249,734,000	US\$	7.40%	Semi-annual 01/21/2016	124,090,327	142,794,622	Foreign
Yankee Bonds	3	858,000	US\$	6.60%	Semi annual 01/12/2026	426,332	490,594	Foreign
Yankee Bonds II	1	350,000,000	US\$	7.38%	Semi annual 01/12/2014	173,911,500	200,125,401	Foreign
Bono N° 269	B-1	14,841	U.F.	5.50%	Semi annual 15/06/2009	99,684	29,263	Local
Bond N° 269	B-2	1,817,952	U.F.	5.75%	Semi annual 15/06/2022	34,031,290	35,801,421	Local
Total long-term						332,559,133	379,504,301	

Bonds payable are comprised of the following:

a. Domestic bonds

On September 11, 2001, the Superintendency of Securities and Insurance registered the issue of adjustable bearer bonds of Enersis S.A. date June 14, 2001 in the Securities Register under No. 269. This placement was made in two series, as follows:

Series	Total amount in UF	N° of bonds per series	Face value in UF
B1	1,000,000	1,000	1,000
B1	3,000,000	300	10,000
B2	1,000,000	1,000	1,000
B2	1,500,000	150	10,000

The scheduled maturity of the Series B-1 bonds is 8 years, interest and principal payable semi-annually. Annual interest is 5.50%, compounded semi-annually.

The scheduled maturity of the Series B-2 bonds is 21 years, principal payments beginning after 5 years, interest and principal payable semi-annually. Annual interest is 5.75%, compounded semi-annually.

b. International bonds (Yankee Bonds)

On November 21, 1996, the Company, acting through its agency in the Cayman Islands, issued corporate notes in United States of America (Yankee Bonds) for US\$800 million in three series, as follows:

Series	Total amount in US\$	Years to maturity	Stated annual interest rate
1	300,000,000	10	6.90%
2	350,000,000	20	7.40%
3	150,000,000	30	6.60%

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders have a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

During the second quarter of 2004, UF/US\$ swap contracts were entered into for US\$100,000,000 associated with the series 1 bond and US\$250,000,000 associated with series 2.

During November, 2006 US\$ 300 million from series one of the Yankee Bonds were amortized. This operation meant liquidating swap for US\$ 100 million associated with this bond.

During November, 2001, Enersis Internacional made a Tender Offer for total or partial cash purchase of the series 2 Yankee Bonds, with a face value of ThUS\$ 350,000 maturing at 20 years in 2016, issued by the agency of the parent Enersis S.A.

As a result of this offer, which expired on November 21, 2001, series 2 bonds for ThUS\$95,536, with a face value of ThUS\$ 100,266, were purchased.

As a result of the liquidation of Enersis Internacional S.A. on September 21, 2006, the Agency of the parent Enersis S.A. was allocated the assets and liabilities, which included such bond repurchase among its assets.

Given the above, at December 31, 2007 the bonds are presented net of the repurchase.

c. International bonds (Yankee Bonds II)

On November 24 2003, the Corporation, through its Cayman Islands Agency, issued and placed Yankee Bonds on the American market for US\$350 million. This placement was made in a single Series, whose features are as follows:

Series	Total amount in US\$	Years to maturity	Stated annual interest rate
1	350,000,000	10	7.375%

Interest is paid on a semi-annual basis and principal is due upon maturity.

During the second half of 2004, second half, debts have been re-nominated through US\$/UF swap contracts for the total of this issuance.

d. Discount on bonds placed

The discounts on Enersis S.A. bonds placed have been deferred over the same periods as the periods of the related bonds issues. The balance at December 31, 2007 amounts to ThCh\$5,425,185 (ThCh\$6,320,870 in 2006), are included in "Other assets" (note 11) and ThCh\$904,778 (ThCh\$1,045,668 in 2006) are included in "Other current assets" (note 7).

16. ACCRUED EXPENSES

a. Short-term accruals:

Accrued expenses included in current liabilities as of each year-end are as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Negative equity of investments (*)	239,674	257,409
Profit sharing and other employee benefits	2,772,114	2,844,173
Suppliers on services	2,028,798	2,550,303
Total	5,040,586	5,651,885

b. Long-term accruals:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Negative equity of investments (*)	14,568,236	19,629,874
Severance indemnities	2,558,896	2,442,740
Post-retirement benefits	823,213	919,490
Total	17,950,345	22,992,104

(*) It corresponds to the participation at December 31, 2007 in Endesa Market Place, S.S. y Luz del Río Ltda., up to ThCh\$14.568.236 (ThCh\$19.629.874 in 2006) and ThCh\$239.674 (ThCh\$257.409 in 2006) respectively, because at the year ended 2007 they revealed a negative equity.

17. SEVERANCE INDEMNITIES

Include employee severance indemnities, determined in accordance with the policy described in Note 2p, post-retirement benefits and others. An analysis of the changes in the accruals in each year is as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Opening balance as of January 1	2,274,432	2,128,378
Increase in accrual	466,758	416,135
Payments during the year	(182,294)	(101,773)
Total	2,558,896	2,442,740

18. OTHER LONG-TERM LIABILITIES

Detail of other long-term liabilities are as follows:

	As of December 31,	
	2007 ThCh\$	2006 ThCh\$
Fair value of derivative instruments	191,167,014	151,812,582
Others	13,295,109	14,278,948
Total	204,462,123	166,091,530

19. SHAREHOLDERS' EQUITY

a. During 2007 and 2006, the equity accounts movements are as follows:

	Paid-in capital M\$	Additional paid-in capital M\$	Other reserves M\$	Retained earnings M\$	Deficit of subsidiaries in development stage M\$	Provisional dividends M\$	Net income for the year M\$	Total M\$
As of January 1, 2006	2,365,606,672	168,583,950	(236,727,351)	230,391,292	-	-	68,016,865	2,595,871,428
Profit of year distribution	-	-	-	68,016,865	-	-	(68,016,865)	-
Changes in equity of affiliates	-	-	(10,585,093)	-	-	-	-	(10,585,093)
Deficit of subsidiaries in development affiliate	-	-	-	-	(181,751)	-	-	(181,751)
Dividend paid 2006 N°73	-	-	-	(32,651,166)	-	-	-	(32,651,166)
Reserve Technical Bulletin No. 72	-	-	(825,381)	-	-	-	-	(825,381)
Cumulative translation adjustment	-	-	14,766,794	-	-	-	-	14,766,794
Price-level restatement of capital	49,677,740	3,540,263	(4,971,274)	5,522,378	-	-	-	53,769,107
Provisional dividend N°74	-	-	-	-	-	(36,242,795)	-	(36,242,795)
Net income for the year	-	-	-	-	-	-	285,960,366	285,960,366
Balances as of December 31, 2006	2,415,284,412	172,124,213	(238,342,305)	271,279,769	(181,751)	(36,242,795)	285,960,366	2,869,881,909
Price-level restated balances	178,731,046	12,737,192	(17,617,311)	20,074,701	(13,450)	(2,681,967)	21,161,067	212,371,260
As of December 31, 2006	2,594,015,458	184,861,405	(255,959,616)	291,354,472	(195,201)	(38,924,762)	307,121,433	3,082,253,169
As of January 1, 2007	2,415,284,412	172,124,213	(238,342,305)	271,279,769	(181,751)	(36,242,795)	285,960,366	2,869,881,909
Profit of year distribution	-	-	-	249,535,820	181,751	36,242,795	(285,960,366)	-
Deficit of subsidiaries in development affiliate	-	-	(7,702,898)	-	-	-	-	(7,702,898)
Final dividend paid N°75	-	-	-	(159,675,172)	-	-	-	(159,675,172)
Reserve Technical Bulletin No. 72	-	-	(56,695,443)	-	-	-	-	(56,695,443)
Cumulative translation adjustment	-	-	(115,113,442)	-	-	-	-	(115,113,442)
Price-level restatement of capital	178,731,046	12,737,192	(17,637,331)	27,842,117	-	(190,784)	-	201,482,240
Provisional dividend N°76	-	-	-	-	-	(17,343,973)	-	(17,343,973)
Net income for the year	-	-	-	-	-	-	188,376,410	188,376,410
As of December 31, 2007	2,594,015,458	184,861,405	(435,491,419)	388,982,534	-	(17,534,757)	188,376,410	2,903,209,631

b. Dividends

There are no restrictions to pay dividends

Dividend Number	Payment date	Historical value (\$)	Type of Dividend
73	March 2006	1.00	Final 2005
74	December 2006	1.11	Provisional 2006
75	May 2007	4.89	Final 2006
76	December 2007	0.53	Provisional 2007

c. Number of shares

As of December 31, 2007

Number of shares subscribed	Number of shares paid	Number of shares with voting rights
32,651,166,465	32,651,166,465	32,651,166,465

d. Subscribed and paid in capital is as follows:

As of December 31, 2007

Subscribed in capital ThCh\$	Paid in capital ThCh\$
2,594,015,458	2,594,015,458

e. Other information

Detail of other reserves is as follows:

	Initial balance at January 1, 2007 ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2007 ThCh\$
Reserve for entities using remeasurement method	(34,751,311)	(7,702,898)	(42,454,209)
Reserve for accumulated conversion differences	(227,169,859)	(115,113,442)	(342,283,301)
Reserve for Technical Bulletin No. 72 (1)	5,941,534	(56,695,443)	(50,753,909)
Total	(255,979,636)	(179,511,783)	(435,491,419)

(1) In September 2007 the merger between Emgesa S.A. E.S.P and Central Hidroeléctrica Betania S.A. E.S.P implicated a diminishing on the reserves in Enersis S.A. up to ThCh\$56,695,443.

Detail of changes in the reserve for accumulated conversion differences are as follows for the year ended December 31, 2007:

	Initial balance at January 1, 2007 ThCh\$	Reserve for assets ThCh\$	Reserve for liabilities ThCh\$	Variation of the year ThCh\$	Final balance at December 31, 2007 ThCh\$
Cumulative conversion adjustment	(227,169,859)	(214,590,405)	99,476,963	(115,113,442)	(342,283,301)
Total	(227,169,859)	(214,590,405)	99,476,963	(115,113,442)	(342,283,301)

The detail of the accumulated conversion difference reserve at December 31, 2007 is as follows:

	ThCh\$
Edesur S.A.	(62,330,178)
Distrilec Inversora S.A.	(39,343,811)
Inversiones Distrilima S.A.	(16,458,393)
Cía. Peruana de Electricidad S.A.	(2,856,029)
Ampla Energia e Serviços S.A.	(63,417,051)
Ampla Investimentos e Serviços S.A.	575,883
Endesa Brasil S.A.	(57,469,692)
Codensa S.A.	(56,108,490)
Investluz S.A.	(6,723,652)
Central Geradora Termelétrica Fortaleza S.A.	(6,901,247)
Synapsis Colombia S.A.	(2,171,006)
Endesa Market Place, S.S.	427,380
Endesa Argentina S.A.	(6,911,186)
Ingendesa Do Brasil Ltda.	(249,213)
Endesa Costanera S.A.	(1,686,422)
Cía. Eléctrica Cono Sur S.A.	(17,361,846)
Emgesa S.A. E.S.P.	(890,605)
Gasatacama S.A.	(173)
Electrogas S.A.	(284)
Inversiones Electrogas S.A.	(408,128)
Hidroeléctrica El Chocón S.A.	107,804
Hidroinvest S.A.	(1,684,495)
Southern Cone Power Arg. S.A.	(397,162)
Synapsis Argentina Ltda.	(25,305)
Total	<u>(342,283,301)</u>

20. OTHER NON-OPERATING INCOME AND EXPENSES

a. The detail of other non-operating income in each year is as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Adjustments to investment in related companies	-	134,960
Project administration, maintenance and construction	6,176,957	6,299,985
Accrued negative equity	5,061,638	-
Dividends on EEB	767,190	388,542
Others	475,318	243,239
Total	<u>12,481,103</u>	<u>7,066,726</u>

b. Other non-operating expenses in each year are as follows:

	As of December 31,	
	2007	2006
	ThCh\$	ThCh\$
Accrued negative equity	-	953,853
Accrued foreign taxes	390,990	1,588,809
Others	487,036	678,413
Total	<u>878,026</u>	<u>3,221,075</u>

21. PRICE-LEVEL RESTATEMENT

The (charge) credit to income for price-level restatement as of each year-end is as follows:

	Index	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Assets			
Property, plant and equipment	I.P.C.	904,622	295,369
Accounts receivable from subsidiaries short-term	I.P.C.	13,027,662	(185,666)
	U.F.	-	44,262
Accounts receivable from subsidiaries long-term	I.P.C.	19,448,609	4,221,844
	U.F.	6,681,088	3,334,485
Investment in related companies	I.P.C.	132,470,003	39,815,316
Investment in other companies	I.P.C.	32,579,157	9,062,821
Goodwill and negative goodwill	I.P.C.	47,156,740	15,274,841
Current assets	I.P.C.	243,519	1,266,260
Other assets	I.P.C.	24,163,676	7,112,835
Cost and expense accounts	I.P.C.	848,102	195,337
		<u>277,523,178</u>	<u>80,437,704</u>
Liabilities and Shareholders' equity			
Shareholders' equity	I.P.C.	(201,482,240)	(57,748,449)
Accounts payable to subsidiaries short-term	I.P.C.	(9,104,214)	-
	U.F.	(3,119,538)	-
Accounts payable to related companies	I.P.C.	-	219,809
Due to banks and financial institutions	I.P.C.	(13,647,012)	(214,464)
Bonds payable short-term	I.P.C.	-	(3,797,933)
Bonds payable long-term	I.P.C.	(23,661,439)	(8,159,274)
Non-monetary liabilities	I.P.C.	(1,352,524)	(384,442)
Current and long-term liabilities	U.F.	(30,957,129)	(10,992,314)
Income accounts	I.P.C.	(530,632)	(172,144)
		<u>(283,854,728)</u>	<u>(81,249,211)</u>
Net charge-liabilities and shareholders' equity			
Net charge to income		<u>(6,331,550)</u>	<u>(811,507)</u>

22. EXCHANGE DIFFERENCES

The (charge) credit to income for foreign currency translation as of each year-end is as follows:

Assets	Currency	As of December 31,		Liabilities	Currency	As of December 31,	
		2007	2006			2007	2006
Current assets		ThCh\$	ThCh\$	Current liabilities		ThCh\$	ThCh\$
Cash	US\$	(221,252)	216	Due banks and financial institutions	US\$	-	(1,499,841)
Time deposits	US\$	178,363	550,160	Amount payable to related companies	US\$	10,574,510	1,101,469
Other current assets	US\$	-	366,251	Miscellaneous payable	US\$	-	(1,062)
Other account receivable	US\$	(237,938)	-				
Amounts due from related companies	US\$	(24,830,023)	211,889	Long-term liabilities			
				Due banks and financial institutions	US\$	26,113,912	(3,709,870)
				Amount payable to related companies	US\$	6,732,229	-
				Bonds payable	US\$	44,339	(1,708,086)
Non-current assets							
Amounts due from related companies	US\$	(37,077,812)	622,793				
Investment in other companies	US\$	(827,413)	(698,340)				
				Total gain (loss)		<u>43,464,990</u>	<u>(5,817,390)</u>
				Exchange difference- net income (loss)		<u>(19,551,085)</u>	<u>(4,764,421)</u>
Total gain (loss)		<u>(63,016,075)</u>	<u>1,052,969</u>				

23. CASH FLOW STATEMENT

Other income of investments	As of December 31	
	2007	2006
	ThCh\$	ThCh\$
Capital decrease Distrilima S.A.	2,901,695	-
Capital decrease Chilectra S.A.	-	13,661,088
Equity decrease Codensa S.A.	-	11,710,153
Premiums of margin call	-	435,556
	<u>2,901,695</u>	<u>25,806,797</u>
Total		
Other disbursements from investments	As of December 31	
	2007	2006
	ThCh\$	ThCh\$
Deutsche Bank Margin Call payment	22,368,439	-
Others	-	539,592
	<u>22,368,439</u>	<u>539,592</u>
Total		

24. FINANCIAL DERIVATIVES

As of December 31, 2007 the Company held the following financial derivative contracts with financial institutions with the object of reduce exposure to interest rate and foreign currency risk, as follows, which have been valued according to the note 2t:

Type	Contract	Nominal Amount US\$	Date of Maturity	Item	Sales/ Purchase	Hedged Item	Amount ThCh\$	Amount Hedged item ThCh\$	Accounts			
									Assets / Liabilities Account	Amount ThCh\$	Realized ThCh\$	Unrealized ThCh\$
S	CCTE	350,000,000	I-2014	Exchange rate	P	Bonds payable	173,911,500	173,911,500	Other liabilities	(105,889,080)	(1,345,816)	(228,878)
S	CCTE	250,000,000	IV-2016	Exchange rate	P	Bonds payable	124,222,500	124,222,500	Other liabilities	(86,963,364)	(1,870,943)	(1,845,129)
OE	CCTE	50,000,000	IV-2008	Interest rate	P	Bank obligations	49,689,000	49,689,000	Other liabilities	(109,386)	-	-
OE	CCTE	100,000,000	IV-2009	Interest rate	P	Bank obligations	24,844,500	24,844,500	Other liabilities	(279,191)	-	-

s = swap, oe = options

25. COMMITMENTS AND CONTINGENCIES

a. Collateral held by third parties:

Guarantee creditor	Subsidiary	Type guarantee	Committed assets		Balance payable of related debt at December 31.		Release of guarantees			
			Type	Currency	Book value of collateral	Currency	2007 ThCh\$	2006 ThCh\$	2007 ThCh\$	2008 ThCh\$
Deutsche Bank	Enersis S.A.	Deposits account	Deposit account	ThCh\$	25,291,701	ThCh\$	52,542,585	42,332,013	-	-

b. Litigation and other legal actions

Plaintiff : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A.
 Defendant : The Republic of Argentina
 Court : CIADI Arbitration Panel
 Case/Identification : (CIADI Case ARB/03/21)

Compensation for losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation of the power distribution concessionaire Edesur S.A. on the grounds of violation of the Investment Protection and Promotion Agreement entered into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Concession Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Concession Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Concession Contract, therefore being harmful to the investment the Plaintiff companies have made

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested.

On April 6, 2005, the allegations of the parties regarding this jurisdiction issue took place. The court decided to accept the re-petition and re-response of the parties, setting a brief term for them. And the parties met the term. On June 15, 2005, Edesur S.A. entered with the Unit for Renegotiation and Analysis of Public Services Contracts (UNIREN) into an Understanding Letter within the framework of the process for renegotiating Edesur S.A.'s Concession Contract, envisaged in Law No.25,561 and supplementary regulation. As a result of the Understanding Letter, on August 29, 2005, the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy were entered into. At the request of the Argentine Government, the Minutes of Agreement were executed again, on the same terms and conditions, on February 15, 2006, to include the new female Minister of Economy and Production. The Minutes envisage a Transitional Rate Regimen, retroactively effective beginning on November 1, 2005; require approval of the authorities for paying dividends during the life of the transitional regime; and include other aspects associated with investments, quality of service, penalties applied to Edesur, and unpaid penalties. Also, it establishes a Full Rate Revision, by which a new rate regime is to be set, which was scheduled to become effective on November 1, 2006, and for the next 5 years, under the supervision of the Ente Nacional Regulador de la Electricidad (ENRE), in accordance with law 24,065.

In addition, the Understanding Letter imposes the obligation of initially suspending, and subsequently dropping, all actions filed against the Argentinean State by Edesur S.A. and its shareholders. Such requirement would cause Enersis S.A. to suspend the international arbitration started on April 25, 2003 with the International Center for the Settlement of Disputes regarding Investments between States and Nationals of Other States (CIADI).

After publication in the Official Gazette of the Republic of Argentina of the resolution approving the rates arising from the Full Rates Revision, Enersis S.A. and its subsidiaries Chilectra S.A., Empresa Nacional de Electricidad S.A. and Edesur S.A. (currently, Chilectra S.A.) would drop the abovementioned international arbitration started with the CIADI.

On September 16, 2005 the Republic of Argentina made a filing requesting the suspension of the proceedings. It was answered on September 22, 2005 by the plaintiffs, who opposed the suspension. On September 30, 2005 the court rejected the Argentinean request, for lack of consent. On October 7, 2005, Argentina made a new filing on the same issue, which the court communicated to us on October 11, 2005, and we answered the filing on October 18, 2005.

On March 28, 2006, the court ordered the suspension of the proceedings for a term of 12 months, after which it will call on the parties to report on the status of the negotiation conducted in accordance with the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. Subsequently, the court will decide whether or not the proceedings should continue. The Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, after being approved by the Congress of the Argentine Nation, were ratified by the Executive National Argentine Power through decree 1959 of 2006, published on the Official Gazette on January 8, 2007, and now their regulation by the ENRE is pending.

ENRE Resolution 50/2007, of January 30, 2007, published in the Official Gazette on February 5, 2007, proceeded to comply with certain stipulations of the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, approving the amounts of the new Edesur Rate Table that reflects the increases in cost provided for in the Transition Rate Regimen, and issuing certain rules governing predictions contained in the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. In particular, with regard to its most important effects, the ENRE adopted the following decisions among others: 1. Approval of the new Rate Table reflecting the Transition Rate Regimen: ENRE approved the amounts of Edesur's Rate Table leading to the Transition Rate Regimen provided for in the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy and, therefore implements the increase of 23% above typical distribution costs (which does not affect T1R1 and T1R2 rates), above connection costs and above service restoration costs incurred by Edesur, as well as also the additional average increase of 5% above the above typical distribution costs earmarked for executing a works plan. 2. Date of application of the new Rate Table reflecting the Transition Rate Regimen: ENRE Resolution No. 50/2007 decreed application of the above new Rate Table starting from the invoicing of the consumption recorded after zero hours of February 1, 2007. 3. Cost Monitoring Mechanism: ENRE Resolution No. 50/2007 stipulated application of a positive variation of 9.962% of the Cost Monitoring Mechanism Indices to the service costs, with such application being made starting from May 1, 2006 (on which date the first six-month period after November 1, 2005 for review of the prices provided for in the MMC ended). For invoicing the amounts of such variation, the Resolution also stipulated that it should be broken down and charged in 55 installments. The plaintiffs petitioned the court to extend the stay of the proceedings for a further 12 month period. In this regard, on March 9, the Court issued Resolution SE No. 433/2007 whereby the Minister of Energy extended the Contractual Transition Period, provided for in the Heads of Agreement, to the date on which the rate table resulting from the Full Rate Annulment comes into force, which is February 1, 2008. The Resolution also indicated that the stay of actions provided for in the Heads of Agreement was extended through to the time when the above rate table comes into force, when actions could be taken again always provided that Edesur S.A. had fulfilled certain obligations. On August 1, 2007, the Court decided to maintain the stay through January 8, 2008, at the request of the parties. Once this period has transpired, the Court will ask the parties to report the situation of the process of negotiation as per the Heads of Agreement. Once notified of the above, the Court will issue a decision as to whether the proceedings should continue or not.

Amount US\$574,739,550

Plaintiff : Omaira Cely Vargas and Rosa Elvira Viracachá Tunarosa, through lawyer Martha Teresa Briceño de Valencia
 Demanded : Cámara de Comercio de Bogotá, Mr. Alvaro Pérez (liquidator of Luz de Bogotá), Endesa Internacional S.A., Enersis S.A., Agencia Islas Cayman, Chilectra S.A., Agencia Islas Cayman y Enersis Internacional (shareholders of Luz de Bogotá)
 Tribunal : Third Civil Court of Bogota Circuit
 Case/Identification : Case file No. 2006-0315

On July 15, 2004, Mr. Alvaro Pérez Uz (linked to the Endesa Group), liquidator of Luz de Bogotá S.A., registered minutes No. 26 of July 9, 2004, containing the final winding up count, in the Bogotá Chamber of Commerce. Payment for such registration was Col\$48,000. The remainder that was distributed to the partners amounted to Col\$1,764,208,721,394, which is the sum, according to the plaintiffs, making up the base to which 0.7% to be paid to the Department of Cundinamarca, should be applied, according to Ordinance 24 of 1997 and articles 226, 229 and 230 of Law 223 of 1995. The Chamber initially rejected the registration so that the liquidator should include the distribution of the surplus as a document with no value. Based on articles 89, 218 and 431 of the Commercial Code, the liquidator stated that the liquidation minutes did not need to state the amounts of the surplus. The Chamber accepted the argument and registered the minutes. According to the plaintiffs, the Department of Cundinamarca lost Col\$12,349,461,050 as a result. Consequently, the plaintiff petitions for the Chamber to be ordered to pay that amount, plus penalty interest, plus a penalty of 160% for inaccurate declaration, plus 15% for the tax not paid as an incentive in affairs involving administrative morality. Mrs. Martha Teresa Briceño de Valencia bought the litigation rights of Mrs. Omayra Cely and Rosa Elvira Viracachá Tunarosa, who filed the original lawsuit, for Col\$10 million.

Process status: Process is in the petition and defense stage. All defendants submitted pleas for the defense. The case file was received by the Judge of the Third Civil Court of the Bogota Circuit with the pleas for the defense, the intervention of the Department of Cundinamarca and a petition for the precautionary measures petitioned by the Chamber of Commerce (Embargo of Enersis Agencia Islas Cayman and Chilectra Agencia Islas Cayman shares in Codensa) to be resolved. The Judge then refused the precautionary measures, so the Governor's Office of Cundinamarca and the Chamber of Commerce filed an appeal for reconsideration of judgment and, failing that, an appeal to a higher court for reversal. The judge did not reconsider and sent the proceeding involving the precautionary measures to the Court of Appeal. A date was set for the agreement hearing, which is a procedure whereby the parties must propose formulas to reach an agreement. In parallel fashion, for the same concept, the Municipal Treasury has prepared a Liquidation Report on the Bogota Chamber of Commerce, which will probable lead to a proceeding related to an action under administrative law, where Endesa Internacional, Enersis Agencia and Chilectra Agencia could be included as defendants.

Amount Col\$61.36 millions - US\$30 millions

Plaintiff : Internal Revenue Service
 Defendant : Enersis S.A.
 Court : Tax Court
 Case/Identification : 10.825-07RR

On April 28, 2007, Enersis S.A. was notified of Summons No. 21 of 2007 by the Internal Revenue Service, whereby this Agency requests that the Income Tax returns filed for business years 2003 and 2004 should be clarified, amended or confirmed. The above Summons refers to several operations performed in those years. On June 28, 2007, the Summons was answered.

Process Status: On July 31, 2007, the Internal Revenue Service notified Enersis S.A. of Resolution 151, whereby it accepted Enersis S.A.'s answer to several points in the summons while maintaining its position with regard to others. The Internal Revenue Service was

requested to submit the points of disagreement to an Administrative Reconsideration with the alternative of an appeal. On December 6, 2007, Enersis S.A. was notified that the resolution held the appeal to have been filed and a report had been requested from the tax inspector.

Amount \$42,517 millions - US\$83.87 millions.

c. Restrictions:

The Company's loan agreements establish an obligation to comply with the following financial ratios:

- Enersis's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 6.5 in 2007, ending at 6.00 in 2009.
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 4.0 in 2007, ending at 3.00 in 2009.
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 2.10 in 2007 ending at 2.20 in 2009.
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 100%.
- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets, steadily until 2009.
- Minimum shareholders' equity at least equal U.F.27 million.

The financial covenants of the loan signed in 2006 are less demanding than those indicated above.

As of December 31, 2007 and 2006 all these obligations have been met.

26. SURETIES OBTAINED FROM THIRD PARTIES

The company has received certificates of deposit worth ThCh\$8,586 at December 31, 2007.

As of December 31, 2007, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount M\$
Support contract	ARC S.A.	Third	<u>8,586</u>
Total			<u>8,586</u>

As of December 31, 2006, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	ARC S.A.	Third	8,625
Contract of Sit. and Srv. Corp.	Novell Chile S.A.	Third	6,774
Contract of Sit. and Srv. Corp.	Provedores Integrales Prisa S.A.	Third	3,759
Provisioning department	Clasificadora de riesgo Humphreys	Third	739
Contract of Sit. and Srv. Corp.	Felle-Rate Clasificadora de Riesgos	Third	738
Others		-	1,330
Total			<u>21,965</u>

27. FOREIGN CURRENCIES

As of December 31, 2007 and 2006, foreign currency denominated assets and liabilities are as follows:

a. Current assets

Account	Currency	As of December 31,	
		2007 ThCh\$	2006 ThCh\$
Cash	Ch\$	71,128	93,401
	US\$	108,214	81,591
Time deposits	US\$	13,292,082	7,463,806
Notes receivables	Ch\$	-	792
Other receivables	Ch\$	1,409,520	2,074,403
	US\$	240,807	6,697,924
Amounts due from related companies	Ch\$	8,742,310	6,311,680
	US\$	179,477,945	95,745,091
	U.F.	-	292,613
Income taxes recoverable	Ch\$	12,215,173	4,204,604
Prepaid expenses	Ch\$	6,432	22,635
Deferred income taxes	Ch\$	19,231,570	38,921,808
Other current assets	Ch\$	47,684,307	7,617,218
	US\$	25,356,635	4,305,173
Total current assets		<u>307,836,123</u>	<u>173,832,739</u>

Property, plant and equipment

Account	Currency	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Buildings and infrastructure	Ch\$	24,222,818	24,222,977
Machinery and equipment	Ch\$	3,309,052	3,176,763
Other fixed assets	Ch\$	861,640	803,902
Technical revaluation	Ch\$	38,528	38,573
Depreciation	Ch\$	(17,372,491)	(16,235,387)
Total property, plant and equipment		11,059,547	12,006,828

Other assets

Account	Currency	As of December 31,	
		2007	2006
		ThCh\$	ThCh\$
Investment in related companies	Ch\$	1,982,895,814	1,982,983,408
	US\$	477,495,843	548,692,421
Investment in other companies	US\$	11,581,217	13,326,869
Negative goodwill, net	Ch\$	620,981,441	678,807,795
	US\$	4,797,959	6,082,980
Goodwill, net	Ch\$	(76,552)	(94,565)
	US\$	(313,866)	(386,227)
Deferred taxes	Ch\$	8,209,361	-
Amount due from related companies	US\$	248,474,913	371,145,795
	U.F.	79,220,772	147,219,702
Intangibles	Ch\$	1,674,368	1,674,368
Less: Accumulated amortization	Ch\$	(828,780)	(744,904)
Other assets	Ch\$	5,429,165	64,240,088
	US\$	53,870,707	-
Total other assets		3,493,412,362	3,812,947,730
	Ch\$	2,178,704,804	2,798,119,559
	US\$	1,014,382,456	1,053,155,423
	U.F.	79,220,772	147,512,315
Total assets by currency		3,812,308,032	3,998,787,297

Current liabilities

Account	Currency	Within 90 days				91 days to 1 year			
		As of December 31, 2007		As of December 31, 2006		As of December 31, 2007		As of December 31, 2006	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Due to banks and financial institutions long-term - short-term portion	US\$	840,572	-	935,189	-	-	-	-	-
	Ch\$	32	-	32	-	-	-	-	-
Bonds payable	U.F.	1,918,224	-	1,829,608	-	-	-	-	-
	US\$	5,878,571	-	7,868,476	-	767,569	-	-	-
Dividends payable	Ch\$	387,478	-	16,715	-	-	-	-	-
Accounts payable	Ch\$	205,287	-	397,632	-	-	-	-	-
Miscellaneous payable	Ch\$	348,244	-	167,090	-	-	-	-	-
	Ch\$	36,577,236	-	14,794,797	-	-	-	-	-
Amounts payable to related companies	US\$	12,422	-	26,192	-	125,651,205	-	23,722,596	-
Accrued expenses	Ch\$	5,640,586	-	5,394,476	-	-	-	257,409	-
Retained taxes	Ch\$	316,385	-	64,546	-	-	-	-	-
	Ch\$	-	-	-	-	121,265	-	-	-
Other current liabilities	US\$	2,150,224	-	1,167,359	-	-	-	-	-
Total current liabilities by currency	U.F.	1,918,224	-	1,829,608	-	-	-	-	-
	Ch\$	42,875,248	-	20,834,688	-	121,265	-	257,409	-
	US\$	8,831,789	-	9,997,216	-	126,418,774	-	23,722,596	-
Total current liabilities		23,675,261		32,661,512		126,540,039		23,980,005	

Long-term liabilities, December 31, 2007

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
		Due to banks and financial institutions	US\$	173,911,500	5.91	-	-	-	-
Bonds payable	U.F.	5,613,401	5.74	4,224,459	5.75	12,878,897	5.75	11,414,217	5.75
	US\$	-	-	-	-	298,001,827	7.39	426,332	6.60
Accrued expenses	Ch\$	-	-	-	-	-	-	17,950,345	6.50
Other long-term liabilities	Ch\$	-	-	-	-	-	-	204,462,123	-
Total long-term liabilities by currency	U.F.	5,613,401	-	4,224,459	-	12,878,897	-	11,414,217	-
	Ch\$	-	-	-	-	-	-	17,950,345	-
	US\$	173,911,500	-	-	-	298,001,827	-	204,888,455	-
Total long-term liabilities		179,524,901		4,224,459		310,880,724		234,253,017	

Long-term liabilities, December 31, 2006

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
		Due to banks and financial institutions	US\$	180,112,861	4.91	-	-	-	-
Bonds payable	U.F.	5,524,944	5.73	4,009,137	5.75	12,222,455	5.75	14,337,148	5.75
	US\$	-	-	-	-	-	-	343,410,617	7.39
Accounts payable	Ch\$	108,433,809	11.37	-	-	-	-	-	-
Accrued expenses	Ch\$	-	-	-	-	919,490	6.50	22,072,614	6.50
Deferred income taxes	Ch\$	2,758,006	-	-	-	-	-	-	-
Other liabilities	Ch\$	166,091,530	-	-	-	-	-	-	-
Total long-term liabilities by currency	U.F.	5,524,944	-	4,009,137	-	12,222,455	-	14,337,148	-
	Ch\$	168,849,536	-	-	-	919,490	-	22,072,614	-
	US\$	288,546,670	-	-	-	-	-	343,410,617	-
Total long-term liabilities		462,921,150		4,009,137		13,141,945		379,820,379	

28. SANCTIONS

The Company and its directors has not been the subject to sanctions by the SVS nor by any other administrative authorities.

29. SUBSEQUENT EVENTS

On January 25, 2008, in accordance with the provisions of articles 9 and 10, paragraph two, of Law 18.045, on the Securities Market, and the provisions of General Regulation No. 30, the following relevant event was reported to the Superintendency of Securities and Insurance:

The investee of Endesa Chile, Gasatagama Generación S.A. (GAG), was notified of the verdict in its arbitration with the power distribution companies Empresa Eléctrica de Arica S.A., Empresa Eléctrica de Iquique S.A. and Empresa Eléctrica de Antofagasta S.A., being heard by the arbitrator Ricardo Peralta. In this arbitration, GAG was petitioning for the termination of the power supply contracts it had signed with the above distributing companies.

The result of the arbitration went against GAG, which worsens this investee's operating and financial position. At this date, it is negotiating with mining companies to finance the deficit involved in performing the supply contracts with the distributing companies at a node price considerably lower than GAG's production cost, in an energy situation in the Norte Grande Grid marked by an absolute lack of natural gas from Argentina and a fuel oil price that has increased continuously over the last few months.

Although the sentence has not been declared enforceable, since the possibility exists of lodging various appeals, GAG's management will be responsible for adopting the legal and business decisions contemplated in Chilean legislation for these cases, in light of the operating and financial position described above.

Endesa Chile will report the decisions adopted by this investee, in which our company indirectly holds a 50% ownership interest, in due time.

No other significant events that might affect these financial statements have occurred in the period from January 1, 2008 to their date of issue.

30. ENVIRONMENT

As of December 31, 2007, the Company has not incurred in environmental expenses.



JUAN CARLO WIECZOREK C.
Assistant Accounting Manager Chile



IGNACIO ANTOÑANZAS ALVEAR
General Manager

ANALYSIS OF THE FINANCIAL STATEMENTS OF ENERSIS S.A.

ECONOMIC AND FINANCIAL SUMMARY

The Enersis result amounted to Ch\$188,376 million that represents an increase of 13.3% with respect to the year 2006, measured in homogeneous terms, that is, eliminating the positive effect on deferred taxes of Ch\$140,835 million as a result of the merger of the Chilectra subsidiary with Elesur that took place this year.

This result is reduced by an impairment loss provision in the Investment in Gas ofacama Holding Ltda., which does not represent cash flow, amounting to Ch\$48,890 million (Ch\$29,324 million net of minority payments).

The most important issues during the 2007 period as compared to the year 2006 can be summarized as follows:

- Operating Revenues grew 12.8% to Ch\$4,686,676 million, explained by 24.2% increased revenue in the Generation and Transmission Operations and a 3.9% in the Distribution Operations.
- The Operating Margin grew 10.9% amounting to Ch\$1,522,811 million.
- The Operating Profit increased 11.0%, amounting to Ch\$1,255,567 million

Generation and Transmission	9.3%
Distribution	11.7%

- The energy demand continued to grow in the countries where we operate:

Chile	4.0%
Argentina	5.2%
Brazil	4.8%
Columbia	4.0%
Peru	10.7%

- In the Distribution Operations, physical sales as well as customers continued to increase by 5.7% and 3.4% respectively. Furthermore, the accumulated energy losses remained at 11.2%.
- The merger between the Columbian generating companies, Emgesa and Betania took place on September 1.
- During this year, the construction of the Bocamina II (350 MW) and the Quintero (240 MW) plants were given the go-ahead and the San Isidro II (350 MW), Palmucho (3 MW) and Canela (18MW) plants went into operation).
- Standard & Poor's raised the Enersis and Endesa Chile rating to BBB (stable), both of them being classified with an investment grade by the three international agencies.
- Likewise, the national agencies Feller Rate and Fitch improved their local rating to AA- (stable), reflecting operating and financial strengthening of these companies

MARKET IN WHICH THE COMPANY OPERATES

The Enersis corporate activities are run through subsidiary companies that operate in the different businesses in the countries where the company is present. Enersis' most relevant businesses are the Generation, Transmission and the Distribution of Electricity

The following tables reflect some of the key indicators of the companies in the different operating countries as of December 31, 2007 and 2006.

Company	Markets in which operates	Generation and Transmission Operations			
		Energy Sales (GWh)		Market Share	
		Dec-06	Dec-07	Dec-06	Dec-07
Endesa Chile (1)	SIC y SING	20,923	19,212	41.6%	36.5%
Endesa Costanera	SIN	8,736	8,450	8.9%	8.2%
El Chocón	SIN	5,191	3,956	5.3%	3.8%
Edegel	SICN	6,766	7,994	30.4%	32.5%
Emgesa (2)	SIN	12,273	15,613	17.4%	21.5%
Betania (2)	SIN	3,054	-	4.3%	-
Cachoeira Dourada	SICN	4,177	4,643	1.2%	1.3%
Endesa Fortaleza	SICN	2,690	2,705	0.8%	0.7%
CIEN	SICN	6,394	6,232	n/a	n/a
Total		70,204	68,805		

(1) includes Endesa Chile and its generating subsidiaries in Chile
(2) on September 1, 2007 the Betania and Emgesa companies merged.

Company	Distribution Operations							
	Energy Sales (GWh) (*)		Energy Losses (%)		Clients (Thousands)		Clients / Employees	
	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07	Dec-06	Dec-07
Chilectra	12,377	12,923	5.4%	5.9%	1,437	1,483	2,030	2,037
Edesur	14,837	15,833	10.5%	10.7%	2,196	2,228	912	879
Edelnor	4,874	5,201	8.2%	8.1%	952	986	1,737	1,813
Ampla	8,668	8,985	21.9%	21.4%	2,316	2,379	1,639	1,718
Coelce	6,769	7,227	13.0%	12.5%	2,543	2,689	1,937	2,073
Codensa	10,755	11,441	8.9%	8.7%	2,138	2,209	2,289	2,373
Total	58,280	61,610	11.2%	11.2%	11,582	11,974	1,582	1,614

(*) Including end-customer sales, tolls and inter-company sales

1. INCOME STATEMENT ANALYSIS

As of December 31, 2007 the company achieved a profit amounting to Ch\$188.376 million, that reflects a decline of Ch\$118,746 million with respect to the previous year when the profit amounted to Ch\$307,122 million.

A comparison and the variation of each one of the financial statement items is presented in the following chart:

Income Statement (Million Ch\$)	Dec-06	Dec-07	Var. Dec 07 - 06	Var. % Dec 07-06
Operating Revenues	4,155,845	4,686,676	530,831	12.8%
Operating Costs	(2,782,687)	(3,163,865)	(381,178)	(13.7%)
Operating Margin	1,373,158	1,522,811	149,653	10.9%
Selling and Administrative Expenses	(241,527)	(267,244)	(25,717)	(10.7%)
Operating Income	1,131,631	1,255,567	123,936	11.0%
Net Income from Related Companies	5,412	(54,761)	(60,173)	N.A.
Net other Non Operating Income (Expense)	(111,089)	(149,389)	(38,300)	(34.5%)
Net Interest (Expense)	(280,336)	(29,088)	(10,542)	(3.8%)
Positive Goodwill Amortization	(60,045)	(59,814)	231	0.4%
Price Level Restatement	1,307	(10,803)	(12,110)	N.A.
Foreign Exchange Effect	5,722	6,786	1,064	18.6%
Non Operating Income	(439,029)	(558,859)	(119,830)	(27.3%)
Net Inc before Taxes	692,602	696,708	4,106	0.6%
Income Tax	(102,257)	(253,148)	(150,891)	(147.6%)
Minority Interest	(289,750)	(259,606)	30,144	10.4%
Negative Goodwill Amortization	6,527	4,422	(2,105)	(32.3%)
NET INCOME	307,122	188,376	(118,746)	(38.7%)
Net Inc b. Taxes, Min Int and Neg Goodwill Amort.	1,737,098	1,738,624	1,526	0.1%
Earnings per Share Ch\$	9.41	5.77	(3.64)	(38.7%)

(*) Profits before taxes, interest, depreciation, amortization and extraordinary items

The operating result reflected a negative variation of Ch\$2,100 million, this variation being mainly explained by increased administration and sales expenditure where greater remuneration costs as well as other costs associated to personnel amounting to Ch\$1,067 million were recorded, in addition to greater administrative expenditure and services amounting to \$905 million.

The Company's non-operating result dropped by Ch\$132,382 million equivalent to a 39.8% going from a Ch\$332,273 million profit in 2006 to a profit of Ch\$199,891 million for 2007.

The above can be explained in view of the following variations:

The net financial income reflected a positive variation of Ch\$5,831 million compared to the same period of the previous year, this variation is due to increased net financial income amounting to Ch\$7,502 million, mainly in interest payments from related companies, offset by lesser financial expenditure amounting to Ch\$1,671 million.

Investments in related companies as of December 31, 2007 showed a negative variation of Ch\$125,736 million; this reduction is due to decreased investment results explained mostly by the merger in April 2006 between Chilectra S.A. and Elesur S.A., reflecting thereby decreased profits of Ch\$126,572 million for the current period; furthermore, Enersis Internacional, Endesa S.A., Codensa S.A., Ampla Energia e Serviços S.A., Synapsis Argentina S.R.L., all showed decreased results which meant lower investment profits of Ch\$18,920 million, offset by improved results in Edesur S.A., Distrilec Inversora S.A., Synapsis Soluciones y Servicios IT Ltda., Inmobiliaria Manso de Velasco Ltda., Compañía Americana de Multiservicios Ltda., Endesa Brasil S.A., Inversiones Distrilima S.A., Compañía Peruana de Electricidad S.A., Synapsis Colombia S.A. for Ch\$26,430 million.

Other non-operating revenue and expenditure showed a positive variation of Ch\$7,757 million; said effect is explained mainly by:

- Net profit on the negative equity provision for Ch\$6,016 million.
- Reduction of other expenditure due to taxes abroad and other expenses for Ch\$1,321 million.
- Dividend Payments received from Empresa Eléctrica de Bogota amounting to Ch\$379 million.

The Postponed Correction reports a negative variation of Ch\$5,520 million due mainly to a 7.4% inflation effect as of December 2007 on non monetary assets and liabilities.

Exchange Rate Adjustments experienced a negative variation of Ch\$14,787 million with respect to December 2006 when a loss of \$4.764 million was reported, at a time when the peso was devalued by 1.78% in real terms, whilst in December 2007 a loss of Ch\$19,551 million was generated, period in which the peso was re-valued by 14.07% in real terms. The above resulted from an improved active market gap in dollars as of December 2007 with regard to the same period of the previous year.

Income Taxes and Deferred Taxes report a positive variation of Ch\$15,739 million given a greater recognition on account of tax loss benefits amounting to Ch\$9,012 million, income adjustments from the previous fiscal year amounting to Ch\$4,826 million, and an increase in deferred taxes due to increased tax loss whose effect is Ch\$1,800 million.

2. EXCHANGE AND INTEREST RATE RISK ANALYSIS

A high percentage of the company's loans are held in dollars since part of its revenue flows are held in this currency. Notwithstanding this natural economic hedge, in a scenario of high dollar volatility the company has continued with its policy of partially hedging its mismatched accounting between liabilities and assets in dollars, aimed at mitigating the fluctuations in its results caused by variations in exchange rates.

In view of the significant reduction in the mismatched accounting position in recent years, which has reached prudent levels, the Company has modified its dollar-peso hedging policy so as to establish a cash flow hedging policy together with a maximum mismatched accounting position above which hedging transactions are made. As of December 31, 2007, the Company, on an individual basis, had hedged through dollar-UF swap contracts amounting to US\$ 600 million. As of the same date of the previous year, the Company hedged US\$ 600 million in dollar-UF Swap contracts as part of the new hedging policy mentioned above.

Regarding the interest rate risk, the Company has a ratio of fixed and variable rate debt of approximately 85% / 15% / fixed / variable percentages as of December 31, 2007. The fixed rate debt percentage has dropped as compared to the same period of the previous year when the ratio was 90% / 10%, given primarily to the refinancing of maturities, with new debt at a variable rate. Despite this, the risk levels have been kept within the hedging levels established by Company policy.

3. BALANCE SHEET ANALYSIS

Assets (Million Ch\$)	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Current Assets	173,833	307,836	134,003	77.1%
Fixed Assets	12,007	11,060	(947)	(7.9%)
Other Assets	3,812,947	3,493,412	(319,535)	(8.4%)
Total Assets	3,998,787	3,812,308	(186,479)	(4.7%)

The Company's total assets showed a decline of Ch\$186,479 million compared to the same period of the previous year, mainly due to:

- Reduction in long and short term accounts receivable from related companies amounting to Ch\$104,799 million, explained by partial payments of Chilectra S.A. structured loans amounting to Ch\$67,999 million, plus the exchange rate effect for Ch\$25,669 million.
- Reduction of investments in related companies, for a net amount of Ch\$71,284 million, mainly due to the negative variations at Endesa S.A., Endesa Brasil S.A., Codensa S.A., Ampla Energia e Serviços S.A., Edesur S.A., Distrilec Inversora S.A., Inversiones Distrilima S.A., Ampla Investimentos e Serviços S.A., Cia. Peruana de Electricidad S.A. amounting to Ch\$97,1321 million, off-set by positive variations in investments by Chilectra S.A., Compañía Americana de Multiservicios Ltda., Inmobiliaria Manso de Velasco Ltda., Synapsis Soluciones y Servicios IT Ltda., Synapsis Argentina S.R.L., Synapsis Colombia Ltda., amounting to Ch\$25,848 million.
- Reduction in Negative Goodwill Investments amounting to Ch\$59,111 million, mainly with Endesa S.A. and representing a one year amortization period.
- Reduction of sundry debtors amounting to Ch\$7,122 million principally given a lesser recognition on account of dividends to be paid by related companies.
- Reduction in short and long term deferred taxes amounting to Ch\$11,480 million, due to decreased tax loss benefits.
- Increase of other short and long term assets for Ch\$56,178 million, mainly due to a rise in the repurchase (buyback) commitment pacts amounting to Ch\$40,212 million, guarantee deposits amounting to Ch\$20,987 million, off-set by the unrealized loss on derivative contracts for Ch\$3,997 million.
- Increase in tax refunds due, resulting from credits on absorbed profits amounting to Ch\$7,928 million.

Liabilities (Million Ch\$)	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Current Liabilities	56,641	180,215	123,574	218.2%
Long Term Liabilities	859,893	728,883	(131,010)	(15.2%)
Equity	3,082,253	2,903,210	(179,043)	(5.8%)
Total Liabilities	3,998,787	3,812,308	(186,479)	(4.7%)

Accounts payable increased by Ch\$7,436 million with respect to December 2006, equivalent to 0.8% and explained primarily by:

- Reduction of short and long term public obligations amounting to Ch\$48,079 million, mainly due to variations in the exchange rate.
- Reduction of short and long term banking and financial institution obligations amounting to Ch\$6,296 million due mainly to the effect of the exchange rate for Ch\$26,209 million, off-set by transfers from revolving lines of credit.
- Reduction of short and long term reserves amounting to Ch\$5,653 million, mainly in the negative equity reserves.
- Reduction in long term deferred taxes amounting to Ch\$2,758 million.
- Increase in other long and short term liabilities amounting to Ch\$39,354 million due to the Swap contracts valuation.
- Increase in short and long term accounts receivable for Ch\$15,264 million, mainly due to the corporate current accounts of Manso de Velasco Ltda and the Compañía Americana de Multiservicios Ltda., and Synapsis Soluciones y Servicios IT Ltda., amounting to Ch\$21,617 million, off-set by the exchange rate effect on related company accounts receivable for Ch\$6,505 million.

In regard to net worth, it should be pointed out that it has been subject to a negative variation of Ch\$179,043 million as compared to December 2006. This is explained to the most part by dividend payments amounting to Ch\$187,908 million, a reduction in reserves of Ch\$179,511 million, and the results for the period amounting to Ch\$188,378 million.

Major Indicators:

	Indicator	Unit	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Liquidity	Current Ratio	Times	3.07	1.71	(1.36)	(44.3%)
	Acid Test (1)	Times	3.07	1.71	(1.36)	(44.3%)
	Working capital	MM Ch\$	117,192	127,621	10,429	8.9%
Debt	Debt Ratio	Times	0.30	0.31	0.01	3.3%
	Short-term debt	%	0.06	0.20	0.14	233.3%
	Long-term debt	%	0.94	0.80	(0.14)	(14.9%)
	Interest Coverage (2)	Times	8.06	5.24	(2.82)	(35.0%)
Profitability	Return on Equity	%	9.96%	6.49%	(3.47%)	(34.8%)
	Return on Assets	%	7.68%	4.94%	(2.74%)	(35.7%)

(1) Net current asset of prepaid expenses
(2) RAIIDAIE (EBIDTA) used, divided by financial expenditure

The evolution of the main financial indicators is as follows:

The liquidity ratio as of December 2007 was 1.71:1, a reduction of 1.36 points versus the same period of the previous year due to the transfer to the long term of the accounts payable and receivable with related companies.

The debt ratio was 0.31:1 as of December 2007, which when compared to the same period in 2006, shows a variation of 0.01, due to the effect of the rate of exchange on debts in dollars.

Furthermore, the annual equity profit amounted to 6.49% which at the same period last year was 9.96%. This decline of 3.47% is mainly due to a lesser recognition on account of the result, off-set by greater dividend payments versus the same period of the previous year.

4. MAIN CASH FLOWS

The company generated a positive cash flow of Ch\$46,924 million for the period, comprised of the following items:

Cash Flows (Million Ch\$)	Dec-06	Dec-07	Var.Dec 07-06	Var. % Dec 07-06
Operating	66,760	148,797	82,037	122.9%
Financing	(82,766)	(126,702)	(43,936)	53.1%
Investment	(30,008)	(24,829)	(5,179)	(17.3%)
Net Cash flow for the year	14,002	46,924	32,922	(235.1%)

The operational activities generated a positive net cash flow of Ch\$148,797 million; this flow consists mainly of a profit of Ch\$188,376 million for the period, plus a positive variation in assets and liabilities that affect the operational cash flow by Ch\$169,940 million, off-set by charges to results that do not represent cash flow amounting to Ch\$209,519 million.

The financing activities generated a negative net cash flow of Ch\$126,702 million, originated mainly by dividend distributions amounting to Ch\$186,376 million, payment of public obligations for Ch\$1,538 million, offset by the procurement of loans with related companies for Ch\$41,300 million and the procurement of bank loans for Ch\$19,912 million.

The investment activities generated a positive net cash flow of Ch\$24,829 million which is explained primarily by other loans from related companies for Ch\$67,433 million, other investment revenue for Ch\$2,902 million, off-set by other investment payments amounting to Ch\$22,369 million, other loans to related companies for Ch\$22,312 million, the incorporation of fixed assets to the amount of Ch\$564 million and long term investments in related companies for Ch\$261 million.

II. BOOK VALUE AND ECONOMIC VALUE OF ASSETS

Regarding the more important assets, the following should be mentioned:

The value of fixed assets is adjusted according to the accountancy criteria established by the Superintendencia for Securities & Insurance Companies (S.V.S.) in their 1985 Circulars N° 550 and 566. In the case of Sociedad Extranjera Inversiones Distrilima S.A. the fixed asset value was adjusted according to the exceptional criteria set out in Technical Bulletin N° 45 of the Chilean Accountants Association (Colegio de Contadores de Chile A.G.), regulation in force at the time of investment and not modified by Technical Bulletin N° 51 which replaced it.

Depreciation is based on the updated asset value according to the years of useful life remaining on each one.

Investments in related companies are valued at proportional equity value. In the case of foreign companies, this method is applied to the financial results submitted in accordance with the regulations established in Technical Bulletins N° 72 and 64 of the Chilean Accountants Association and the intangible assets are currency corrected and amortized according to the regulation established in Technical Bulletin N° 55 of the Chilean Accountants Association.

In keeping with the S.V.S. Official Circular N° 150 dated January 31, 2003, the company has assessed the recoverability of investment associated assets as of the 2006 year-end closing pursuant to that established by Technical Bulletin N° 72 of the Chilean Accountants Association.

As of December 31, 2007, the company considers that there is no indication of potential impairment loss that would imply a different result than that obtained with the analysis performed as of December 31, 2006, except in the case of Gasoducto Atacama. The company performed an impairment test on its investment in Gasoducto Atacama and determined that the recovery value exceeds the book value.

Assets expressed in foreign currency are submitted at the exchange rate in force at the closing of the period.

Investments in securities with pacts are submitted according to their purchase value plus the interest portion responding to the implicit rate of each operation.

Notes and accounts receivable from related companies are classified according to their short and long term maturities. These operations are adjusted according to prevalent market equity conditions.

In summary, assets are valued according to the widely accepted accounting principles and regulations and the pertinent instructions given by the Superintendencia for Securities & Insurance Companies, expressed in Note 2 of the Financial Statements.

ENERSIS S.A. HIGHLIGHTS

Chilectra S.A. Notification Ruling N°7/ 2006

On January 15, Chilectra S.A., a 99.09% Enersis S.A. subsidiary, was notified by Ruling N° 7-2006 dated January 12, 2007, issued by the Panel of Experts contemplated under the Electrical Services General Law, whereby the differences originating from the Technical Report that contains observations and corrections to the research performed in order to establish de Sub-transmission Annual Value as well as the respective tariff formulas were resolved and approved by the National Energy Commission through its Exempt Resolution N° 695 dated October 31, 2006.

Said Ruling N°7-2006, upon substantially rejecting the discrepancies posed by our subsidiary, could probable give rise to the fact that the process of setting sub-transmission rates might end up in a revenue reduction for Chilectra S.A. in energy and capacity sales of approximate 28 billion Chilean pesos a year, before taxes, which would mean an approximate annual reduction of 4.6% of the mentioned revenue. This ruling implies a negative effect on net results after taxes for Enersis S.A., which is estimated at approximately 23 billion Chilean pesos a year.

Notwithstanding the above, our subsidiary Chilectra S.A. is analyzing all possible actions and remedies regarding to the challenge procedure to the above mentioned ruling.

Edesur S.A. Resolution ENRE N°50/ 2007

In June, 2005 we informed, as an essential fact, that our Argentine subsidiary, Empresa Distribuidora Sur Sociedad Anónima (EDESUR), had signed a Letter of Understanding with the Renegotiation and Public Services Contracts Unit (UNIREN) in the Argentine Republic. Pursuant to what is established by said Letter of Understanding, dated August 29, 2005, EDESUR signed a Memorandum of Understanding of Adjustment to the Edesur S.A. Distribution and Marketing Concession Contract (Memorandum of Understanding), that took into account, amongst other things, a Transitional Tariff Scheme, an Integral Tariff Revision and a new rates scheme as a result of the mentioned Revision.

On February 5, 2007, the National Electricity Regulating Board (ENRE) published its ENRE Resolution N° 50/2007 in the Official Bulletin sanctioning the values of the EDESUR Rate Table in force as from February 1, 2007 resulting from the Transitional Tariffs Scheme foreseen in the Memorandum of Understanding. Upon the terms and conditions of the Memorandum of Understanding's reference to the Transitional Tariffs Scheme taking operational effect, an increase of 23% is enforced on all own distribution costs (not affecting the residential rates T1R1 and T1R2), on connection and reactivation costs received by Edesur, as well as an additional average increase of 5% on the above mentioned own distribution costs intended for the implementation of a project plan. Likewise, the ENRE decided to apply to the already deferred costs, and as from May 1, 2006, a positive variation of 9.962% of the cost monitoring mechanism index (CMM) established in the Memorandum of Understanding.

The ENRE has decided that the amounts resulting from the application of the Transitional Tariffs Scheme in terms of consumption accrued during the period between November 1, 2005 and January 31, 2007 be invoiced in 55 equal and consecutive installments.

The application of these new rates as from February 1, 2007, implies a positive effect on the Enersis S.A. net results after taxes, estimated at approximately US\$2.6 million a month. Furthermore, the quantification of the effect on results in terms of the

consumption for the period between November 1, 2005 and January 31, 2007 that will be invoiced in 55 installments, requires that a decision be taken on various factors, even though at this point it is not possible to precisely quantify this effect.

Final Dividend

On February 28, 2007, the Board of Directors of Enersis S.A., agreed unanimously by all members present to propose to the Enersis S.A. General Shareholders' Meeting scheduled for April 24, 2007, the distribution of a definitive dividend representing 70% of the liquid assets of the company, that is to say \$6.00 per share to be discounted from the interim dividend of \$1.11 per share paid out in December 2006. Thus, the amount to be distributed amongst shareholders in May 2007 will be \$4.89 per Company share.

Pursuant to the agreement by the Enersis S.A. General Shareholders' Meeting held on April 24, 2007, it was agreed to pay the definitive dividend N° 75. This represents a total distribution of M\$159,675,172 charged to results as of December 31, 2006.

The above modifies to such effect the current dividend policy that considers a definitive dividend distribution of 60% of Company liquid assets.

Subsidiary Fine

On July 26, 2007, Chilectra S.A., subsidiary of Enersis S.A. was notified of a definitive ruling issued by the Supreme Court confirming the penalty applied by the Superintendencia for Securities & Insurance Companies on Elesur S.A., today known as Chilectra S.A., dated October 31, 1997 (notified by Note 28 b of the consolidated financial statements). Said penalty establishes payment of a fine, to the benefit of the State, amounting to UF 100,000 plus interests and adjustments, for the use of privileged information in the sixth clause of the Strategic Alliance signed between Endesa España S.A. and Enersis S.A. dated August 2, 1997. Payment of this fine has no effect on the results of the subsidiary Chilectra S.A., in view of the fact that Endesa Internacional, the Enersis S.A. parent company, has a commitment to cover the respective cost as this was a contingency prior to the agreement entered into with Endesa Internacional for the purchase and sale of shares.

Changes in Parent Company ownership

On October 11, 2007, the following essential fact was informed:

1. The companies ENEL ENERGY EUROPE S.R.L. and ACCIONA S.A. (the "Bidders") jointly filed a Public Tender Offer for Shares issued by Endesa S.A. (The "Bid"). It is worth recalling that Endesa S.A. ("Endesa") holds 60.62% of the Enersis S.A. capital stock through its Spanish subsidiary Endesa Internacional S.A.

2. The Bid was filed with the Comisión Nacional del Mercado de Valores de España ("CNMV") (the Spanish Stock Exchange Commission), the public entity that proceeded to sanction the bid on July 25. Subsequently, on July 30, said entity informed that the Bid's acceptance term would be extended until October 1, 2007. The Bid's objective was 100% of the Endesa capital stock, excluding the 46.01% of shares already owned by the Bidders

3. Through a public statement dated October 5, 2007, the CNMV announced the successful outcome of the Bid. Final liquidation of the Bid took place on October 10, 2007, following which, on that date, ENEL S.P.A. and ACCIONA S.A. became joint holders, directly or indirectly, of 92.06% of the Endesa S.A. capital stock.

4. Pursuant to the above, as from October 10, 2007 the controlling shareholders of Enersis S.A. – through Endesa S.A. and Endesa Internacional S.A. – are ENEL S.P.A. and ACCIONA S.A. who, together with their respective subsidiaries Enel Energy Europe S.R.L. and Finanzas Dos S.A., on March 26, 2007 signed a shareholders' agreement for joint management of Endesa S.A. The text of the abovementioned agreement was sent to the CNMV as a relevant fact on the same day as it was signed and it can be reviewed on the web site of said entity (www.cnmv.es)

Interim Dividend

On October 30, 2007, the Board of Directors of Enersis S.A., agreed unanimously by all members present, to distribute, on December 27, 2007, an interim dividend for \$0,53119 per share, charged to the results for the year 2007, representing 15% of the liquid assets as of September 30, 2007, pursuant to the current Company dividends policy.



FINANCIAL STATEMENTS OF SUBSIDIARIES

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SUMMARIZED BALANCE SHEETS BY SUBSIDIARY

SUMMARIZED INCOME STATEMENTS BY SUBSIDIARY

SUMMARIZED CASH FLOW STATEMENTS BY SUBSIDIARY

SUMMARIZED BALANCE SHEETS BY SUBSIDIARY

As of December 31, 2007 and 2006 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO		CAM	
	2007	2006	2007	2006	2007	2006	2007	2006
ASSETS								
Current Assets	153,638,954	158,890,854	20,274,228	23,159,436	46,384,856	33,490,272	84,550,885	75,897,691
Fixed Assets	537,863,769	497,303,463	8,446,844	10,196,123	31,916,539	39,404,658	15,874,562	15,328,173
Other Assets	553,009,693	652,632,260	565,580	33,654	4,845,232	7,657,059	2,528,564	3,368,835
TOTAL ASSETS	1,244,512,416	1,308,826,577	29,286,652	33,389,213	83,146,627	80,551,989	102,954,011	94,594,699
LIABILITIES AND SHAREHOLDERS EQUITY								
Current Liabilities	145,089,956	136,761,954	13,129,963	17,734,039	2,079,688	2,560,103	31,823,868	24,284,491
Long Term Liabilities	346,717,627	440,209,175	2,050,627	2,250,489	369,628	638,997	2,775,699	8,792,271
Minority Interest	(6,309,767)	(8,342,890)	240,087	11,818	38,182,746	37,426,841	14,271	53
Shareholders Equity	759,014,600	740,198,338	13,865,975	13,392,867	42,514,565	39,926,048	68,340,173	61,517,884
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,244,512,416	1,308,826,577	29,286,652	33,389,213	83,146,627	80,551,989	102,954,011	94,594,699

SUMMARIZED INCOME STATEMENTS BY SUBSIDIARY

As of December 31, 2007 and 2006 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO		CAM	
	2007	2006	2007	2006	2007	2006	2007	2006
OPERATING INCOME								
Operating Revenues	801,816,857	714,164,139	59,228,137	58,277,270	23,844,007	23,262,097	138,573,940	151,519,756
Operating Costs	(630,572,719)	(537,873,801)	(45,912,262)	(49,983,245)	(16,196,526)	(12,632,433)	(114,707,700)	(130,457,181)
Administrative and Selling Expenses	(49,139,081)	(50,484,374)	(8,690,915)	(9,468,700)	(3,191,078)	(2,820,971)	(11,758,189)	(10,565,342)
NET OPERATING INCOME	122,105,057	125,805,964	4,624,960	(1,174,675)	4,456,403	7,808,693	12,108,051	10,497,233
NON OPERATING INCOME								
Non-Operating Revenues	51,822,762	42,191,345	418,173	435,082	8,180,917	2,544,700	1,629,810	2,156,549
Non-Operating Expenses	(31,758,675)	(40,836,922)	(1,403,896)	(918,283)	(690,694)	(2,911,043)	(1,793,094)	(2,428,104)
Price.Level Restatement and Exchange Rate Difference	(1,567,065)	282,065	65,585	143,601	(658,972)	132,819	(1,440,332)	460,919
NET NON OPERATING INCOME	18,497,022	1,636,488	(920,138)	(339,600)	6,831,251	(233,524)	(1,603,616)	189,364
Income Tax	(12,494,423)	121,488,846	(2,102,868)	(1,062,802)	(1,478,183)	(847,705)	(2,146,627)	(2,492,571)
Extraordinary Items	-	-	-	-	-	-	-	-
Minority Interest	(5,792,730)	277,425	6,806	(5,457)	(2,789,666)	(2,449,647)	567	(10)
Negative Goodwill Amortization	-	-	-	-	-	-	-	-
NET INCOME (LOSS) FOR THE PERIOD	122,314,926	249,208,723	1,608,760	(2,582,534)	7,019,805	4,277,817	8,358,375	8,194,016

SUMMARIZED CASH FLOW STATEMENTS BY SUBSIDIARY

As of December 31, 2007 and 2006 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO		CAM	
	2007	2006	2007	2006	2007	2006	2007	2006
Net Positive (negative) Cash flow from Operating Activities	197,642,466	152,635,682	5,286,645	2,376,632	24,057,513	14,499,180	9,758,196	6,466,021
Net Positive (negative) Cash flow from Financing Activities	(130,540,530)	(85,463,313)	(4,197,760)	1,839,644	(7,454,875)	(5,608,307)	2,923,915	(3,651,196)
Net Positive (negative) Cash flow from Investment Activities	(65,116,975)	(71,499,706)	(2,248,795)	(3,189,510)	(16,601,518)	(8,925,753)	(8,203,196)	(2,844,187)
NET POSITIVE (NEGATIVE) CASH FLOW FOR THE PERIOD	1,984,961	(4,327,337)	(1,159,910)	1,026,766	1,120	(34,880)	4,478,915	(29,362)
Effect of the inflation on cash and cash equivalent	(1,057,784)	33,981	(190,889)	(55,291)	8,132	313	(687,912)	331,732
NET VARIATION OF CASH AND CASH EQUIVALENT	927,177	(4,293,356)	(1,350,799)	971,475	9,252	(34,567)	3,791,003	302,370
INITIAL BALANCE OF CASH AND CASH EQUIVALENT	11,133,373	15,426,729	4,674,217	3,702,742	19,971	54,538	1,938,768	1,636,398
FINAL BALANCE OF CASH AND CASH EQUIVALENT	12,060,550	11,133,373	3,323,418	4,674,217	29,223	19,971	5,729,771	1,938,768

ENERSIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA CHILE		CODENSA		ENDESA BRASIL	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
-	-	44,275,793	44,739,601	85,799,171	77,942,729	673,638,325	452,709,118	284,804,098	252,941,116	906,759,608	735,552,048
-	-	274,081,841	310,253,077	524,033,042	600,156,690	4,165,428,072	4,457,718,916	635,664,837	730,035,219	1,826,986,567	2,034,609,678
-	-	3,349,090	2,768,154	20,624,530	9,234,886	548,311,415	768,401,724	71,092,473	20,095,144	434,584,063	500,736,334
-	-	321,706,724	357,760,832	630,456,743	687,334,305	5,387,377,812	5,678,829,758	991,561,408	1,003,071,479	3,168,330,238	3,270,898,060
-	-	78,866,676	88,110,433	124,486,700	100,867,594	694,648,782	499,205,246	208,077,139	255,423,907	735,510,005	681,402,086
-	-	131,079,029	124,346,857	57,612,705	94,121,349	1,921,619,804	2,248,143,344	338,133,180	184,591,123	1,056,445,943	1,008,715,447
-	-	44,695,893	60,816,654	-	-	886,882,586	1,004,392,388	-	-	428,227,299	501,042,316
-	-	67,065,126	84,486,888	448,357,338	492,345,362	1,884,226,640	1,927,088,780	445,351,089	563,056,449	948,146,991	1,079,738,211
-	-	321,706,724	357,760,832	630,456,743	687,334,305	5,387,377,812	5,678,829,758	991,561,408	1,003,071,479	3,168,330,238	3,270,898,060
ENERSIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA CHILE		CODENSA		ENDESA BRASIL	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
-	-	214,529,639	230,127,120	293,373,591	266,775,026	1,726,963,925	1,436,067,876	521,726,172	483,096,654	1,302,458,987	1,184,799,685
-	-	(152,110,967)	(167,250,381)	(223,048,552)	(232,947,873)	(1,119,053,180)	(851,961,274)	(350,276,940)	(323,551,262)	(880,163,989)	(836,609,151)
-	-	(19,936,830)	(21,442,288)	(41,145,876)	(38,206,898)	(37,080,644)	(42,300,328)	(15,628,572)	(14,177,829)	(95,520,565)	(70,450,748)
-	-	42,481,842	41,434,451	29,179,163	(4,379,745)	570,830,101	541,806,274	155,820,660	145,367,563	326,774,433	277,739,786
-	17,655,830	4,863,031	5,430,408	37,630,372	9,404,608	88,138,151	93,712,448	8,617,551	9,786,017	203,674,713	173,257,569
-	(8,961,376)	(22,751,133)	(22,975,612)	(27,101,131)	(25,544,912)	(321,089,714)	(232,579,763)	(59,524,076)	(22,635,957)	(342,434,688)	(293,392,635)
-	6,112,587	-	-	-	-	25,466,326	5,472,527	-	-	-	-
-	14,807,041	(17,888,102)	(17,545,204)	10,529,241	(16,140,304)	(207,485,237)	(133,394,788)	(50,906,525)	(12,849,940)	(138,759,975)	(120,135,066)
-	-	(13,942,309)	(15,041,220)	(19,205,401)	(4,601,512)	(113,413,498)	(140,540,151)	(37,102,948)	(38,917,710)	(56,280,430)	(9,521,916)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	(4,284,620)	(3,638,572)	-	-	(61,874,172)	(70,788,191)	-	-	(22,683,261)	(49,033,407)
-	-	-	-	-	-	4,382,076	6,484,232	-	-	-	-
-	14,807,041	6,366,811	5,209,455	20,503,003	(25,121,561)	192,439,270	203,567,376	67,811,187	93,599,913	109,050,767	99,049,397
ENERSIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA CHILE		CODENSA		ENDESA BRASIL	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
-	4,553,349	23,812,702	54,573,093	72,628,833	28,582,997	419,844,996	451,188,229	97,747,391	104,654,590	210,838,841	199,611,533
-	(41,547,528)	(4,498,972)	(19,602,634)	(30,104,064)	12,590,037	(146,924,246)	(146,242,801)	15,637,946	(66,282,386)	7,306,606	(68,769,957)
-	36,909,785	(19,844,980)	(22,710,426)	(41,497,828)	(38,464,874)	(316,194,485)	(215,210,386)	(47,224,665)	(45,376,881)	(209,342,822)	(172,763,852)
-	(84,394)	(531,250)	12,260,033	1,026,941	2,708,160	(43,273,735)	89,735,042	66,160,672	(7,004,677)	8,802,625	(41,922,276)
-	465	349,047	(10,800,365)	(247,922)	190,422	(22,762,634)	(11,934,714)	(13,013,637)	(2,423,379)	93,790,090	30,893,594
-	(83,929)	(182,203)	1,459,668	779,019	2,898,582	(66,036,369)	77,800,328	53,147,035	(9,428,056)	102,592,715	(11,028,682)
-	89,331	2,958,896	1,945,226	24,070,879	24,800,531	167,021,181	89,220,854	18,947,290	31,231,295	191,877,003	231,827,548
-	5,402	2,776,693	3,404,894	24,849,898	27,699,113	100,984,812	167,021,182	72,094,325	21,803,239	294,469,718	220,798,866

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