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Letter from the Chairman of the Board

To our Shareholders:

I am pleased to submit the 2000 Annual Report on the management and operations of the Enersis Group for your consideration. Before starting this brief summary of the major activities that took place in 2000, I would like to thank all our shareholders who participated in the first portion of our capital increase. We appreciate the trust that you deposited in the Company, in its businesses and in our management. The account below will show you that you made the correct decision in reinvesting in Enersis. Suffice it to say that we turned around a loss of US\$143 million in 1999 into a US\$157 million profit in 2000.

The year just ended could be described as one of adjustment and intense preparation by the Group in order to allow us to meet the new challenges posed by a global business environment characterized by fast change. In fact, 2000 may be identified with the explosive growth of the “.com” companies and the subsequent outburst of investment options in high-tech virtual corporations of whirling yet precarious capitalization.

Nevertheless, Enersis, with a clear understanding of its core business, decided to increase its equity share in energy distribution subsidiaries, as an unequivocal indication of expected growth. During the year, the following investments were carried out: US\$364 million to increase our equity share in Chilectra, US\$150 million in the acquisition of a 10% equity stake of our Argentinean subsidiary Edesur, equity interest that workers had since the company was privatized; US\$132 million in the acquisition of an additional stake of our Brazilian subsidiary, Cerj; and US\$23 million to purchase an incremental 15% equity share in our Chilean subsidiary, Río Maipo.

If one adds to the aforementioned amounts the US\$562 million invested in the capital expenditures of our subsidiaries so as to allow for their natural growth, we reach an aggregate amount of approximately US\$1.25 billion, which is the largest investment carried out by any Chilean industrial group during 2000, thereby corroborating the trust that we have in our business, the region and in the medium and long-term development prospects.

This large investment has been carried out on the basis of very stable and certain growth, such as that sustained by the demand for electricity above and beyond the growth of the economy. In fact, during 2000, while the GDP of the five countries in which we operate grew by an average of 3.1%, energy sales increased by 5.1% and energy produced by 5.7%. This example was not a mere chance outcome last year. When reviewing a thirty-year period in the region, we observe that the energy demand normally grows between two and three percentage points above the variation of economic growth. In fact, demand for electricity grows even during recessive cycles.

In addition to the rather inelastic residential or personal consumption, we have to take into account the emergence of new industries, growing commercial activity and the expansion of utility services, which certainly represent a new source of electricity demand that has to be satisfied on a timely and reliable basis.

This growth in demand, combined with the fact that, to a large degree, there is no substitute for electricity, presents us not only with the benefits of an industry experiencing constant growth, but also poses important challenges. For example, it is not possible to plan for ever increasing distribution of electricity if the generation

capacity does not grow in tandem. In this sense, the incentives that generation companies are given in order for them to meet this growing demand are of vital importance. Taking into account the long-term horizon that is needed for power generation and the capital-intensive investments made in this business, the signals that drive such decisions must also be long-term, sustainable and consistent.

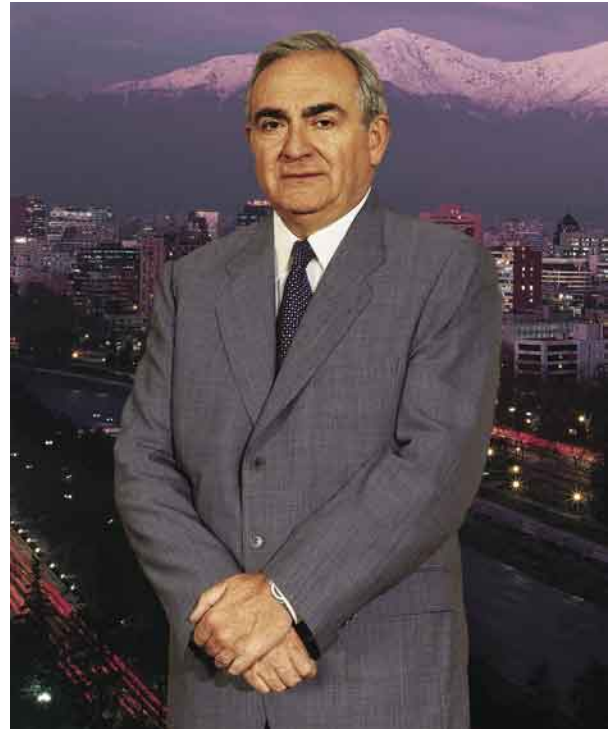
Of course, as in any market, this one requires some minimum price balance between demand and supply. An interference on behalf of one end of the chain, to the detriment of the other, could result in regrettable consequences, such as those recently occurred in California, where impacts are still difficult to assess. Such events not only directly concern the companies involved and the related financial system, but they also have an impact on consumers. The lessons that may be learned from this crisis should serve to work out the significant unsolved regulatory problem; namely, the acceptance of market rules at the beginning of the chain, and yet the price interference at its end.

On the other hand, we are still confident that the region's authorities will continue to act in accordance with essentially technical grounds in order to have companies always provide an ever improving quality of service at reasonable prices, for which economic rationality becomes an objective factor for analysis and fundamental understanding.

We are aware of the true interest to support the current and expected levels of development in each of the countries where we operate. Toward that end, it is not only essential to expect good will; it is also critical to be able to count on the energy necessary to enable the larger industrial, mining, commercial, public works and city development projects.

I wish to stress this point because it is of the greatest importance to keep in mind an element which is, because self-evident, often not articulated. As the saying

goes "if it is not mentioned, it is forgotten." This is an issue about which we are greatly concerned; namely, neither in Chile nor in any of the countries where we operate should there exist a threat of an energy deficit. It is indispensable to have a generation capacity that is suitable, reliable and stable over time.



Alfredo Llorente
Enersis' Chairman

On the other hand, and in order to meet both the domestic and cross-border energy requirements in a practical way, electric interconnections within and between countries have prevailed as a result of the energy unbalances that are evidenced within the region. This is a great opportunity for Enersis, and we will certainly not miss it. Thus, during 1999, for example, we started our electric interconnection project between Argentina and Brazil, of which the first of two lines has been fully operational since June, 2000. In the meantime, the activities for the construction of the second line, with a transportation capacity of an additional 1,000 MW, similar to the first one, have already started so as to enable the energy exchange between these two countries.

Another key element in performing our activities is a financial situation that is well managed and increasingly more solid. Within such context, important operations were carried out during 2000. These may be summarized as follows: the Company's equity increased by US\$520 million. Furthermore, proceeds of US\$1.4 billion were received as a result of the sale of our subsidiaries Transelec, Esval, Aguas Cordillera and some real estate investments, within the strategic scope provided for in the Genesis Project. In this manner, US\$1.6 billion were applied toward the prepayment of outstanding debt, and the remaining US\$300 million, together with our internally generated cash, were allocated to finance the US\$1.25 billion acquisitions and capital investments mentioned before.

Within this framework, Enersis also rescheduled debt of over US\$4.6 billion under quite favorable conditions, thereby relieving the pressure on short-term obligations, and strengthening the company's capital structure.

The resulting lower leverage will have a positive impact on Enersis' 2001 financial statements since the interest expense associated with the lower debt levels will drop substantially. In addition, the company's financial position is strengthened and is thereby reflected in better coverage and liquidity ratios. These considerations are fundamental for maintaining the Group's investment grade credit ratings, and as such, allow us to tap the markets with the flexibility required for future investment alternatives.

I wanted to share with you what seems to me to have been an exceptionally good year, one that signals the return to our historic profitability levels, and which we will undoubtedly improve. The task has certainly not been easy. As most large-scale projects, we have encountered great obstacles along the way, but we have persevered in overcoming them for the benefit of our shareholders. Burdens of considerable magnitude become much lighter when they are addressed by a first-rate team such as the one we have in Enersis.

The challenge for 2001 will be to achieve similar profitability levels, but shifting the burden instead toward operating income, and continuing to advance on the growth path initiated in the second half of 2000. This is our commitment.

Sincerely yours,



Alfredo Llorente
Chairman of the Board

Description of Enersis

ARTICLES OF INCORPORATION AND BY-LAWS

The company was originally organized as Compañía Chilena Metropolitana de Distribución Eléctrica S.A., as recorded in public deed of June 19, 1981, executed before Patricio Zaldívar, Notary Public in the city of Santiago and amended by notary deed of July 13 the same year.

The existence of the Company was authorized and its by-laws were approved pursuant to resolution N° 409-S of July 17, 1981, issued by the Superintendency of Securities and Insurance. The abstract of such authorization and its approval was recorded in the Official Commerce Register of Santiago, on page 13,099 N° 7,629 of the year 1981, and published in the Official Gazette on July 23, 1981.

To date, the by-laws were subsequently amended. The existence of the company under the current name of Enersis S.A. dates back to August 1, 1988. The latest of such amendment is acknowledged in public deed of May 26, 1999, executed before Patricio Zaldívar. The abstract was recorded in the Official Commerce Register of Santiago on page 12,533, N° 10,005 and published in the Official Gazette on June 8, 1999.

HISTORICAL OVERVIEW

On June 19, 1981, the Compañía Chilena de Electricidad S.A. was restructured in a parent company and three subsidiaries, one of which was Compañía Chilena Metropolitana de Distribución Eléctrica S.A.

In 1985, as result of the privatization policy enacted by the Government of Chile, the transfer of the capital stock of Compañía Chilena Metropolitana de Distribución Eléctrica S.A. to the private sector began. This process was completed on August 10, 1987. Through this process, private pension funds (A.F.P.), the company's workers, institutional investors and thousands of small investors became stockholders of the Company.

The organizational structure was based on operating activities or functions in which attainments were evaluated on a functional basis and profitability was limited by a tariff mechanism originating from the exclusive involvement of the Company in the business of electricity distribution. In 1987, the Board of Directors proposed a division of the different activities of the parent company. Thus, four subsidiaries were formed that made it possible to manage them as business units with objectives of their own, thereby expanding the activities of the company to other non-regulated businesses, though still related to the main scope of business.

IDENTIFICATION OF THE COMPANY

Name ENERSIS S.A.	Fax (56-2) 378 4768	External auditors Arthur Andersen - Langton Clarke	Custodian bank Banco de Chile
Type of company Limited Liability Stock Company	P.O. Box 1557 Santiago	Subscribed and paid-in capital (ThCh\$) 707,398,979	Depository bank Citibank N.A.
Tax register number 94.271.000 - 3	Web site www.enersis.com	Chilean Stock Exchange ticker symbol ENERSIS	Investor relations office in New York Citigate Dewe Rogerson
Address Avda. Kennedy N° 5454 Vitacura, Santiago	E-mail comunicacion@e.enersis.cl	New York Stock Exchange ticker symbol ENI	National risk rating companies Feller Rate - Fitch Chile
Telephone (56-2) 353 4400	Securities register number N° 175		International risk rating companies Fitch - Moody's - Standard & Poor's

This proposal was approved by the Extraordinary Shareholders' Meeting held on November 25, 1987, which established its new corporate purpose.

As a result, Compañía Chilena Metropolitana de Distribución Eléctrica S.A. became an investment company. On August 1, 1988, by virtue of the resolution adopted by the Shareholders' Meeting held on April 12, 1988, the Company changed its corporate name to Enersis S.A.

Furthermore, with view to provide enhanced customer service, as of June 1, 1989, it was approved the division of subsidiary Distribuidora Chilectra Metropolitana S.A. into a successor company that retained the corporate name, and a new company incorporated under the name of Compañía Eléctrica del Río Maipo S.A., that currently serves the electric energy distribution needs of the rural and semiurban areas of Chile's Metropolitan Region.

The Extraordinary Shareholders' Meeting held on April 27, 1994 approved changing the corporate name of subsidiary Distribuidora Chilectra Metropolitana S.A. to that of Chilectra S.A., effective as from June 1, 1994.

In Chile, Enersis is the majority shareholder in the following subsidiaries:

Empresa Nacional de Electricidad S.A. (Endesa), a company engaged in electric energy generation throughout the country and abroad.

Chilectra S.A., a company engaged in electric energy distribution in the Metropolitan Region and abroad.

Compañía Eléctrica del Río Maipo S.A. that currently serves the distribution needs of, and sells energy in the areas mentioned earlier.

Synapsis S.A., a company involved in the provision of data processing and engineering services and equipment.

Compañía Americana de Multiservicios S.A. (CAM), engaged in the provision of engineering services, metering technology and market trend.

Inmobiliaria Manso de Velasco S.A., implements real estate development projects.

Distribuidora de Productos Eléctricos S.A. (Diprel), the purpose of which is to act as purchasing agent, importer and exporter, as well as trader and supplier of materials for the subsidiary companies of Enersis and third parties.

INTERNATIONAL EXPANSION

Concurrently, during the year **1992**, Enersis began its process of expansion to other countries in the region. Thus in July 1992, Edesur, that distributes electric energy in the city of Buenos Aires, Federal Republic of Argentina was awarded to Distrilec Inversora S.A., a company in which Enersis participates. Subsequently, in December 1995, Enersis acquired an additional 39% of that company, thus becoming its controlling shareholder, as from that date.

CORPORATE PURPOSE

The purpose of the company is to undertake both in Chile or abroad, the exploitation, distribution, transmission, transformation and/or sale of energy of whatever nature and in any form, directly or through other companies, as well as, the provision of engineering advisory services, either in Chile or abroad, in matters related to

such purposes. Its purpose will further be to manage company investments in subsidiaries or related companies whose scope of business is similar, related to or connected to energy of whatever nature and in any form or to the provision of public utilities, or which has energy as their main input. In order to comply with its main purpose,

the Company will perform the following functions:

- a) Promote, organize, set up, modify, dissolve or liquidate companies of any nature, whose corporate purpose is similar or related to those of the Company.
- b) Propose to its subsidiary companies investment, financing and commercial policies as well as the accounting practices and principles which such companies shall abide by.
- c) Supervise and coordinate the management of its subsidiary companies.

Subsequently, between July **1994** and December 1995, Enersis, through the company called Inversiones Distrilima S.A. acquired 60% of the equity interest of Empresa de Distribución Eléctrica de Lima Norte S.A., **Edelnor**, and Edechancay.

Furthermore, during the year **1996**, Enersis participated for the first time in the Brazilian market, acquiring an important part of the shares of Companhia de Eletricidade do Rio de Janeiro, **Cerj**, which distributes electric energy in the city of Rio de Janeiro, Brazil.

In **1997**, Enersis successfully participated in the process of capitalization and subsequent control of **Codensa S.A. ESP**, a company that distributes electricity in the city of Bogotá and the district of Cundinamarca, Colombia.

At the beginning of **1998**, Enersis once again participated in the Brazilian market. This time, through a consortium, was awarded a major percentage in the ownership of Companhia Energética de Ceará S.A., **Coelce**, a company that distributes electricity in Northern Brazil, in the State of Ceará.

During **1999**, **Endesa España** became the controlling stockholder of Enersis. Through a Tender Offer (OAA), in which it offered Ch\$320 per share, the Spanish multinational company bought 32% of Enersis, which added to the 32% it had acquired in August 1997, increased Endesa Spain's final stake in the ownership of Enersis to **64%**. The transaction, ended on April 7, 1999 involved an investment of US\$ 1,450 million.



On May 11, **1999**, Enersis acquired an additional 35% interest in the ownership of **Endesa Chile**, where it already held a 25% of the capital stock. Consequently, Enersis attained a 60% share in the ownership of the generation company and became its controlling shareholder, allowing Enersis to consolidate itself as the largest private electricity Group in Latin America.

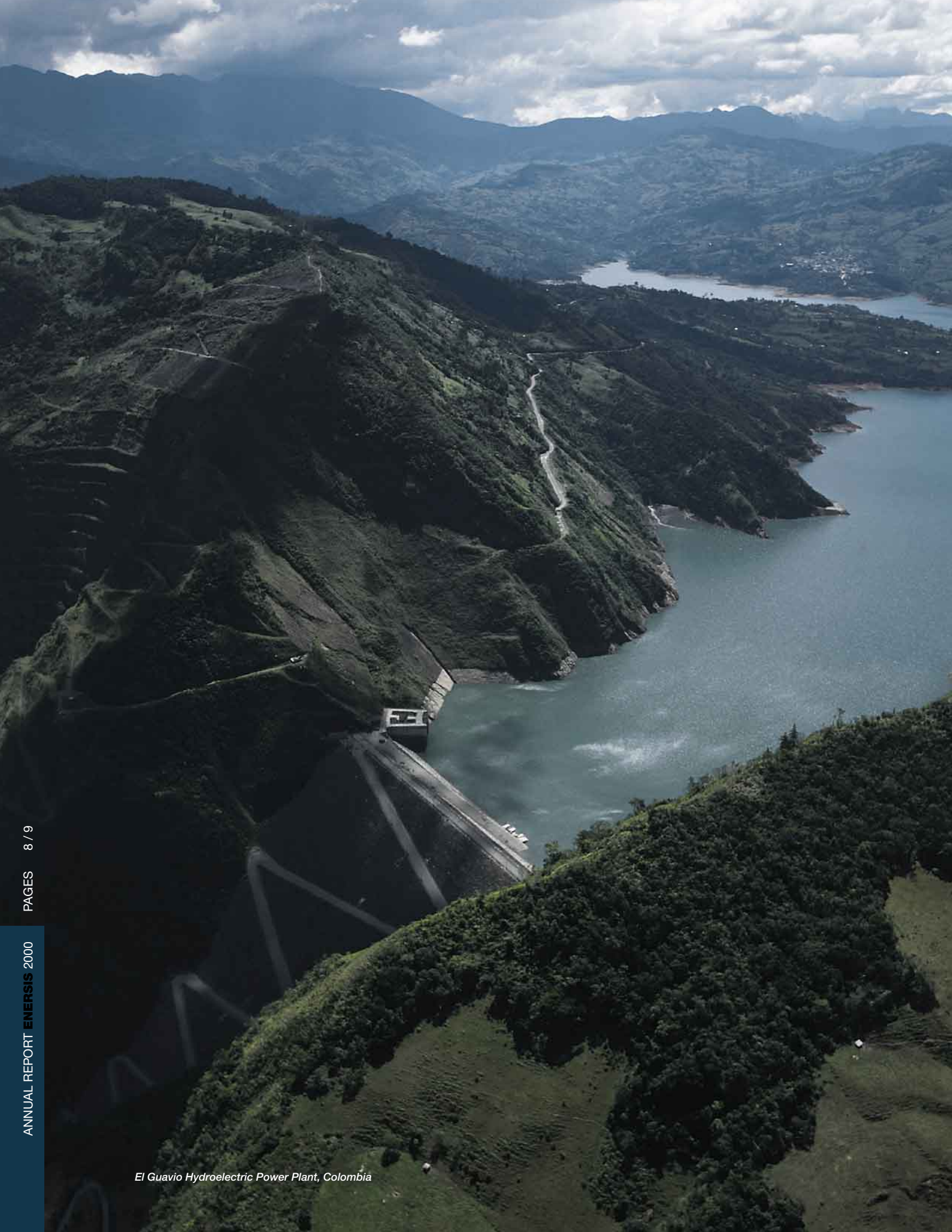
d) Provide its subsidiary or related companies with the needed financial resources to develop their business activities, and in addition, furnish management services as well as financial, commercial, technical legal and auditing services and, in general, any other services such as may appear

necessary for a more adequate performance.

In addition to its core business purpose and acting always within the bounds of the Investment and Financing Policy approved at the ordinary Shareholders' General Meeting, the company may invest in:

1.- The acquisition, exploitation, construction, rental, management, marketing and disposal of any kind of real property, either directly or through subsidiary companies.

2.- All types of financial assets, including shares, bonds, debentures, commerce paper and in general all manner of securities and equity contributions to companies.



El Guavio Hydroelectric Power Plant, Colombia

Growth and Development Strategy

Enersis' main objective is to maximize the economic value of its equity, through a stable growth founded on electric businesses rigorously evaluated and managed. The attainment of this objective is sustained by an investment strategy, focused on increasing the value of the subsidiaries and related companies, as well as to acquiring new companies.

On the other hand, Enersis has been defined by Endesa España, as the vehicle through which this company will invest in Latin America. This further strengthens the development and expansion strategy that Enersis has maintained in the region.

A key factor of this strategy involves making investments that significantly call for the experience, management skills and operating capabilities of Enersis and its subsidiaries. Such requirement makes it necessary to invest in companies in which Enersis will have a final decision in their management and operation, as well as the power to approve or reject its investment projects.

Another development factor consists in having an exceptional team of professional that interact actively with the subsidiaries, providing them with assistance in evaluating their investment projects and are permanently alert to new business opportunities in their respective business areas in the Latin American market.

The above mentioned factors enable Enersis to make investments that contribute to the growth of profits, with an adequate weighting of risks deriving from the business activities in which it participates.

In the last year, important businesses were concluded with the intended purpose of improving Enersis' financial position. To this end, some assets were sold and the Company's stake in electric energy distribution companies was strengthened. Besides, an investment intended to start a line of business of new technology was made.

INVESTMENTS AND DIVESTMENTS

CHILE

As envisaged in the Genesis Project, the subsidiary **Endesa Chile sold**, in October 23, 2000 the entire block of shares and the control it owned in Transelec S.A. (Compañía Nacional de Transmisión Eléctrica) to the canadian company Hydro Québec through a process of international bidding, thus anticipating to the trends of future regulations of the electric sector in Chile. This operation involved a payment of US\$1,076 million and meant a US\$225 million profits for Endesa Chile. Both, the price paid by this canadian company, and the implied discount rate clearly exemplify the investors' confidence in the region, particularly in Chile.

Moreover, **Enersis sold** its indirect stake in the ownership of **Esval**, (Empresa de Obras Sanitarias de Valparaíso S.A.) through Aguas Puerto S.A., as a result of a transaction involving US\$137 million. Likewise, Enersis sold its stake in the ownership in **Aguas Cordillera** for a total of US\$189 million. Disposal of these stakes is justified by the inability to secure an operative synergy between the electric and the sanitary business given the limitations on overlapping concessions imposed by Chilean laws.

Additionally, Enersis obtained US\$50 million for the disposal of single family land lots and macrolots of Santuario del Valle Project and industrial land lots and macrolots of Enea Project.

In relation to **acquisitions**, Enersis successfully negotiated the offers intended to increase its stake in the ownership of subsidiaries Chilectra and Río Maipo. With an investment of US\$364 million, Enersis' share control in the ownership of **Chilectra** rose from 72.6% to 98.0%. Likewise, Enersis acquired an additional 14.7% interest in the ownership of **Río Maipo**. This transaction involved a payment of US\$23 million, thus increasing Enersis' control

in this company up to 98.4%. Consequently, Enersis increases its participation in its traditional businesses without requiring additional management efforts in one of the areas with the highest growth and lower risk rating in the region.

Enersis also **acquired** from Endesa Spain a 15% interest of Endesa Marketplace's capital stock, currently **Opciona.com**, a company involved in Business to Business (B2B) type of transactions via Internet. This transaction involved an investment of US\$2 million. Through its participation in this company, Enersis positions itself in the new technology sector, a market with important development opportunities.

Between April and July, 2000 an additional 240 MW generation capacity was commissioned at the Tal Tal Power Generation Station. This project located in the SIC (Central Interconnected System) consumes the natural gas needed from the generation subsidiary of Endesa Chile, Gas Atacama.

BRAZIL

By executing an option received from Endesa Spain, **Enersis increased** its stake in the ownership of **Cerj** distributor by an additional **8%** involving an amount of US\$57 million. At the same time, **Chilectra's** stake rose by a **10.5%** involving an investment of US\$75 million. Through this operation, Enersis' direct and indirect ownership in Cerj rose to 57.4%.

In anticipation to electric market integration trends in Latin America, in June, the **first power interconnection** (1,000 MW) **between Brazil and Argentina** was commissioned. This project was developed through CIEN (Compañía de Interconexión Energética) in which Enersis participated through Endesa Chile.

By the end of 2000, **CIEN** awarded the construction of the second 1,000 MW-power interconnection line between Brazil and Argentina. This development further strengthens the Group's strategic positioning in energy interchanges in South America, a marketplace in which Enersis is present in both electric energy generation and distribution.

ARGENTINA

Edesur acquired in US\$150 million, **10%** of the equity interest that workers had owned since the company was privatized. Following this transaction, Edesur reduced its capital stock by an amount similar to that of the acquisition. As a result, **Enersis' stake** in the ownership of **Edesur** rose from 51.0% to **64.3%**.

PERÚ

The Peruvian energy generation subsidiary of Endesa Chile, Edegel, acquired a part of the ownership held by the Peruvian State in this Peruvian electricity generation company. Following this acquisition, Edegel proceeded to reduce its capital.

Also, during the year 2000, Edegel began to operate the 42 MW **Yanango** and the 149 MW **Chimay** generation plants.

Río de Janeiro, Brazil



PROSPECTS FOR THE YEAR 2001

CHILE

In the year 2001, the process of consolidation set by efficiency improvements, as set forth in the Genesis Project, will continue.

Chile's most important project will be **Ralco** hydroelectric plant, develop by Endesa Chile. This 570 MW plant will increase power generation supply in response to the consumption growth experienced by the country during the year 2000, which made Chile attain once again the growth rate levels that had plummeted during the 1999 economic recession.

Feasibility of new power generation projects along the country will be assessed on the basis of demand growth and node price estimates for the future.

Following the 2000 tariff revision process, Chilectra and Río Maipo will continue to invest in power distribution networks, with the objective of maintaining their existing good quality standards, and meeting the demand growth anticipated for the forthcoming years.

BRAZIL

On the basis of its large physical size and population of 170 million people, Enersis assigns Brazil a high strategic importance in the region.

It is envisaged that during the year 2001 Brazil will continue with the process of privatization. Consequently, monitoring of resulting opportunities will be kept up.

The area of hydroelectric generation will specifically offer business opportunities in the states of Sao Paulo (CESP) and, possibly, of Paraná (COPEL). In addition, medium and small-size electricity distribution companies are likely to be privatized, particularly in the Northern and Northeastern regions of Brazil.

Additionally, participation in thermo electric power generation projects sponsored by the Brazilian State as part of the priority program of thermo electric generation will be considered, particularly in the same areas where the distribution concessions are located.

Final decision to pursue potential business opportunities in the Brazilian marketplace will not only consider their strategic importance but their profitability and risk factors as well.

Moreover, construction works of the second interconnection line between Argentina and Brazil will continue.

ARGENTINA

Edesur will continue to execute its investment program in excess of US\$500 million over a five-year period, directed to service quality and network growth.

Two potential electricity distribution businesses are anticipated in the provinces of Córdoba and Santa Fé. The Argentinean Government has expressed its intention to develop a Federal Plan for the transportation network. The development of such a plant is of paramount importance to the Argentine electric sector and it will reflect upon Enersis' assets in this country. As provided for the Federal Plan, not only will investment opportunities but also its impact upon the Group's assets.

Argentina will also proceed with the construction works of the second interconnection line with Brazil.

PERÚ

The Peruvian State has expressed its intention to continue with the disposal of its stakes in electric companies. It is possible that opportunities to buy the state's stake in the Peruvian distribution subsidiary Edelnor will arise.

COLOMBIA

It is expected that Codensa will maintain its performance both in reducing generation losses and improving its service quality, thus prevailing in its future management objectives an orientation to customer satisfaction and profitability.

In the electricity generation area, the country has once again recorded positive demand growth rates. This situation suggests better prospects for energy stock exchange prices.

Investment and Financing Policy for the year 2001

All present members of the Board of Directors unanimously agreed to submit to the Shareholders' Meeting, scheduled for April 2, 2001 the following Investment and Financing Policy for the year 2001:

1. INVESTMENTS

(a) Investment areas.

Enersis will make investments, pursuant to the provisions in its by-laws, in the following areas:

- Equity contributions to its public utility subsidiaries
- Equity contributions for investment or creation of subsidiary or related companies the scope of business of which is similar, related or connected to energy in any of its forms or nature, or the provision of utility services that have energy as their main input.
- Other investments in real property or in any other kind of financial assets, negotiable commercial instruments, securities and equity contributions to companies.

(b) Maximum investment limits.

The maximum investment limits for each investment area will be as follows:

- i) Investment in its public utility subsidiaries as needed to enable such subsidiaries to attain their scope of business and perform their function as concessionaires.
- ii) Investment in other subsidiary companies, such as the total of the proportions of the fixed assets that correspond to the participation in each one of these other subsidiary company should not exceed the proportion of fixed asset that corresponds to the participation of the public utility subsidiaries in the parent company.

- iii) Other Investments, such that the clean assets factor for accounting purposes of Enersis, calculated on the basis of the individual balance sheet should not represent, as a proportion of Enersis' assets, a percentage not below that stipulated in the first paragraph of article 45 bis of Decree Law N° 3,500.

(c) Controlling participation in areas of investment.

In order to control areas of investment and pursuant to what is defined in the general scope of business of the company, actions will be taken as follows:

- Propose to the Shareholders' Meetings of the subsidiary and related companies, the appointment of directors that correspond to Enersis' participation in the ownership of such companies, with appointees originating preferably from the Board of Directors of the senior management of both the Company or other subsidiary companies.
- Propose to the subsidiary companies the investment, financial and commercial policies, as well as the accounting systems and criteria, which they are to abide by.
- Supervise the management and operation of the subsidiary and related companies.
- Maintain a permanent control of the borrowing limits and the clean assets factor for accounting purposes, in a manner such that the investments or equity contributions made or to be made do not involve a variation that departs from the parameters defining the maximum investment limits.



Betania Hydroelectric Power Plant, Colombia

2. FINANCING

(a) Maximum leverage level.

The maximum leverage level for Enersis will be based on a ratio of total debt to equity plus minority interest equal to 1.75 of the consolidated balance sheet. The above notwithstanding, such ratio may increase up to 2.40 on a temporary basis and until the total placement of the capital increase approved at the Extraordinary Shareholder' Meeting held on April 30, 1999.

(b) Authority of management to agree with creditors on restrictions to dividend distributions.

Restrictions to dividend distributions may be agreed solely provided that they are previously approved at a Shareholders' Meeting (either Ordinary or Extraordinary).

(c) Authority of management to agree with creditors on granting collateral.

Management has the authority to agree with creditors on granting real and personal collateral within the frame of the provisions in standing laws and the Company's by-laws.

(d) Essential assets for the operation of the company

The shares of common stock that represent equity contributions made by the Company to its subsidiaries Chilectra and Río Maipo are essential assets for the operation of the company.

Ownership of the Company

The capital stock of the Company is divided into 9,380,000,000 shares of the same and only one series with no par value.

At December 31, 2000, a total of 8,291,020,100 shares of common stock were subscribed and paid-in, with the following breakdown:

SHAREHOLDERS	N° SHAREHOLDERS	N° SHARES	%
Endesa España (*)	3	5,389,163,065	65.00
A.F.P.	8	1,117,475,269	13.48
Citibank N.A.	1	1,050,933,600	12.68
Stockbrokers, Mutual Funds and Insurance Co's	81	230,546,117	2.78
Foreign Investment Funds	9	122,981,833	1.48
Other Shareholders	10,039	379,920,216	4.58
Total	10,141	8,291,020,100	100.00

(*) The ownership interest of Endesa España in Enersis of 65% derives from the controlling stake that it has in the ownership of Compañía de Inversiones Chispa Uno S.A. and Endesa Internacional S.A. plus the 35.1% direct interest in the ownership through Elesur S.A.

List of twelve largest shareholders:

As of December 31, 2000, Enersis was owned by 10,141 shareholders. The twelve largest were:

NAME	N° SHARES	%	ACCUMULATED %
Elesur S.A.	2,914,325,536	35.150386	35.150386
Compañía de Inversiones Chispa Uno S.A.	1,780,246,340	21.471982	56.622368
Citibank N.A. (Según Circ. 1.375 S.V.S.)	1,050,933,600	12.675564	69.297932
Endesa Internacional S.A.	694,591,189	8.377632	77.675564
A.F.P. Provida S.A. (Pension Fund)	350,306,087	4.225126	81.900691
A.F.P. Habitat S.A. (Pension Fund)	245,522,488	2.961306	84.861997
A.F.P. Cuprum S.A. (Pension Fund)	171,798,610	2.072105	86.934102
A.F.P. Santa María S.A. (Pension Fund)	152,474,967	1.839037	88.773139
A.F.P. Summa Bansander S.A. (Pension Fund)	133,186,721	1.606397	90.379537
The Chile Fund Inc. (Bea Pension Funds Mg. Company)	37,427,265	0.451419	90.830956
The Chile Emerging Markets (Index Common Trust Fund)	34,366,184	0.414499	91.245455
A.F.P. Planvital S.A. (Pension Fund)	31,739,610	0.382819	91.628274
Subtotal : 12 Shareholders	7,596,918,597	91.628274	91.628274
Others : 10,129 Shareholders	694,101,503	8.371726	100.000000
Total : 10,141 Shareholders	8,291,020,100	100.000000	100.000000

**SUMMARY OF REMARKS AND PROPOSALS
SUBMITTED BY SHAREHOLDERS**

Enersis received no remarks regarding the operation of the business activities undertaken between January 1 and December 31, 2000, submitted by majority shareholders or groups of shareholders, who add up to more than 10% of the shares of common stock issued voting rights in pursuance to the provisions in article 74 of Law N° 18,046 and in Articles 82 and 83 of the Regulations in the Chilean Company Law.

STOCK EXCHANGE TRADING

The graphs that follow show the number of shares and the amounts traded, as well as the closing prices at each year-end of the shares of Enersis, both in Chile, through

the Santiago Stock Exchange and the Chilean Electronic Stock Exchange, as well as in the United States, through the New York Stock Exchange (NYSE).

Santiago Stock Exchange and Chilean Electronic Stock Exchange

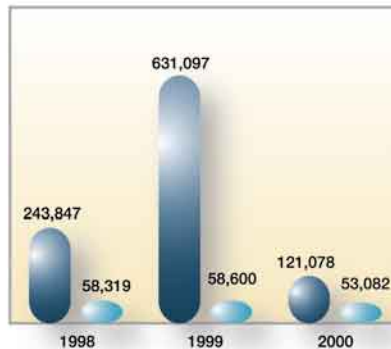
During 2000, on the Santiago Stock Exchange 588 million shares were trade, equivalent to Ch\$121,078 million. On the other hand, on the Chilean Electronic Stock Exchange 258 million shares were traded, equivalent to Ch\$53,082 million.

In addition, it can be noted that the share of common stock of the Company closed at year-end with a price of Ch\$202.0 on the Santiago Stock Exchange and Ch\$202.4 on the Electronic Stock Exchange.

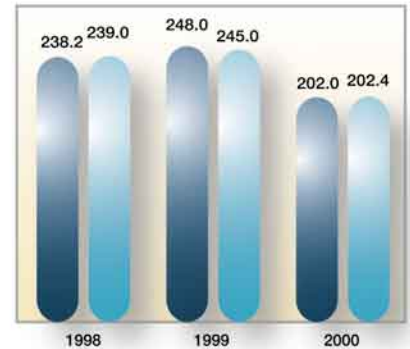
SHARES TRADED
(Million shares)



AMOUNTS TRADED
(Million Ch\$ at December each year)



CLOSING PRICE
(Ch\$ at December each year)



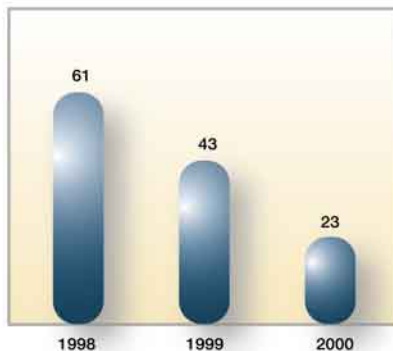
● Santiago Stock Exchange

● Chilean Electronic Stock Exchange

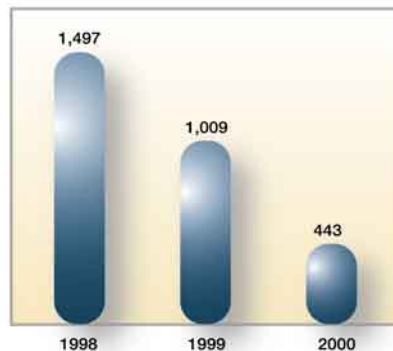
New York Stock Exchange (NYSE)

In the United States, 23 million ADR's (1 ADR = 50 shares), equivalent to US\$443 million were traded. The price of the ADR closed at US\$17.6 millones.

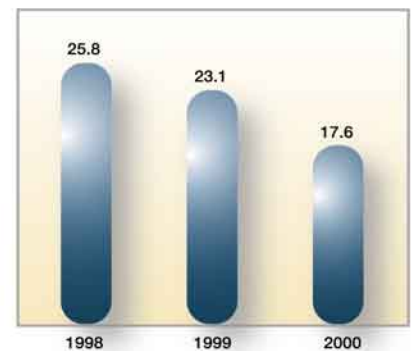
ADR's TRADED
(Million ADR's)



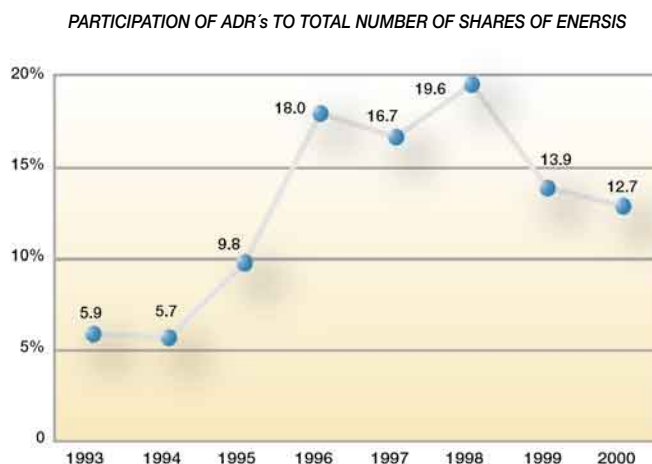
AMOUNTS TRADED
(Million US\$ at December each year)



CLOSING PRICE
(US\$ at December each year)



Furthermore, as the following graph shows, the stake in the ownership of Enersis by ADR holders went down from 13.9% in December 1999 to 12.7% in December 2000.



RISK CLASSIFICATION

The following table details the international risk rating assigned to the Company at December 31, 2000:

	<i>FITCH</i>	<i>MOODY'S</i>	<i>STANDARD & POOR'S</i>
Debt in Local Currency	A	-	A
Debt in Foreign Currency	A-	Baa1	A-

Furthermore, it is worth pointing out that the shares and bonds issued by the company have been rated as follows:

	<i>FITCH CHILE</i>	<i>FELLER RATE</i>
Shares	First Class Level 1	First Class Level 1
Bonds	AA-	AA+

Dividend Policy for the year 2001

All present members of the Board of Directors unanimously agreed to submit to the Shareholders' Meeting, scheduled for April 2, 2001 the following Dividend Policy they expects to enforce during 2001:

Distribute in the months of May, August and November of the year 2001 and in the month of February 2002 a interim dividend to be charged to the net income of the year 2001, amounting to 85% of the net income from normal operations in the quarters ending in the months of March, June, September and December of such fiscal year. For purposes of the above calculation, the interim dividends for the year 2001 already distributed on such distribution date will be deducted from 85% of the cumulative net income.

Dividends established in pursuance of this policy will be applied to the income originated from normal company operations, understanding as such the net income obtained by the Company in fiscal year 2001, without considering those originating from the following events:

- 1.- Accounting effects deriving from the valuation of equity contributions made to subsidiary companies.
- 2.- Accounting effects deriving from the recognition of the premium in equity placement by subsidiaries of their own stock.
- 3.- Profits arising directly or indirectly from participation in related companies organized in Chile or abroad.

4.- Profits generated by subsidiary companies organized abroad or by subsidiary companies in which the participation of the Company, either directly or indirectly, is less than 60% of the capital stock of those companies, as well as profits deriving from the disposal of assets in such companies.

5.- Accounting recognition of positive and negative goodwill associated with the investments.

The Board of Directors shall not distribute interim dividends based on profits that arise from the above events and the Ordinary Shareholders' Meeting will state their view thereon when approving the final dividend.

The foregoing is the intention of the Board of Directors of the Company and, consequently, its compliance will be subject to the actual profits as well as to the results reflected in the projections that the Company makes from time to time, or to the existence of given conditions.

As for the final dividend policy, it is the purpose of the Board of Directors that such dividends will be as a minimum the interim dividends already distributed or the minimum stated by the Chilean Law on Joint Stock Companies, whichever of the two be higher.

The following table shows the dividends per share paid out over the last five years.

DIVIDEND NUMBER	DIVIDEND TYPE	CLOSING DATE	DUE DATE	Ch\$ PER SHARE (Ch\$ AT EACH YEAR)	Ch\$ PER SHARE (Ch\$ AT DEC 2000)	DIVIDEND ACCRUED IN
57	Interim	16.02.96	22.02.96	1,10	1,39	1995
58	Definitive	02.05.96	08.05.96	4,16	5,13	1995
59	Interim	16.05.96	23.05.96	1,30	1,60	1996
60	Interim	23.08.96	29.08.96	1,65	2,00	1996
61	Interim	22.11.96	28.11.96	2,00	2,39	1996
62	Interim	21.02.97	27.02.97	1,00	1,18	1996
63	Definitive	11.04.97	17.04.97	4,66	5,43	1996
64	Interim	22.05.97	28.05.97	1,50	1,74	1997
65	Interim	22.08.97	28.08.97	2,00	2,30	1997
66	Interim	21.11.97	27.11.97	2,40	2,69	1997
67	Interim	20.02.98	26.02.98	0,80	0,89	1997
68	Definitive	07.05.98	13.05.98	4,50	4,96	1997
69	Interim	20.11.98	26.11.98	1,60	1,72	1998
70	Definitive	11.05.99	17.05.99	4,00	4,24	1998

Board of Directors



*Sitting: Rafael Miranda, Alfredo Llorente and Ernesto Silva
Standing: Hernán Somerville, José Fesser, Luis Rivera and Eugenio Tironi*

A Board of Directors made up by seven members, who serve a term of three years, and may be reelected, manages Enersis.

As of December 31, 2000, the Board of Directors of Enersis was composed by the following members:

CHAIRMAN

Alfredo Llorente

*Industrial Engineer
Escuela Técnica Superior de Ingenieros Industriales de Madrid*

VICE-CHAIRMAN

Rafael Miranda

*Industrial Engineer
Instituto Católico de Artes e Industrias (ICA) de Madrid*

DIRECTORS

José Fesser

*Lawyer
Universidad de Sevilla*

Luis Rivera

*Civil Engineer (Infrastructure)
Universidad Politécnica de Madrid*

Ernesto Silva

*Commercial Engineer
Pontificia Universidad Católica de Chile*

Hernán Somerville

*Lawyer
Universidad de Chile*

Eugenio Tironi

*Sociologist
Escuela de Altos Estudios en Ciencias Sociales de París*

SECRETARY OF THE BOARD OF DIRECTORS

Domingo Valdés

*Lawyer
Universidad de Chile*

REMUNERATION OF THE BOARD OF DIRECTORS

Pursuant to the provisions of article 33, Law 18,046 on Joint Stock Companies, the Ordinary Shareholders' Meeting held on April 6, 2000, approved the remuneration

for the Board of Directors for the accounting period 2000. Details on amounts paid to the board of Directors of Enersis and of those who were Directors of subsidiaries are shown below:

DIRECTOR	AT DECEMBER 31, 2000			AT DECEMBER 31, 1999		
	ENERSIS ThCh\$	OTHER SUBSIDIARIES ThCh\$	TOTAL ThCh\$	ENERSIS ThCh\$	OTHER SUBSIDIARIES ThCh\$	TOTAL ThCh\$
Alfredo Llorente	49,824	3,777	53,601	56,640	3,753	60,393
Carlos Vicuña	10,239	-	10,239	18,878	-	18,878
Enrique García	-	13,768	13,768	-	-	-
Ernesto Silva	24,912	28,750	53,662	36,584	24,689	61,274
Eugenio Tironi	7,338	-	7,338	-	-	-
Felipe Montt	-	-	-	-	7,591	7,591
Héctor López	-	18,215	18,215	21,236	16,151	37,387
Hernán Somerville	24,912	-	24,912	11,801	-	11,801
José Guzmán	-	-	-	30,706	-	30,706
José Fesser	24,912	-	24,912	14,163	233	14,396
Juan Errázuriz	-	-	-	15,353	12,236	27,589
Leonidas Vial	-	54,623	54,623	-	34,630	34,630
Luis Rivera	22,144	-	22,144	14,163	-	14,163
Miguel Poduje	-	-	-	15,353	-	15,353
Rafael Miranda	33,216	-	33,216	18,882	-	18,882
Rodolfo Martín	-	-	-	34,778	-	34,778
Total	197,497	119,133	316,630	288,537	99,284	387,821

COMMITTEE OF DIRECTORS

Enersis' Committee of Directors was established through agreement N° 076/2000 in the Ordinary Meeting of the Company's Board of Directors N° 12/2000 dated August 23 of 2000. This committee was made up by the following members: Alfredo Llorente, Hernán Somerville, Ernesto Silva and José M. Fesser.

On January 20, 2001, Enersis' Board of Directors, in Ordinary Meeting N° 01/2001, unanimously agreed through the attending members to conform the Committee of directors to the number of members provided in article 50 bis of Law N° 19,705, consequently reducing the members number of said Committee from four to three. As of said date, Enersis' Committee of Directors was made up by the following persons: Alfredo Llorente, Hernán Somerville and Ernesto Silva.

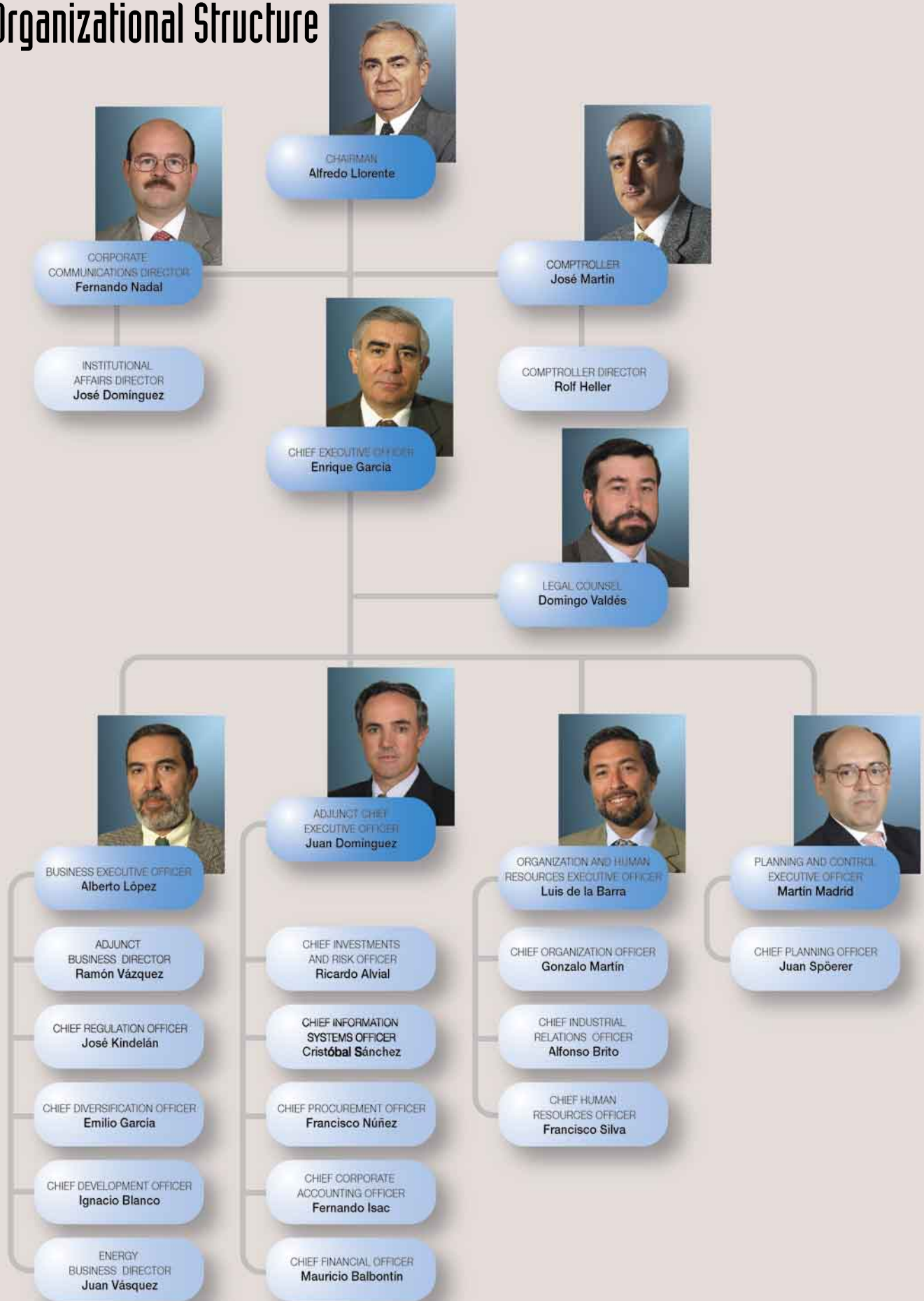
Activities carried out by the Committee of Directors during the period ended at December 31, 2000

Since it was established in August , 2000 and up to December 31 of same year, Enersis' Committee of Directors has principally been in charge of the analysis of the accounting criteria of Enersis' Financial Statements as of September 30, 2000, of the analysis of Enersis' Financial Statements as of September 30, 2000 and of the analysis of the Operating Income of the Financial Statements as September 30, 2000.

Expenses of Enersis' Committee of Directors and its advisors during the period ended at December 31, 2000.

Since it was established in August, 2000 up to December 31 of same year, Enersis' Committee of Directors has not incurred in any expense nor has it required professional advisory service for carrying out its duties.

Organizational Structure



MANAGEMENT OF ENERSIS

CHIEF EXECUTIVE OFFICER

Enrique García

*Civil Engineer (Infrastructure)
Escuela Técnica Superior de ICCP de Madrid*

ADJUNCT CHIEF EXECUTIVE OFFICER

Juan Domínguez

*Commercial Engineer
Universidad de Chile*

BUSINESS EXECUTIVE OFFICER

Alberto López

*Industrial Engineer
Universidad Politécnica de Madrid*

PLANNING AND CONTROL EXECUTIVE OFFICER

Martín Madrid

*Industrial Engineer
Universidad Politécnica de Madrid*

CORPORATE COMMUNICATIONS DIRECTOR

Fernando Nadal

*Journalist and Lawyer
Universidad Alcalá de Henares de Madrid*

COMPTROLLER

José Martín

*B.S. in Economic Sciences
Universidad Complutense de Madrid*

ORGANIZATION AND HUMAN RESOURCES

EXECUTIVE OFFICER

Luis de la Barra

*Psychologist
Pontificia Universidad Católica de Chile*

LEGAL COUNSEL

Domingo Valdés

*Lawyer
Universidad de Chile*

INSTITUTIONAL AFFAIRS DIRECTOR

José Domínguez

*Civil Engineer
Pontificia Universidad Católica de Chile*

COMPTROLLER DIRECTOR

Rolf Heller

*Public Accountant and Auditor
Pontificia Universidad Católica de Chile*

CHIEF INVESTMENTS AND RISK OFFICER

Ricardo Alvial

*Public Administrator
Universidad de Chile*

CHIEF INFORMATION SYSTEMS OFFICER

Cristóbal Sánchez

*B.S. Information Systems
Universidad Politécnica, Madrid*

CHIEF PROCUREMENT OFFICER

Francisco Núñez

*Civil Engineer (Infrastructure)
Universidad Politécnica de Madrid*

CHIEF CORPORATE ACCOUNTING OFFICER

Fernando Isac

*Economist
Universidad de Zaragoza*

CHIEF FINANCIAL OFFICER

Mauricio Balbontín

*Commercial Engineer
Universidad de Chile*

ADJUNCT BUSINESS DIRECTOR

Ramón Vázquez

*Mining Engineer
Escuela Técnica Superior de Ingenieros de Minas de Oviedo*

CHIEF REGULATION OFFICER

José Kindelán

*Mining Engineer
Escuela Superior de Ingenieros de Minas de Madrid*

CHIEF DIVERSIFICATION OFFICER

Emilio García

*Industrial Engineer
Escuela Superior de Ingenieros Industriales de Bilbao*

CHIEF DEVELOPMENT OFFICER

Ignacio Blanco

*Industrial Engineer and Economist
Universidad Politécnica de Barcelona and Universidad de Zaragoza*

ENERGY BUSINESS DIRECTOR

Juan Vázquez

*Civil Engineer (Electric)
Universidad de Chile*

CHIEF ORGANIZATION OFFICER

Gonzalo Martín

*B.S. in Chemistry
Universidad Complutense de Madrid*

CHIEF INDUSTRIAL RELATIONS OFFICER

Alfonso Brito
Commercial Engineer
Universidad de Chile

CHIEF HUMAN RESOURCES OFFICER

Francisco Silva
Public Administrator
Universidad de Chile

CHIEF PLANNING OFFICER

Juan Spöerer
Commercial Engineer
Pontificia Universidad Católica de Chile

MANAGERS' REMUNERATION

The total remuneration obtained by the aforementioned Enersis' managers, during the year 2000, amount to Ch\$2,035 million. This amount includes the remuneration of the existing managers at December 31, 2000, as well as those managers who disassociated along the period.

INCENTIVE PLAN

Enersis has a yearly bonus plan for its executives for goal achievement and individual contribution level to the company's results. This plan includes a definition of bonus ranges in accordance with its executives' hierarchical level. The bonuses that are occasionally given to the executives consist of a given number of monthly gross remunerations.

MANAGEMENT OF SUBSIDIARIES

CHIEF EXECUTIVE OFFICER ENDESA CHILE

Héctor López
B.S. in Law and Economic Sciences
ICADE de Madrid

CHIEF EXECUTIVE OFFICER REGIONAL DISTRIBUTION BUSINESS

Marcelo Silva
Commercial Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER CHILECTRA

Julio Valenzuela
Civil Engineer (Electric)
Pontificia Universidad Católica de Chile

CHIEF EXECUTIVE OFFICER RÍO MAIPO

Alejandro Gómez
Civil Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER EDESUR

José Rovira
Industrial Engineer (Electric)
Universidad Técnica Industrial de Barcelona

CHIEF EXECUTIVE OFFICER EDELNOR

José Hidalgo
Licentiate on Economic and Business Administration Sciences
Universidad Santiago de Compostela

CHIEF EXECUTIVE OFFICER CERJ

Javier Villar
Industrial Engineer
Escuela Técnica Superior de Ingenieros Industriales and Telecomunicaciones de Bilbao

CHIEF EXECUTIVE OFFICER COELCE

Manuel Montero
Industrial Engineer
Escuela Técnica Superior de Ingenieros Industriales de Madrid

CHIEF EXECUTIVE OFFICER CODENSA

Marcelo Liévenes
Commercial Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER ENERSIS ENERGÍA DE COLOMBIA

Carlos Restrepo
Electric Engineer
Escuela Colombiana de Ingeniería

CHIEF EXECUTIVE OFFICER COMPAÑÍA AMERICANA
DE MULTISERVICIOS

Pantaleón Calvo

Civil Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER SYNOPSIS

Victor Muñoz

Civil Engineer
Universidad Federico Santa María de Valparaíso

CHIEF EXECUTIVE OFFICER DIPREL

Eduardo López

Commercial Engineer
Pontificia Universidad Católica de Valparaíso

CHIEF EXECUTIVE OFFICER INMOBILIARIA
MANSO DE VELASCO

Andrés Salas

Civil Engineer
Universidad de Chile

HUMAN RESOURCES

The distribution of human resources at Enersis and its subsidiary, at December 31, 2000, was as follows:

COMPANY	EXECUTIVES	PROFESSIONALS AND TECHNICIANS	ADMINISTRATIVE STAFF	TOTAL
Enersis	58	100	109	267
Endesa Chile (1)	44	1,473	247	1,764
Chilectra (2)	28	342	498	868
Río Maipo	2	32	58	92
Edesur	34	574	1,771	2,379
Edelnor	24	287	307	618
Cerj	33	263	1,106	1,402
Codensa	25	364	580	969
Coelce	32	625	935	1,592
CAM (3)	7	104	290	401
Diprel (4)	6	47	59	112
Synopsis (5)	15	74	388	477
Manso de Velasco	5	7	4	16
Total	313	4,292	6,352	10,957

(1) Includes: Endesa Chile - Ingendesa - Pangué - Pehuenche - San Isidro - Central Costanera - El Chocón - Edegel - Emgesa - Betania
Cachoeira Dourada - Infraestructura 2000 - Autopista Los Libertadores - Autopista El Sol - Túnel El Melón.

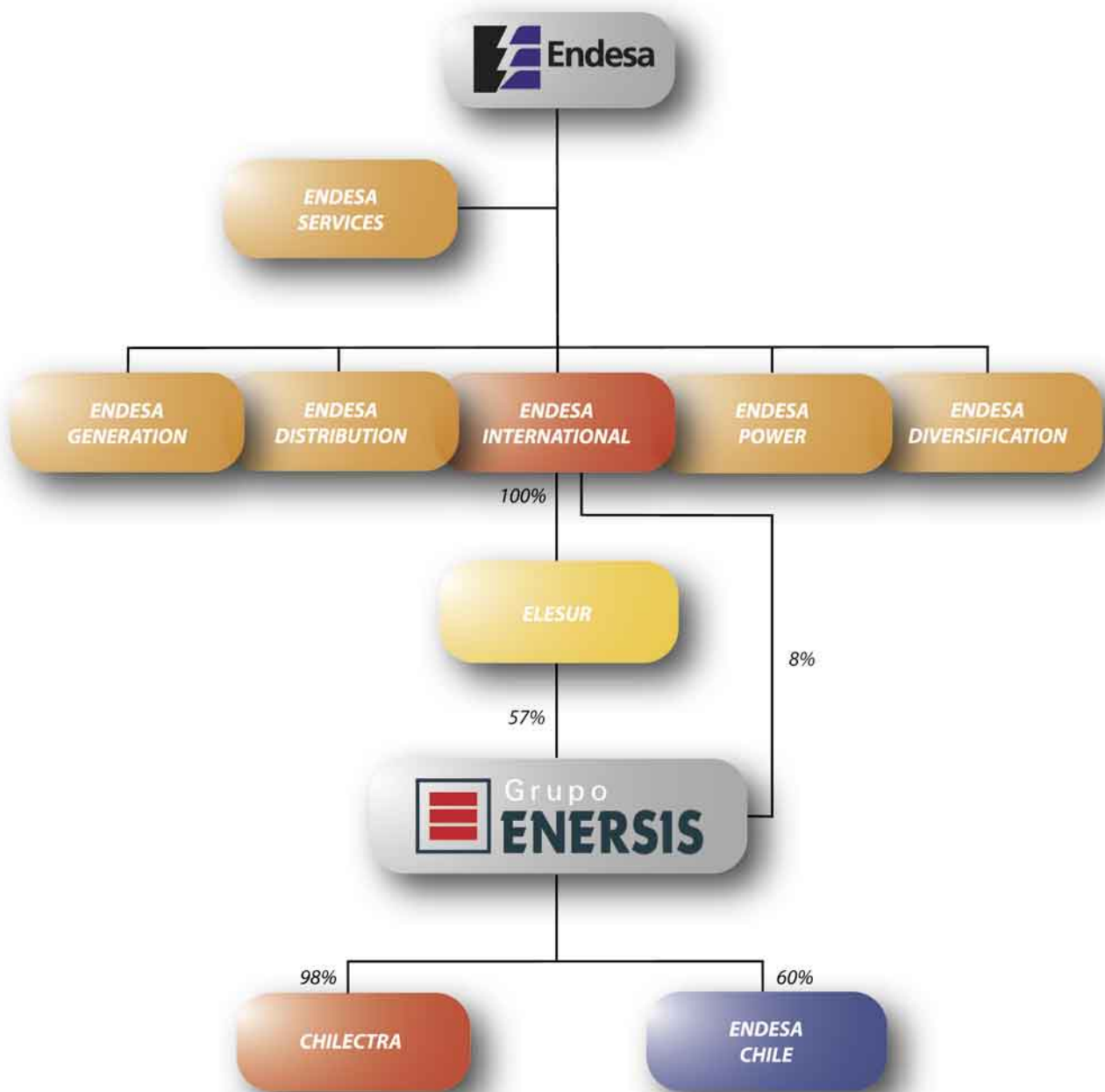
(2) Includes: Empresa Eléctrica de Colina

(3) Includes: CAM Chile - CAM Argentina - CAM Colombia - CAM Perú

(4) Includes: Diprel Chile - Diprel Colombia - Diprel Perú

(5) Includes: Synopsis Chile - Synopsis Argentina - Synopsis Colombia - Synopsis Brasil - Synopsis Perú

Corporate Structure



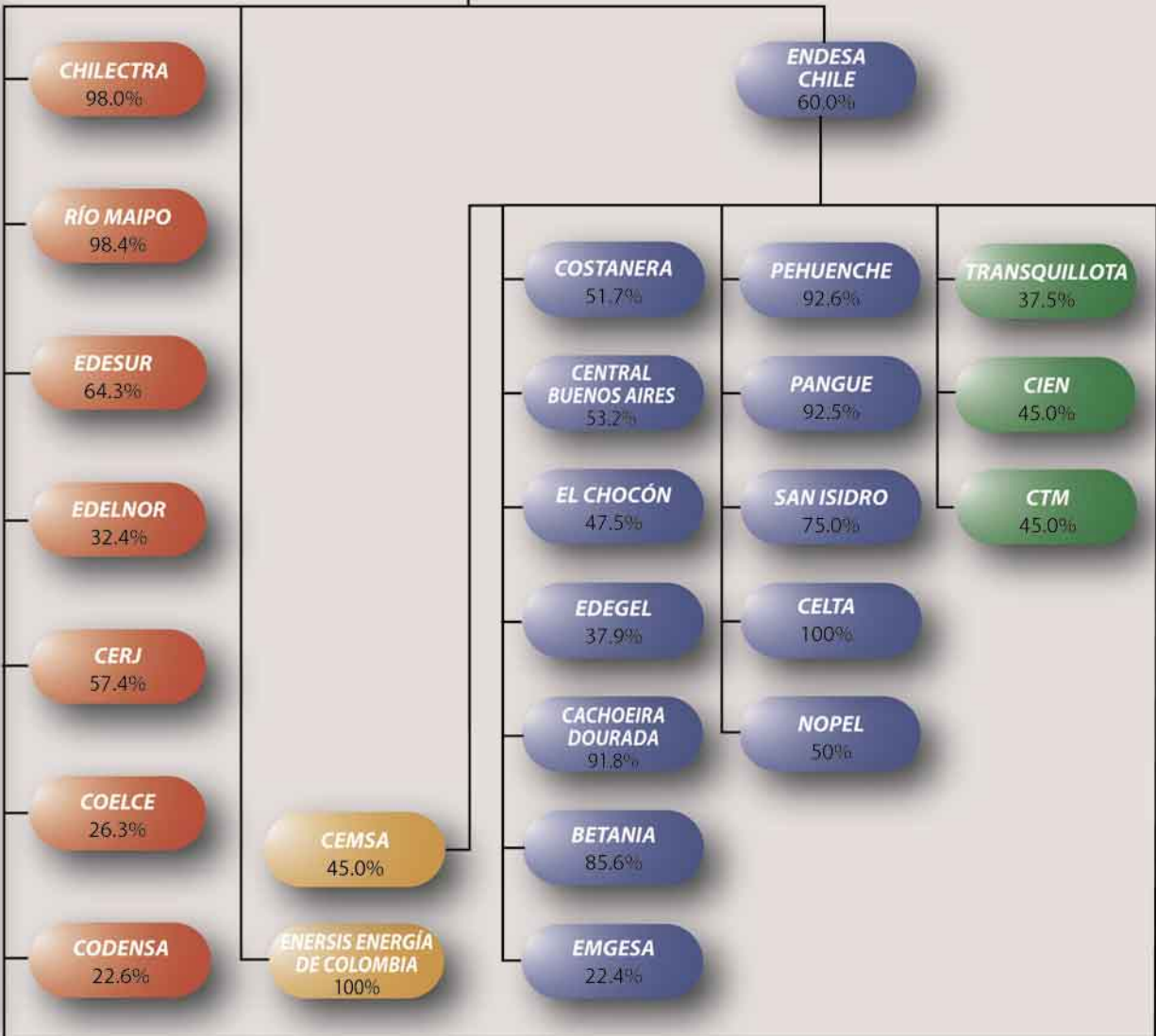
DISTRIBUTION

TRADING

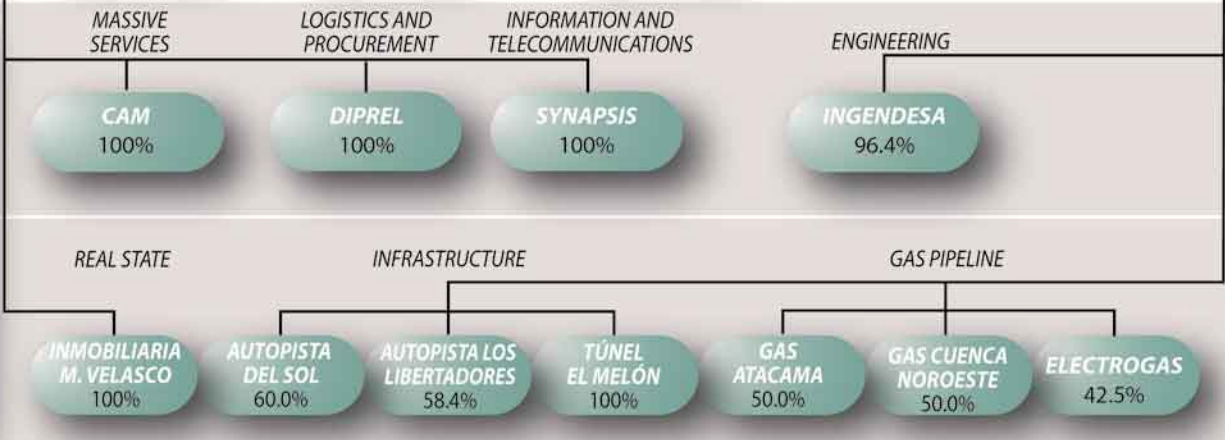
GENERATION

TRANSMISSION

ELECTRICITY SECTOR



OTHER BUSINESSES





Generation

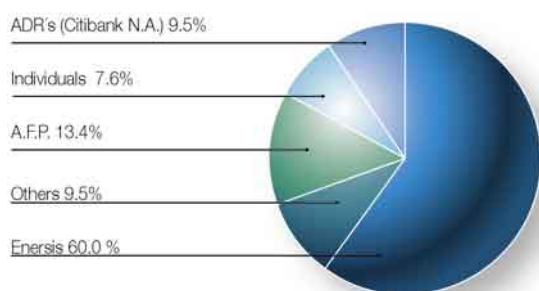
*More than 12,800 MW of installed
capacity in Latin America.*



Endesa Chile

OWNERSHIP STRUCTURE OF THE COMPANY

Enersis, is the main stockholder in Endesa Chile with 60% of the property, and it has channeled through same the investment in the area of electric generation. Additionally, the other shareholders are:



ELECTRIC BUSINESS

The main activities carried out by Endesa Chile and its subsidiaries are related to the generation and supply of electric energy, transportation of natural gas, engineering and infrastructure.

Endesa Chile is the main electric energy generation company in Chile and one of the country's largest companies. In **Chile** it operates a total of 4,035 MW, representing 40% of the country's installed capacity. From

this figure, 71.9% is hydraulic energy, and the rest is thermal. Its annual generation reached 15,346 GWh and its sales, 20,086 GWh during the year.

Endesa Chile participates in the Central Interconnected System (SIC), the most important interconnected system in the country, covering an area that serves approximately 93% of the national population, with an installed capacity of 3,853 MW, which represents approximately 55% of the SIC.

Endesa also participates on the Northern Interconnected System (SING), through its subsidiary Celta and indirectly through company Gas Atacama and Nopel, serving various mining companies and featuring sales and selling energy on the spot market. Celta's installed capacity in this system is 182 MW, which represents 6% of the SING.

This subsidiary has presence in **Argentina**, through Central Costanera S.A., Hidroeléctrica El Chocón S.A. and Central Termoeléctrica Buenos Aires S.A., operating



IDENTIFICATION OF THE COMPANY

Corporate name
Empresa Nacional de Electricidad S.A

Type of company
Limited Liability Stock Company

Tax register number
91,081,000-6

Address
**Santa Rosa N°76
Santiago, Chile**

Telephone
(56-2) 630 9000

Fax
(56-2) 635 4720

Web site
www.endesa.cl

E-mail
comunicacion@endesa.cl

Securities register number
N°114

External auditors
Deloitte & Touche

Total number of shares
8,201,754,580

Subscribed and paid-in capital
(ThCh\$) 979,156,712

Participation of Enersis (direct and indirect)
60,0%

Corporate purpose
Generation, transport and provision of electric energy, sale of consulting and engineering services within the country and abroad and the construction and exploitation of infrastructure works.

BOARD OF DIRECTORS
Chairman
Pablo Yrarrázaval

Vice-Chairman
Antonio Pareja

Directors
**Jaime Bauzá
Jesús Burillo
José Hidalgo
Pedro Larrea
Andrés Regué
Antonio Tuset
Leonidas Vial**

Chief Executive Officer
Héctor López



Costanera Power Plant, Argentina

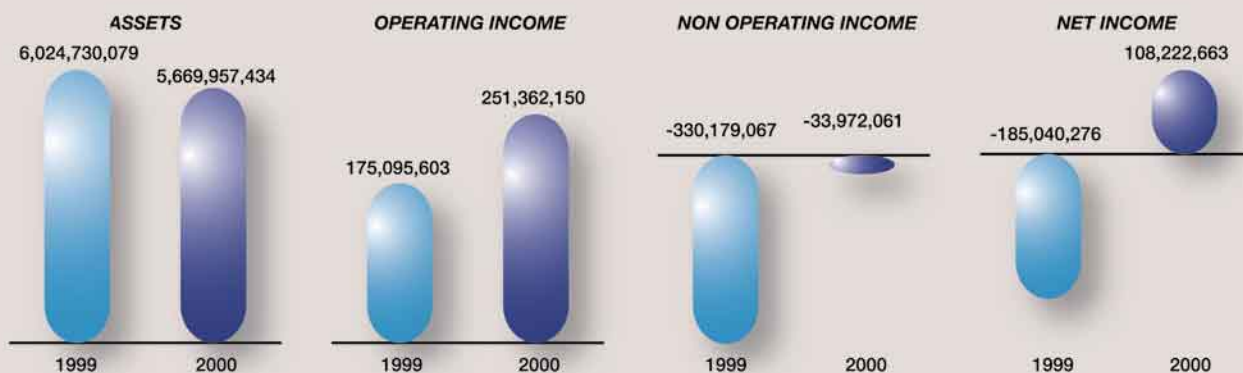
a total of 3,622 MW, which represents 17% of the Argentinean Interconnected System's total, an annual generation of 10,129 GWh and annual sales of 15,549 GWh.

The company has presence in **Brazil**, through Centrais Eléctricas Cachoeira Dourada S.A., operating a total of 658 MW, representing approximately 1% de of the installed capacity in that country, an annual generation of 3,406 GWh and annual sales of 3,887 GWh.

In **Perú**, through Edegel, operating a total of 997 MW, representing 22 % of the Peruvian system, an annual generation of 3,623 GWh and annual sales of 3,604 GWh.

Finally in **Colombia**, through Central Hidroeléctrica de Betania S.A. E.S.P. and the power generation company Emgesa, operating a total of 3,035 MW, representing 25% of the installed capacity in Colombia, an annual generation of 9,618 GWh and annual sales of 13.356 GWh.

FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)





Pangué Hydroelectric Power Plant, Chile

ELECTRIC PROJECTS

Among the most relevant electric projects the following ones may be pointed out;

CIEN, Interconexión Energética Argentina-Brazil

This project, which was devised to export energy from Argentina into Brazil, is operated by CIEN (Compañía de Interconexión Energética), a company related to Endesa Chile, a company where Endesa España also participates as a partner.

It contemplates two phases, the first one, already in service, consists in establishing an electric interconnection to market a firm power of 1,000 MW, with associated energy from Argentina in Brazil. This phase started operations on June 22, 2000 and at present it is operating without any problems.

CIEN Line Argentina-Brazil

The second phase, currently under development, shall enable to duplicate the export capacity, that is, marketing a firm power of 2,000 MW in Brazil. The characteristics of the works to be carried out are similar to those of the first phase and the date for its commissioning is estimated to be May 2002.

The estimated investment for the two phases is approximately US\$650 million.

RALCO

The Ralco project is located at the Alto Biobío area, about 120 km south-east of Los Angeles and 30 km upstream from the Pangué power station. This power station, the nominal power of which is 570 MW, shall permit the average annual contribution of 3,100 GWh to the electric system.

At December 31, 2000 the physical progress of the works construction was 31.0%, a situation that matches the schedule that contemplates the commissioning to take place by the end of the first half of year 2003.

CENTRAL – SIC JOINT

This project corresponds to a transmission system enabling the interconnection between the Ralco Power Station and the Charrúa Substation, through a 220 kV and 140 km two-circuit line. This line is located at the Biobío region, at about 125 km east and 45 km north of the city of Los Angeles.





Ralco Project , Chile

TALTAL

During April and July off year 2000, the phase one of the Taltal Power Station was placed into service, corresponding to two gas-driven turbines of 120 MW each, which are fed with natural gas conveyed from Argentina, which is carried by Gas Atacama.

TALTAL GAS PIPE

During February 2000 this gas pipe was placed into service. It runs between Mejillones (First Region) and Paposo (Second Region), with a total length of 229 km, divided into two spans. The first one runs from Mejillones and La Negra, with 88 km of length and 16 inches of diameter, and the other one runs between the towns of La Negra and Paposo, being 141 km long and its diameter being 12 inches.

These works are owned by Endesa Chile's related company Gasoducto Atacama Compañía Ltda. and the purpose of this gas pipe is to supply natural gas to the

Taltal Station and to industrial, mining and gas distribution customers operating in the areas of Mejillones, Antofagasta and Paposo.

OTHER BUSINESSES

Among the other businesses we may point out company **Ingendesa**, which participated in important investment projects, particularly in the areas of energy, infrastructure, mining, public works and telecommunications, through services rendered to both companies of the Group and other non-related customers.

Additionally, **Tunel El Melón S.A.**, which operates on Ruta 5 Norte, **Sociedad Concesionaria Autopista del Sol S.A.** engaged in the design, construction and operation of the Santiago - San Antonio highway and **Proyecto Autopista Los Libertadores** comprising the expansion and improvement of the General San Martín highway.





Distribution

*9.6 million customers
in five countries
of South America.*



OPERATING ACTIVITY

Chilectra is the largest electric energy distribution company in the country. It serves 33 boroughs of the Metropolitan Region over an area of 2,118 km² within its concession area.

Enersis, its main stockholder with **98.0%**, after purchasing in November 2000, an additional 25.4% of the shares through a Public Tender Offer that ended in January 2001, has appointed it as its operator in the investments it conducts in the distribution business area.

SALE AND PURCHASES OF ENERGY

At December 31, 2000, the **physical energy sales** reached **8,854 GWh**, representing a 5.1% increase as compared to the identical period of 1999. From the total energy invoiced during year 2000, 30.6% corresponds to residential sales, 29.0% to industrial sales, 20.3% to commercial sales and 20.1% to other areas.



During year 2000 Chilectra **purchased energy** from several generation companies in the country, among others, **Endesa Chile** (28.9%), **Gener** (26.9%), **Pehuenche** (15.2%), **Pangue** (11.5%) and **Colbún** (10.4%).

TARIFF SETTING PROCESS

The electricity rates are set every four years. Pursuant to the electric law, a supply tariff review took place in the year 2000, which in terms of the 1999 period considered for the tariff setting process, represents an 18.1% decrease in the company's operating income.

ENERGY LOSSES

During year 2000, Chilectra continued with its process to control losses. The investments in new projects related to technical measures for controlling and maintaining those already existing were kept.

This set of measures enabled to reduce the **energy loss** index, reaching **5.2%** at the end of the period.

COMMERCIAL ACTIVITY

The number of **customers** reached **1,261,544** at December 31, 2000, which represents a 1.9% increase as compared to 1999.

Chilectra has consolidated its position in the energy distribution market, reaching leading efficiency levels in the region.

Within the bounds of the campaign to introduce the electric energy as the best solution, both on a

IDENTIFICATION OF THE COMPANY

Corporate name
Chilectra S.A

Type of company
**Limited Liability
Stock Company**

Tax register number
96,524,320-8

Address
**Santa Rosa N°76
Santiago, Chile**

Telephone
(56-2) 675 2000

Fax
(56-2) 675 2999

Web site
www.chilectra.cl

E-mail
rrpp@chilectra.cl

Securities register number
N°321

External auditors
Arthur Andersen – Langton Clarke

Total number of shares
366,045,401

Subscribed and paid-in capital
(ThCh\$) 265,666,994

Participation of Enersis
(direct and indirect)
98.0%

Corporate purpose
**Distribution, transmission,
purchase and sale of
hydraulic, thermal, or any
other form of electric energy.**

BOARD OF DIRECTORS
Chairman
Jorge Rosenblut

Vice-Chairman
José Fernández

Directors
Enrique García
Chief Executive Officer of Enersis
Juan Domínguez
Adj. Chief Executive Officer of Enersis
Álvaro Quiralte
Hernán Errázuriz
Pedro Buttazzoni

Chief Executive Officer
Julio Valenzuela



Santiago, Chile

technological and ecological basis, a sales plan of new product to satisfy the customers' needs was implemented during 2000. Among said new products are heat pumps, air conditioning and electric thermoses. The purpose is to diversify the use of electricity among our customers by incorporating clean and safe energy where other energy sources have dominated the market.

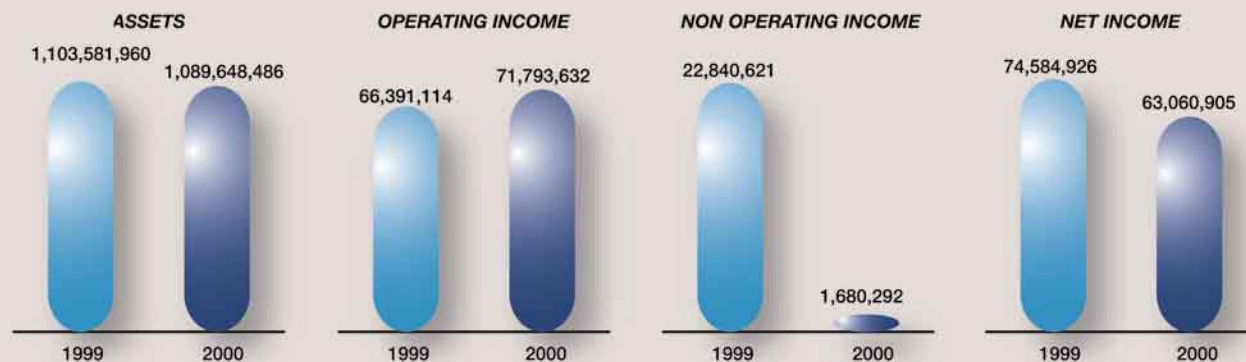
Chilectra has approached the community through a program focused on the community within its area of concession. The purpose of this plan has been to

generate instances for recreational activities in low-income sectors (lighting of sports facilities; construction of community centers and gyms; implementation of fire stations, etc).

Furthermore, an agreement between the Detective Police Department and Chilectra was subscribed to advertise the pictures of lost children on the back side of the electric bills. Together with the implementation of the Braille Bill for the blind customers.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



OPERATING ACTIVITY

Río Maipo is the fourth largest electric energy distribution company in Chile. Its concession area comprises the boroughs of San José de Maipo, Puente Alto, La Pintana, El Bosque, San Bernardo, Calera de Tango, Isla de Maipo, Talagante, Peñaflo, Padre Hurtado and Curacaví, serving a population of about 1,300,000 people, in 11 boroughs over an area of 1,500 km².

Enersis its main stockholder with **98.4%** of the ownership, after purchasing an additional 14.7% of the shares through a Public Tender Offer in November 2000.



SALES AND PURCHASES OF ENERGY

At December 31, 2000, the **physical sales of energy** reached **1,191 GWh**, representing a 13.4% increase as compared to the identical period during 1999. From this total, 44.5% corresponds to residential sales, 6.3% to the industrial sector, 40.2% to the commercial sector and 9.0% to other sectors.

During year 2000, Río Maipo **purchased energy** from **Gener** and **Chilectra**. The maximum demand, 223 MW, occurred in December.

TARIFF SETTING PROCESS

The electricity rates are set every four years. The latest Tariff Setting Process occurred in year 2000 which culminated with the issuance of Decree N° 632 of the Ministry of Economy, Development and Reconstruction.

ENERGY LOSSES

During year 2000, Río Maipo proceeded with its efforts to reduce losses, anticipating the execution of the investments contemplated for that year, which were completed during the first half, and developing additional investments during the second half. Likewise, the effectiveness levels of the theft control were improved, enabling to reduce the **energy loss** index to **5.4%** at the end of this period.

IDENTIFICATION OF THE COMPANY

Corporate name
**Compañía Eléctrica
del Río Maipo S.A.**

Type of company
**Limited Liability
Stock Company**

Tax register number
96,557,330-5

Address
**Buenos Aires N°720,
San Bernardo, Chile**

Telephone
(56-2) 858 5858

Fax
(56-2) 859 1859

E-mail
riomaipo@rmaipo.enersis.cl

Securities register number
N°345

External auditors
**Arthur Andersen –
Langton Clarke**

Total number of shares
360,613,552

Subscribed and paid-in capital
(ThCh\$) 14,561,360

Participation of Enersis
(direct and indirect)
98.4%

Corporate purpose (abstract)
**Operate the distribution and
sale of thermal and hydraulic
electric energy, or energy from
any other source.**

BOARD OF DIRECTORS
Chairman
Alberto López
*(Business Executive Officer
of Enersis)*

Vice-Chairman
Pantaleón Calvo

Directors
**Julio Valenzuela
Jorge Claro
Rolando Hechenleitner**

Chief Executive Officer
Alejandro Gómez



COMMERCIAL ACTIVITY

At December 31, 2000, the company's **customers** totaled **287,132**, which represents an increase of 4.7% as compared to the same period in 1999. From that figure, 96.2% are residential customers, 2.1% are commercial customers and the remaining 1.7% corresponds to industrial and other customers.

During year 2000, Río Maipo executed various projects intended to guarantee an adequate service quality to customers. For this reason and specifically in order to reduce the number of interruptions in the supply and the duration of same, various technical works and innovations were carried out.

Additionally, in order to process requests on new customers and increases in the power of the existing

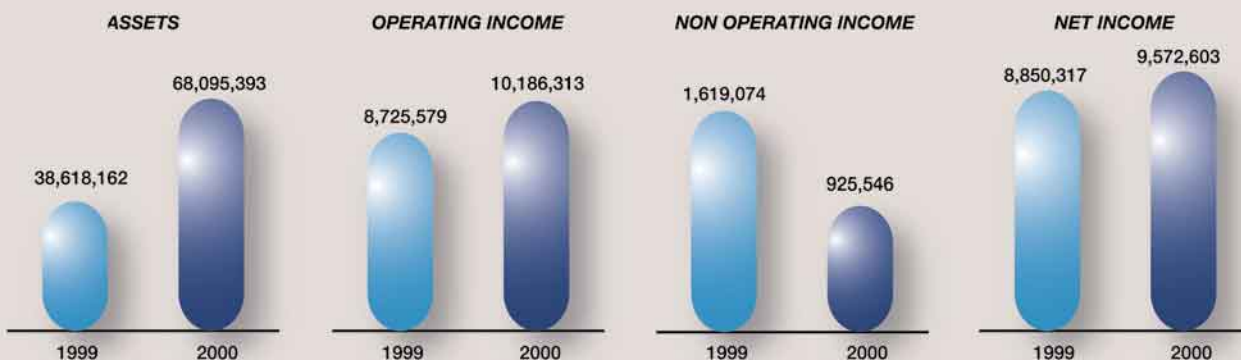
ones, during year 2000 various extension works were executed, as well as medium tension line reinforcements and distribution substations .

Río Maipo aims its commercial work at achieving excellence in service quality and service to its residential and industrial customers. In connection to the latter mentioned, and due to the successful experience of previous years, during year 2000 the New Businesses unit continued to develop. This unit is dependent of the Large Customers Area.

The management and coordination of all the new special services provided by the company to its customers has been expanded with new horizons, among which are the sale, installation and maintenance of equipment, the technical inspection of industrial plants, measurements of harmonics, projects and construction of works.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



OWNERSHIP STRUCTURE OF THE COMPANY

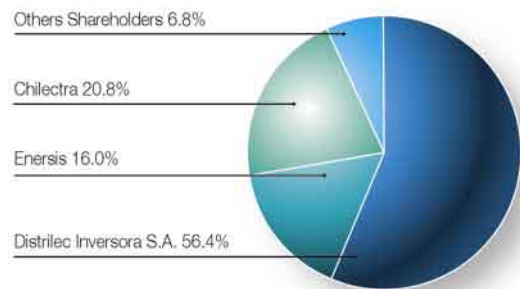
In July 1992 and as a result of an international public bidding process, 51% of Edesur's ownership was awarded to Distrilec Inversora S.A.

In December 1995, Enersis Group increased its direct and indirect interest in Edesur through the purchase of 39% of the company that was owned by the Argentinean Government, thus becoming in the Group with the largest stock ownership and controller.

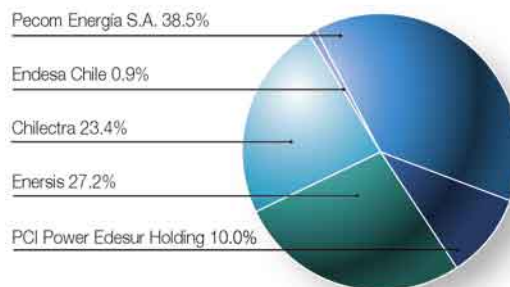
On March 31, 2000, Edesur completed the operation of redemption of Class "C" shares of the Participant Ownership Program, representing 10% of the corporate capital of the distribution company. Enersis Group because of said redemption appoints an additional Director in Edesur's class "B".

As a consequence of such variations, the ownership structure of Edesur and Distrilec Inversora S.A. is as follows:

EDESUR



DISTRILEC INVERSORA S.A.



OPERATING ACTIVITY

Edesur's main purpose is the distribution and commercialization of electric energy in the southern area of Buenos Aires, comprising two thirds of the Federal Capital and twelve districts in the Province of Buenos Aires, which represents a total concession area of 3,309 km². Chilectra has been Edesur's exclusive operator in accordance with the bidding condition since 1992.

SALES AND PURCHASES OF ENERGY

The **physical sales of energy** during the period reached 12,597 GWh and the maximum power recorded during the year reached 2,593 MW, representing a 2.2% and 9,5% increase respectively as compared to 1999.

During the year the respective supply contracts with Central Puerto y Central Costanera expired, and Edesur purchased the entire demand in the Wholesale Electric Market.

TARIFF SETTING PROCESS

Pursuant to the concession contract, in September 2002 the first review of the initial tariffs shall take place. The

IDENTIFICATION OF THE COMPANY

Corporate name
Empresa Distribuidora Sur S.A.

Type of company
**Limited Liability
Stock Company**

Address
**San José N°140,
Buenos Aires, Argentina**

Telephone
(54-11) 4370 3700

Fax
(54-11) 4381 0708

Web site
www.edesur.com.ar

E-mail
servicio@edesur.com.ar

External auditors
**Arthur Andersen -
Pistrelli Díaz y Asociados**

Total number of shares
898,585,028

Subscribed and paid-in capital
(ThCh\$) 546,108,328

Participation of Enersis
(direct and indirect)
64.3%

Corporate purpose
**Distribution and marketing of
electric energy and related
operations.**

BOARD OF DIRECTORS
Chairman
Rafael Fernández

Directors
Enrique García
Chief Executive Officer of Enersis
Mariano Grondona
Rafael Arias
Tadeo Perich
Marcelo Silva

Jorge Ortúzar
Manuel Benites

Sustituting Directors
Domingo Valdés
Legal Counsel of Enersis
Alan Arntsen
Augustina Monferran
Horacio Babino
Juan Verbitsky
Santiago Direaux
Mónica Diskin
Pedro Aramburu

Chief Executive Officer
José Rovira



Buenos Aires, Argentina

tariffs were initially set for a period of ten years. One year in advance, Edesur must submit to the National Electricity Regulating Entity (ENRE) a proposal for the new tariff structure. The ENRE shall analyze such proposal and another proposal submitted by an independent consultant to be contracted by said entity, and shall define the tariffs to be applied until 2007.

ENERGY LOSSES

During year 2000, Edesur has developed all of the plans and projects aimed at controlling energy losses. However, during this period, the **energy losses** interrupted the falling tendency reaching an annual index of **10.3%**. Among the causes of this adverse evolution is the social situation characterized by an increase in the levels of poverty and the high rates of unemployment.

It is also important to point out that from year 2000 the methodology to calculate the index of energy losses has been changed. The change consisted in considering the energy by consumption not recorded as part of the invoiced energy, and the estimation of the energy read in meters was included for the structuring of the periodic energetic balance. This methodology change prevents

an exact comparison between the indices of the previous years and that of the last period.

COMMERCIAL ACTIVITY

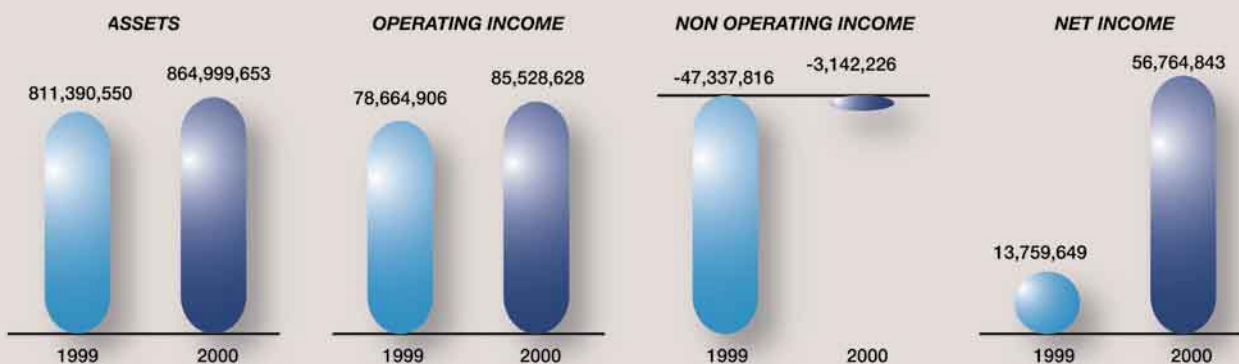
The total number of **customers** served by Edesur as at December 31, 2000 was **2,108,472**. From this total, 86.3% are residential customers, 13.4% are general customers and the remaining 0.3% corresponds to large consumers.

In year 2000, Edesur made major investments tending to improve the quality of service and the conditions of safety of the installations, such as the construction of new substations, the expansion of substations and networks, various technological innovations, etc.

During the year 2000, the commercial activity was aimed at consolidating its position in view of the future changes in the Argentinean electric market, and the strengthening of the corporate image change started during the previous year. All the foregoing without losing sight of the traditional variables of the business; improvement of the service quality, control of losses and past dues and improvement of the efficiency of the management.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)

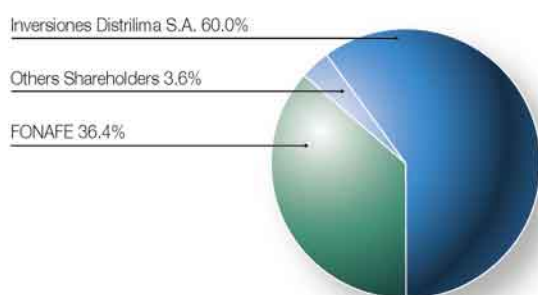


OWNERSHIP STRUCTURE OF THE COMPANY

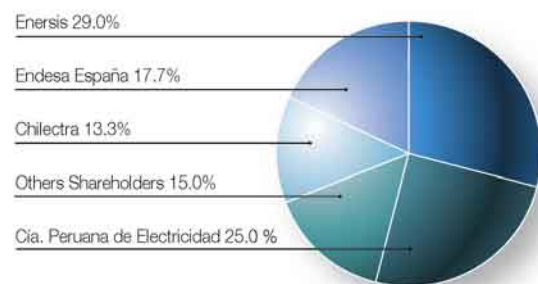
As of December 31, 2000 Edelnor's domestic investors had a 99,8% participation, while the foreign ones had the remaining 0.2%.

As a consequence of said variations, the ownership structure of Edelnor and Inversiones Distrilima S.A. is as follows:

EDELNOR



INVERSIONES DISTRILIMA S.A.



OPERATING ACTIVITY

Edelnor is the concession holding company of the public electricity service for the north part of Metropolitan Lima and the Constitutional Province of Callao, as well as for the provinces of Huaura, Huaral, Barranca and Oyón. It serves 52 districts on an exclusive basis and shares another 5 districts with the distribution company for the south part.

In the Metropolitan Area, Edelnor's concession mainly comprises the industrial zone of Lima and some populated districts of the city. The concession area awarded to Edelnor extends over an area of 2,440 km², 1,838 km² of which correspond to the north part of Lima and Callao.

SALE AND PURCHASES OF ENERGY

The **physical sales of energy** in the period reached **3,583 Gwh**, which represents an increase of 4.7% as compared to 1999. From the total of energy sold, 35.8% corresponds to residential sales, 32.8% to industrial sales, 15.2% to commercial sales and 16.2% to sales to other sectors. Additionally, a maximum demand of 653 MW was recorded.

During the year 2000, Edelnor, **purchased energy** from four generation companies; **Electroperú** (45.4%), **Edegel** (39.5%), **Eepsa** (12.0%) and **Cahua** (3.0%), whereas the remaining 0.1% corresponds to self-generation of the isolated systems, through thermal and hydraulic generators, supplying the rural areas of the Norte Chico zone.

IDENTIFICATION OF THE COMPANY

Corporate name
**Empresa de Distribución
Eléctrica de Lima Norte S.A.A.**

Type of company
**Limited Liability
Stock Company**

Address
**Jr. Teniente César López N°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
**Medina, Zaldívar y Asociados -
Arthur Andersen**

Total number of shares
1,131,891,016

Subscribed and paid-in capital
(ThCh\$) 183,586,515

Participation of Enersis
(direct and indirect)
32.4%

Corporate purpose
**Engage in the activities pertaining
to the delivery of the services
of distribution, transmission and
generation of electric energy.**

BOARD OF DIRECTORS
Chairman
Reynaldo Llosa

Vice-Chairman
José Hidalgo

Directors
Alberto López
Business Executive Officer of Enersis

Jesús Beoutis
Jorge Manzur
Ben Schneider
Fernando Urbina

Sustituting Directors
Fernando Font
Marciano Izquierdo
Antonio Sebater
José Milla
José Oporto
Rocío Montero
Pablo Casado

Chief Executive Officer
José Hidalgo



Lima, Perú

TARIFF SETTING PROCESS

The distribution tariffs remain in force for four year periods and may be adjusted during this period by means of updating formulas set by the CTE (Comisión de Tarifas Eléctricas). The last tariff setting for distribution entered into force on November 1, 1997 and shall conclude on October 31, 2001.

ENERGY LOSSES

In order to detect the sources of energy loss at supply SET level and to be able to provide the company with reliable information in pursuit of optimizing efforts and resources, during the year the customers have been subject to a direct and focalized treatment, with the **energy loss** index reaching **9.9%**.

However, said effect has not reflected due to the new methodology to calculate this index, which only includes the re-invoicing during a maximum period of 12 months, non-recorded consumption is not included (CNR) and the estimation of the energy in meters is done on a client-to-client basis over a mobile 12-month period.

COMMERCIAL ACTIVITY

Edelnor's total number of **customers** represents over half the total number in Metropolitan Lima and they consume 50.2% of the city's energy. In year 2000 the number of clients reached **851,783**, which represents an increase of 1.7% as compared to 1999.

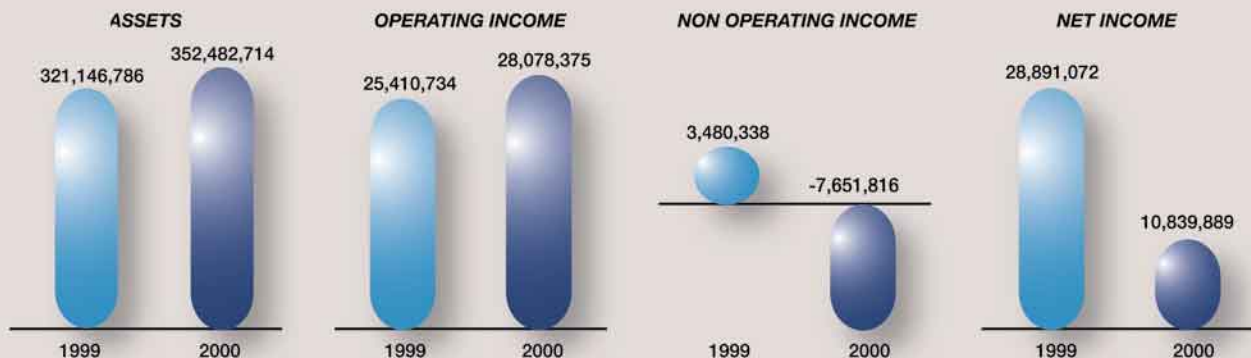
Edelnor, interested and concerned about the wellbeing of its customers, prepared during the entire year 2000, standardized questionnaires to interview clients of different socioeconomic levels who called-in the modules of commercial service, in order to evaluate the service being provided as compared to that provided by other public utility companies. The analysis reveals Edelnor is still ahead of other companies as far as satisfaction, image and service quality is concerned, with special relevance being stressed in its good customer service infrastructure.

During the year 2000, Edelnor continued to apply its efforts in pursuit of fulfilling the needs of its clients through a commercial strategy aimed at solving problems in an efficient and timely fashion. To this end, important projects were conducted, some of which are: Service Centers, Customer Phone, Edelnor at Home, etc.

Additionally, during the year major investments were made which were intended to improve the reliability and operation of the networks and installations. This fact, along with the enhancement of the coordination in preventive tasks, on the basis of a conscientious task regarding the management of the number and duration of the interruptions, have enabled the company to provide an improved level of service to customers.

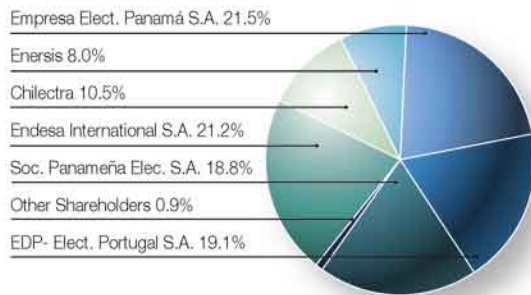


FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



OWNERSHIP STRUCTURE

The ownership structure of Companhia de Eletricidade do Rio de Janeiro, Cerj, is as follows:



OPERATING ACTIVITY

Cerj distributes electric energy in most of the State of Rio Janeiro, Brazil, serving a population of 4.1 million inhabitants, comprising 66 municipal districts distributed over an area of 31,741 km².

SALES AND PURCHASES OF ENERGY

Physical energy sales in the period amounted to **7,656 GWh**. Of the total energy sold in the year 2000, 44.0% corresponded to residential sales, 20.0% to the industrial sector, 19.0% to the commercial sector and 17.0% to other sectors. In addition, peak demand totaled 1.621 MW.

During the year 2000, Cerj, **bought** electric energy mainly from generating companies **Furnas** (76.3%), **Itaipu** (27,0) and the remainder was self-generated.

TARIFF SETTING PROCESS

Cerj's distribution tariffs are adjusted as set forth in concession agreement entered into in November, 1996. In December of each year, ANEEL reviews management and non-management costs, in addition to the variation of the IGP-M index for the period, determining the adjustment value to be applied. The last adjustment, applied on December, 2000, included a 15.9% rise to be applied as of December 31, 2000, plus a 1.9% increment to be applied as of February 7, 2001.

Cerj's tariffs will be reviewed by ANEEL in December, 2003, based on the cost structure and efficiency achieved, procedure that is conducted every four years.

ENERGY LOSSES

Cerj is implementing loss control investment projects in order to reduce this index. However, during this period, the **energy losses** accumulated in the 12-month period interrupted its decreasing tendency, reaching a **19.7%** annual index.

It must be noted that, among the causes for this unfavorable evolution, as of the year 2000, the methodology by which this index was calculated was changed by disregarding energy from consumptions not recorded (CNR), within the energy invoiced, and by incorporating energy estimates on meters for carrying out the periodical energy balance. This methodological change

IDENTIFICATION OF THE COMPANY

Company name
CERJ-Companhia de Eletricidade do Rio de Janeiro

Type of company
Stock Company

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

Telephone
(55-21) 613 7000

Fax
(55-21) 613 7153

Web site
www.cerj.com.br

E-mail
cerj@cerj.com.br

External auditors
Arthur Andersen S/C

Total number of shares
1,704,025,408,820

Subscribed and paid-in capital
(ThCh\$) 137,453,941

Participation of Energis (direct and indirect)
57.4%

Company purpose
Generation, distribution of electric energy.

BOARD OF DIRECTORS
Chairman
Eduardo Bernini

Directors
Emilio López
Maria João Méndez
Ramón Vázquez
Adj. Business
Director of Energis
Enrique García
Chief Executive Officer of Energis

Ignacio Blanco
Chief Development Officer of Energis
Fernando Nadal
Corp. Communications Director of Energis
Geraldo Da Rocha
José Martínez
Sustituting Directors
Juan Madrigal
Francisco Arias
Luis Goncalves
Fernando das Neves
Vacantes (5)

Chief Executive Officer
Javier Villar



Rio de Janeiro, Brazil

prevents an accurate comparison between indices from previous years and that corresponding to the last period.

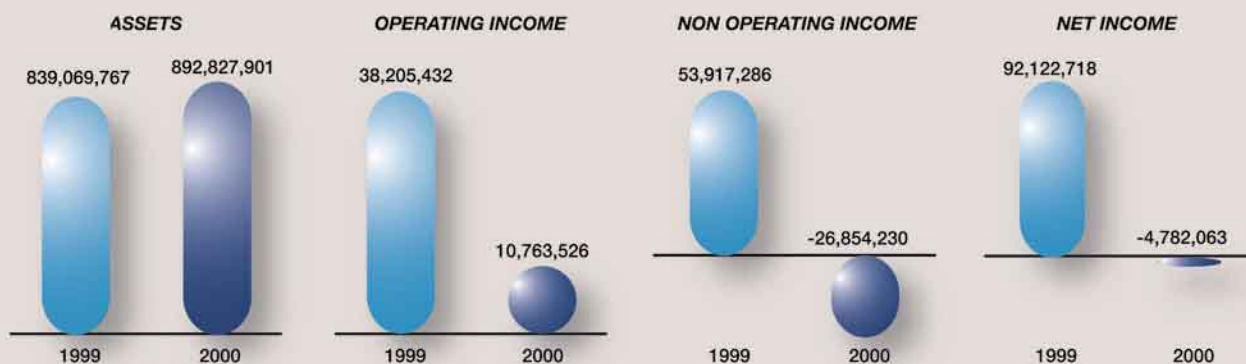
COMMERCIAL ACTIVITY

The total number of Cerj's **customers** during the year 2000 amounted to **1,581,001**, representing a 1.4% increase with respect to 1999. Of this total, 89.7% is residential customers, and the remainder 10.3% is comprised of industrial, commercial customers, and others.

In the year 2000, Cerj made important investments in order to improve service quality, namely: the general restructuring of Call Center, which since April has had 50 lines for providing this service; the development and implementation of the Customer Commercial Service Management System (GAC), which allows the on-line access to customers' complaints from any place in the State ; and the implementation of the 0800 free service which takes care of both commercial requests and emergency calls.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)

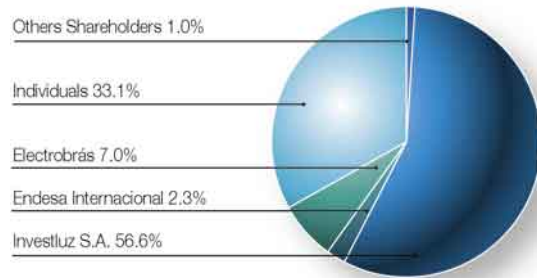


COMPANY OWNERSHIP

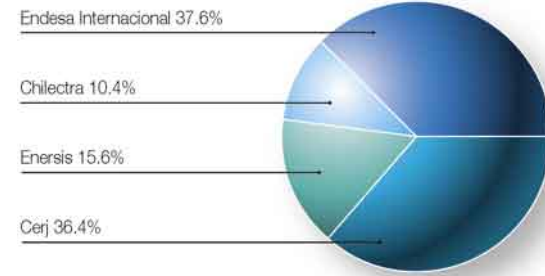
As from April, 1999, Coelce is operated by the consortium Distriluz Energía Eléctrica S.A., made up of Endesa de España, Enersis, Chilectra and Cerj. In September of same year, the group increased its stake in the company by 6% through the acquisition of the shares in the hands of investments clubs, formed by workers when the company was privatized.

In September, 1999, Distriluz Energía Eléctrica S.A. was dissolved and a new controlling company, Investluz S.A., was created, taking over the former company. As a result of said changes, the ownership structure of Coelce and Investluz is as follows:

COELCE



INVESTLUZ S.A.



OPERATING ACTIVITY

Coelce's main objective is to distribute and commercialize electric energy in the city of Fortaleza, State of Ceará, representing a total concession area of approximately 147,000 km² in 84 municipal districts.

SALES AND PURCHASES OF ENERGY

Energy sales within the period amounted to **5,894 GWh**, representing a 3.2% increase with respect of the previous period. Of the total energy sold in the year 2000, 33.8% corresponded to residential sales, 29.3% to the industrial sector, 18.3% to the commercial sector, and 18.6% to other sectors. Peak demand for the year amounted to 1,110 MW in December, an 11.1% rise with respect to 1999.

During the year 2000, Coelce **bought** almost all the energy from the generating company **Chesf** (99.2%).

IDENTIFICATION OF THE COMPANY

Company name
Companhia Energética do Ceará

Type of Company
**Limited Liability
Stock Company**

Address
**Av. Barão de Studart Nº 2917,
Aldeota, Barro Dionísio Torres,
Fortaleza, Ceará, Brasil**

Telephone
(55-85) 216 1100

Fax
(55-85) 216 1410

Web site
www.coelce.com.br

E-mail
comunicacion@coelce.com.br

External auditors
Arthur Andersen

Total number of shares
155,710,600,088

Subscribed and paid-in capital
(ThCh\$) 214,713,537

Participation of Enersis
(direct and indirect)
26.3%

Corporate purpose
**Distribute and sell electric,
thermal, hydraulic energy and
of any other nature.**

BOARD OF DIRECTORS

Chairman
José Mayoral

Vice-Chairman
Javier Villar

Directors
**Ricardo Gómez
Ignacio Blanco
Chief Development Officer of Enersis
José Kindelán
Chief Regulation Officer of Enersis
Francisco de la Fuente
Javier Arias
Antonio Uchoa
Mauricio Balbontín
Chief Financial Officer of Enersis**

**José Martínez
Laércio Peixoto**

Sustituting Directors
**Antonio Pires
Rogério Cruz
Priscilla Sartori
Emilio López
Antonio Gouvea
Luis Goncalves
Isabel Carvalho
Antonio Vianna
Arturo Silva
Miguel del Valle
Juarez Ferreira**

Chief Executive Officer
Manuel Montero

TARIFF SETTING PROCESS

Coelce's distribution tariffs are regulated by the Aneel Concession Contract dated 01/98 and are adjusted every 22 of April for the review of non-management cost increases. The last adjustment, applied on April 22, 2000, included a 10.2% increase plus a 1.0% rise in the rate of contribution for social security financing (COFINS).

On April, 2003, Aneel will review Coelce's costs in order to effect the first tariff review, which will be subsequently applied every four years.



Fortaleza, Brazil

ENERGY LOSSES

Coelce is implementing loss control investment projects in order to reduce this index. During the year 2000, through the Standardization Project, Greater Customer Projects, etc. The **energy losses** accumulated in the 12 month period reached, as of December 2000, a **13.3%** index.

COMMERCIAL ACTIVITY

The total number of **customers** served by Coelce as of December, 2000, was **1,795,824**, representing a 8,7% increase with respect to December, 1999.

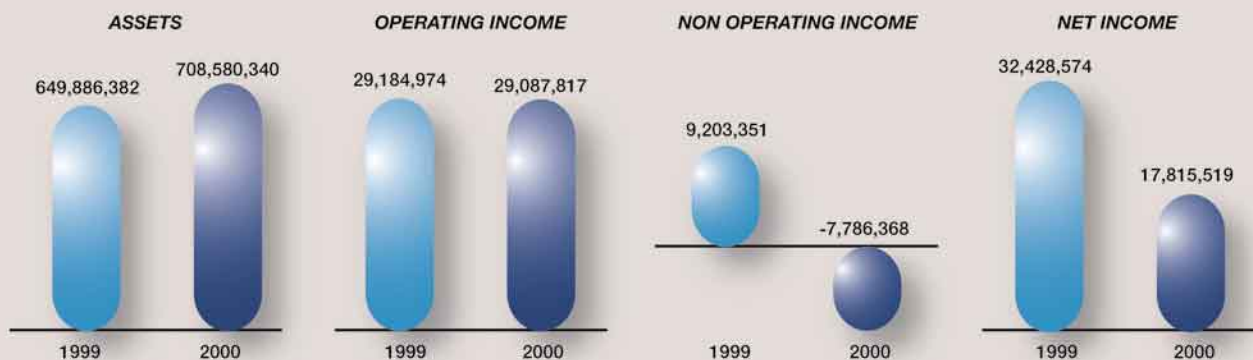
As for customer service, the company's policy was oriented towards the modernization of the information systems, expansion of channels to access the company services, and globalization of the commercial service

platform. In addition to the implementation of the new commercial system, the centralized 24-hour-a-day customer service system covering the entire Ceará through a 800 phone line, was put into operation. Commercial coverage was expanded through the implementation of the "Points of Service" project, which made it possible to extend service to the 184 municipal districts of the State.

Further, a Coelce program was started in neighborhoods, through mobile offices providing the poorest communities in Fortaleza and within the State with solutions, advice and educational information. Special service facilities to provide attention to customers with hearing problems as well as the delivery of energy bills written in Braille for customers with visual disabilities were implemented. Finally, a virtual office where Coelce's customers may get information and request services on the internet, was set up.

COELCE
Companhia Energética do Ceará

FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)

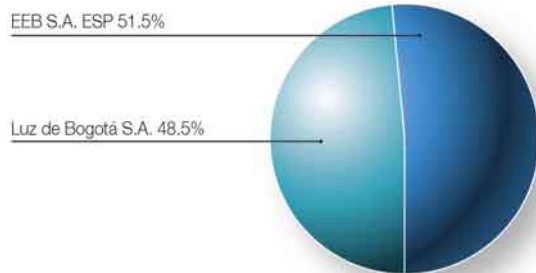


OWNERSHIP STRUCTURE

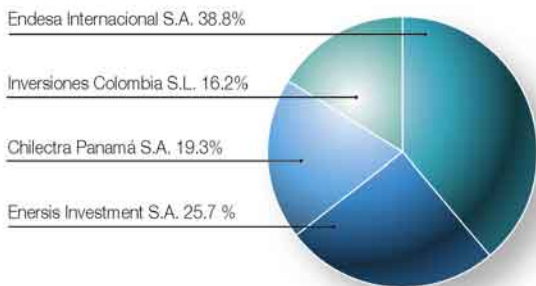
On September 15, 1997, Empresa de Energía de Bogotá S.A. E.S.P., capitalized 48.5% of its ownership, which was acquired by the consortium Luz de Bogotá, made up of the companies Enersis, Chilectra and Endesa Desarrollo. Subsequently, on October 23, Codensa S.A. E.S.P. was organized.

The ownership structure of Codensa and of the consortium Luz de Bogotá S.A. is as follows:

CODENSA



LUZ DE BOGOTÁ S.A.



OPERATING ACTIVITY

SALES AND PURCHASES OF ENERGY

Physical energy sales during the period amounted to **8,776 GWh** representing a 3.2% increase with respect to 1999. Of the total energy sold in the year 2000, 83.0% of it was sold on the regulated market, 11.7% on the non-regulated market, and 4.4% to public lightning.

The energy purchase level dropped by 13% respect to 1999 purchases. 89.2% was purchased to serve the regulated market and 10.8% for the non-regulated market.

TARIFF SETTING PROCESS

The distribution tariffs are in effect during 5 years. The latest distribution tariff setting came into effect in 1998. During 2001 the policies and norms to be applied in the next 2003-2007 period shall be defined.

The service rendering unit cost was affected during 2000 due to the regulatory changes and restrictions. Because of the validity of the new CREG resolution as of October, 100% of the restriction will be charged to the distribution companies.

ENERGY LOSSES

At the end of the year 2000, the company recorded an index for **energy losses** of 10.5%, a figure involving three point drop with respect to the previous year's closing.

IDENTIFICATION OF THE COMPANY

Company name
Codensa S.A. ESP

Type of Company
Public Services Company

Address
**Carrera 13ª N° 93-66
Bogotá, Colombia**

Telephone
(571) 601 6060

Fax
(571) 601 5917

Web site
www.codensa.com.co

E-mail
yacero@codensa.com.co

External auditors
Arthur Andersen

Total number of shares
187,162,104

Subscribed and paid-in capital
(ThCh\$) 882,141,517

Participation of Enersis
(direct and indirect)
22.6%

Corporate purpose
Distribution and selling electric energy, and performance of similar, kindred, complementary and related activities.

BOARD OF DIRECTORS
Chairman
Andrés Regué

Directors
José Kindelán
Chief Regulation Officer of Enersis
Fernando Urbina
Juan Vásquez
Adj. Business Director of Enersis

José Vargas
Carlos Sandoval
Jorge Amaya

Sustituting Directors
Marcelo Llévènes
Lucía Piedrahíta
José Inostroza
Lucio Rubio
Henry Navarro
Mario Trujillo
Jorge Pinzón

Chief Executive Officer
Marcelo Llévènes

The structure designed for the Loss Control Project, which is based on the Technical Measure Investment Project (PIMT), Standardization Project and Greater Customer Projects.

In September, 2000, the development of a new project called "Consumption Standardization Project" was started in order to replace 15,000 obsolete meters showing sub-readings, as compared to those of standardized customers, with which Codensa's loss cut down plan was supported.

COMMERCIAL ACTIVITY

By the end of the year 2000, the company is selling energy to **1,802,049 customers**. The number of regulated customers rose by 55,654 and the non-regulated customers by 43, with respect to 1999, which is a 3.2% increase in the number of customers served by Codensa.

After the goal for 1999, focusing on quality service improvement, was achieved, a new strategic plan was developed in the year 2000, centered on three fundamental aspects: customer service, implementation of new technologies, and operating efficiency.

The strategic plan integrates the operating activity with value added services to customers and financial income, by optimizing all commercial resources. Customers is the plan's objective, based on efficiency and effectiveness in operations.

The implementation of this plan was based on decentralization intended to have greater facilities to serve

the customer. Two new customer service facilities opened up, Centro Internacional and Soacha which were added to the Regional, Center and South respectively.



Bogotá, Colombia

In accordance with the plan to become the best utility company and with the need of modernizing customer service processes, in August 2000, the Year 2000 Customer Information System, a modern tool which integrates commercial information related to customer service, invoicing, delinquency, loss control, collection and management, was put into operation.

Within the implementation of the Year 2000 Customer Information System, investments were made for the technological upgrade at the CADES providing commercial services throughout the Capital District. As a result of this project, seven CADES were incorporated into the commercial information system, with which a level of service equal to that provided at the other service facilities, was achieved.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)





Other Businesses

*The coverage is extended to other
countries in Latin America*



GENERAL INFORMATION

Compañía Americana de Multiservicios S.A. (CAM), wholly owned by Enersis, is the successor in charge of continuing the electric engineering and service activities of Ingeniería e Inmobiliaria Manso de Velasco S.A.

It was organized in late 1999 with the purpose to enhance and consolidate its presence in the area of massive support services to electricity, water, gas and telecommunications companies.

CAM has gradually consolidated its presence in the market, with a number of work services rendered to various public service companies that have placed it in an outstanding level on a national basis.



On the other hand, internationally speaking, the opening of the subsidiary companies in Colombia and Perú, besides the already existing subsidiary in Argentina, has enabled it to consolidate its presence in the area of tailored associated integral service rendering to electric distribution companies. For the year 2001, it is intended to start this type of activities in Brazil.

MAIN ENGINEERING ACTIVITIES AND SERVICES

During the year 2000, the services platform enabling the development of the multiple services framework was devised. The consolidation of the network and joints construction, besides the incorporation of the commercial services of reading meters and delivery of bills, past dues, cutting and replacing utility services and market discipline, have enabled it to place itself among the main public utility services. Thus at present, the meter-reading services are being provided to several companies, namely Chilectra, Chilquinta and Río Maipo and the bill delivery service is provided to the aforementioned companies in addition to Emos and Smartcom PCS.

As for metering, the service of quality diagnostic of the meters installed by Chilectra, Río Maipo, Edelnor, Cerj and Codensa was implemented, which enabled those companies to acquire a full knowledge of the recording being made of consumed energy and power invoiced.

In the area of engineering and major urban services, important projects were set in place, such as the completion of the 220 kV transmission system over an extension of 57 km, 30 of which are located in a high mountain area. The execution of a roadway lighting turnkey project for the Autopista Los Libertadores. The participation in roadway lighting engineering

IDENTIFICATION OF THE COMPANY

Corporate name
Compañía Americana de Multiservicios S.A.

Type of company
Closed Limited Liability Stock Company

Tax register number
96,530,650-1

Address
Tarapacá N° 934 Santiago, Chile

Telephone
(56-2) 632 5000

Fax
(56-2) 639 7608

External auditors
Arthur Andersen - Langton Clarke

Total number of shares
29,462,263

Subscribed and paid-in capital (ThCh\$) **1,031,693**

Participation of Enersis (direct and indirect)
100%

Corporate purpose
Perform professional and technical services for the management of warehouses, control execution of works, measure and gauge, start-up and maintenance of systems, machinery and apparatus, maintenance of distribution and transmission networks.

BOARD OF DIRECTORS
Chairman
Francisco Núñez
Chief Procurement Officer of Enersis

Vice-Chairman
Ernesto Silva
Director of Enersis

Directors
Víctor Jarpa
Pedro Bermejo

Chief Executive Officer
Pantaleón Calvo

and relocation of networks in the main concessions currently under construction, along with the execution of these works for the underground parking areas in Providencia and Santa Lucía. As regards services for telecommunications, four 36 and 42-meter high antennas were erected at Chilectra's Substations on a turnkey basis for Smartcom PCS, and advisory services were also provided in order to familiarize them with the formalities and execution of joints at a national level, as well as the support provided in the technical inspection of towers erected by third parties.

In the area of public utility services, a massive replacement of 90,000 water meters was carried out for Esvál. Construction works were completed involving telephone networks, optical fiber, burying of communications networks and multiple-pipe projects conducted on a joint basis with Chilectra for the Municipality of Vitacura and Providencia. Works of installation and replacement of lighting was carried out in various boroughs of Santiago as per the contract entered into with Chilectra. New urban development works were carried out with nearly 19,100 electric joints, representing 65% of the market, a work that also comprised the installation of aerial and underground electric networks.

On an international basis, the **Colombian** subsidiary of CAM was organized, after the awarding of the public bidding process called by Codensa for the services of laboratory, integral telemeasurement and annexed services provided to non-regulated customers, massive installations for new supplies and integral servicing of major customers. Likewise, it provides the services of telemeasurement and annexed services to non-regulated customers for the electric trading company Enersis Energía de Colombia.



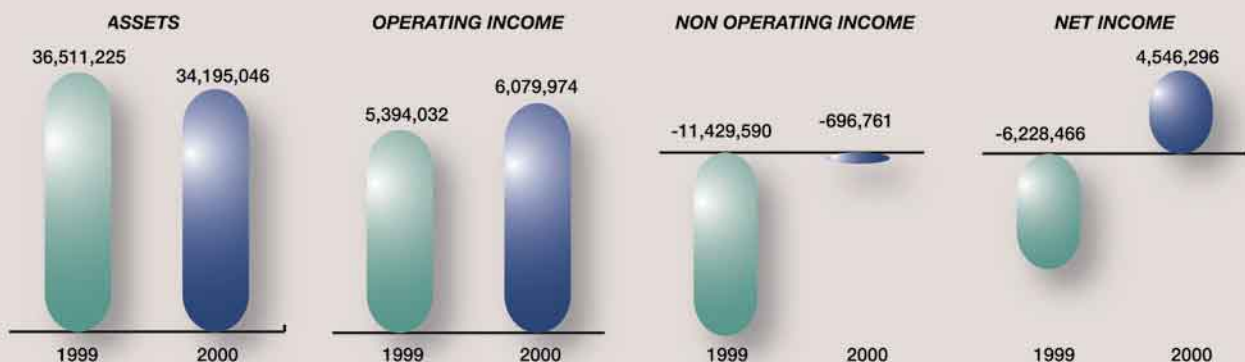
Also, the **Peruvian** subsidiary of CAM was organized, after the awarding of the laboratory services and field services associated to major customers for Edelnor.

In **Argentina**, CAM's subsidiary was awarded with the contract of the commercial cycle for the integral servicing of the Rivera Sur branch with 488,000 customers. This implies providing the services of meter reading and bill delivery, market discipline, past dues, cutting and reconnection, installation and removal of meters, commercial services and collection. Likewise, it was awarded with the contract of the technical cycle for serving the areas of Avellaneda and Quilmes. This implies providing the services of customer complaints, preparation of projects in LT and MT networks, construction, maintenance and operation of aerial and underground LT and MT networks. Both contracts are for a three year period.

In **Brazil**, the subsidiary CAM Brasil Multiservicios Ltda. was organized during December 2000. It is expected to be in operations by the beginning of year 2001, providing laboratory and field services.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



GENERAL INFORMATION

For Synapsis, a company 100% owned by the Enersis Group, the year 2000 was the year of its consolidation as a supplier of integral services to public utility companies in Latin America, especially companies of the Enersis Group, all of the foregoing in the framework of the execution of the Systems Master Plan as a part of the Genesis Project.

OPERATING ACTIVITY

Hard work was conducted during the year in pursuit of said project, which implied the transfer of personnel from subsidiary companies, negotiation of contracts for telecommunications and control systems, participation in bidding processes with the purpose of providing its customers both within the Group and external, the services of data processing, telecommunications and control systems.



In this same context, the tasks began for the execution of the projects defined as corporate; relevant in this context is the organization of **Synapsis Perú**, the improvement of the data processing center in Chile, the corporate backbone, the corporate intranet consisting in setting up a network comprising the companies of the Group in America, joining Endesa España's Intranet, the CDP convergence project the purpose of which is centralizing the operations of the CPDs for all the companies within a country around one CPD, the project of standardized commercial synergy, which seeks to incorporate the best practices and the latest technologies into said product and the Setting Up of the SIE2000A (a SAP R/3-based solution) at a corporate level in Chile.

During the year, Synapsis was awarded several important outsourcing services contracts and executed major projects with state-of-the-art technology which it set up with optimized timing and resources.

In Edelnor, Perú, the CDP outsourcing services started.

In Codensa, Colombia, it was awarded with the bidding process involving the outsourcing of data processing services, telecommunications and control systems. The commercial management synergy solution setting up was completed, and the services of processing and maintenance of said solution began.

In Coelce, Brazil, it was awarded with the project comprising the setting up of the distribution technical systems, and by the end of the year, it was awarded with the contract for the outsourcing services, which shall commence in January of year 2001.

IDENTIFICATION OF THE COMPANY

Corporate name
Synapsis S.A.

Type of company
Closed Limited Liability Stock Company

Tax register number
96,529,420-1

Address
Catedral N° 1284, Santiago, Chile

Telephone
(56-2) 632 1240

Fax
(56-2) 696 5999

Web site
www.synapsis-sa.com

E-mail
synapsis@synapsis.enersis.cl

External auditors
Arthur Andersen - Langton Clarke

Total number of shares
10,570,778

Subscribed and paid-in capital
(ThCh\$) 3,943,580

Participation of Enersis (direct and indirect)
100%

Corporate purpose
Supply and sell services and equipment related to computers and data processing for public utility companies and others, both national and foreign.

BOARD OF DIRECTORS

Chairman
Cristóbal Sánchez
Chief Information Systems Officer of Enersis

Directors
Emilio García
Chief Diversification Officer of Enersis
Francisco Núñez
Chief Procurement Officer of Enersis
Chief Executive Officer
Victor Muñoz



In Edenor, Argentina, it was awarded with the outsourcing of the data processing center.

In Esval, Chile, it completed the setting up of the awarded solutions (Commercial Management Synergy, SIE2000A, Human Resources Synergy, Shares Synergy, etc.) to support the overall management of the company and started the outsourcing services.

In the Depósito Central de Valores (DCV), Chile, it was awarded with a services contract for the processing of the shares synergy.

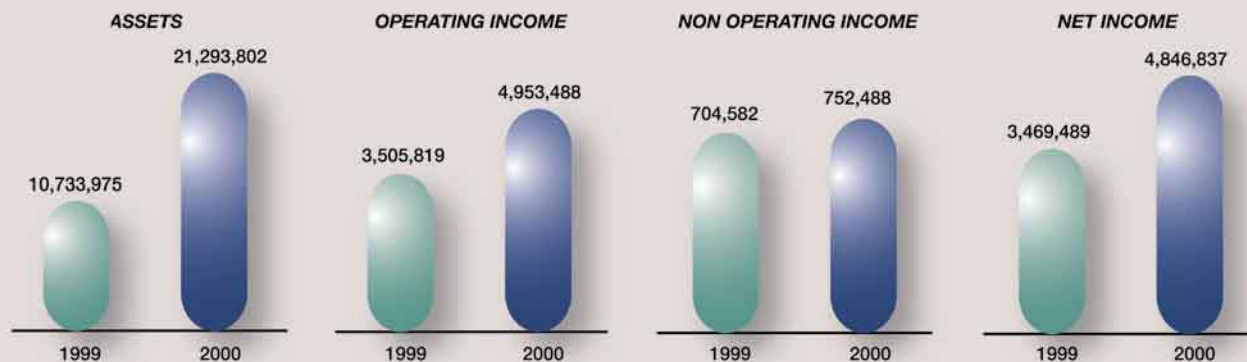
In Smartcom, Chile, the CPD outsourcing services were contracted, a project was started for the setting up of SIE2000A and it was awarded with a Datawarehouse project.

The year ends with the beginning of the project comprising the renewal of Endesa Chile's, Transelec's, Chilectra's and Río Maipo's SCADA, the awarding by Emos of the project for the merger and upgrading of the commercial systems of Emos and Aguas Cordillera.

This year's success for Synapsis lies on its technological strategy, its broad knowledge of both the public utility business and the outsourcing business and the vast experience of the professionals that worked for Synapsis and those who were transferred from the subsidiary companies as a consequence of the execution of the systems master plan and the services outsourcing systems, a sound policy of alliances, which caused it to be awarded with important contracts. By the end of the year its main task shall be to work in pursuit of upgrading its levels of



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



OPERATING ACTIVITY

During the year 2000, Diprel experienced a boost in its results by approximately 58%, basically explained by the results obtained abroad. Although the economic crisis undergone by **the country** has restrained an expedite recovery of the businesses intended for the sectors of construction, housing and industry, as a counteraction, important benefits have been achieved in the reduction of costs in the purchase of materials, contracting of works and services and in administrative expenses.

Likewise, the **international business** experienced dramatic changes, from exporters to domestic operators in Perú and Colombia, and supporting the management of supplies of the Enersis subsidiaries in Brazil.



Always within the mission to optimize the functions of supply, purchase and contracts in the Enersis Group, during the year 2000 important goals were set, namely, attaining a global reduction of at least 17% in the prices of costs and reaching an important reduction of stocks at the Group's level, tasks that have been achieved by 100%.

The integral management of provision in Chile was consolidated; it includes the management of purchases, contracts and services, administration, management and control of the warehouses of Chilectra, Río Maipo, CAM, Synapsis and Colina.

In this same fashion, the creation of subsidiary companies in Perú and Colombia was achieved. These companies are in charge of the management of purchases and contracts, stock and warehouse management of the electric companies comprising the Enersis Group in such locations.

In the area of domestic businesses, the important participation in the Public Lighting projects is highlighted, with relevance being in the projects carried out in the boroughs of Santiago, Ñuñoa, La Reina, Florida and Macul.

It is worthy to point out the company's continuous concern for labor accidents, an effort which translated in the Year 2000's Merit Award 2000 being conferred to the company by the Asociación Chilena de Seguridad.

In order to reach higher levels of productivity, it was necessary to dismiss 14% of the personnel, a process that was carried out in accordance with the policies set in place by the Group, providing economic support

IDENTIFICATION OF THE COMPANY

Corporate name
Distribuidora de Productos Eléctricos S.A.

Type of company
Closed Limited Liability Stock Company

Tax register number
96,543,670-7

Address
Bulnes N° 1238 Santiago, Chile

Telephone
(56-2) 688 4502

Fax
(56-2) 681 2219

Web site
www.diprel.com

E-mail
info@diprel.enersis.cl

External auditors
Arthur Andersen - Langton Clarke

Total number of shares
4,362,440

Subscribed and paid-in capital
(ThCh\$) 1,540,344

Participation of Enersis (direct and indirect)
100%

Corporate purpose
Purchase, sale, import and distribution of products related to electricity.

BOARD OF DIRECTORS

Chairman
Francisco Núñez
Chief Procurement Officer of Enersis

Directors
Pantaleón Calvo
Ernesto Silva
Director of Enersis

Chief Executive Officer
Eduardo López



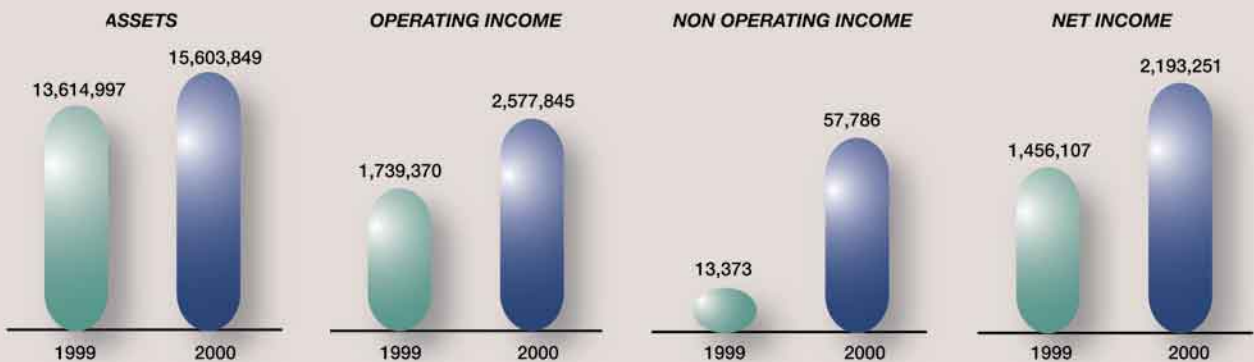
to alleviate the effects of the dismissals, somehow guaranteeing sufficient levels of employability.

The internal restructuring of the company was carried out as a consequence of the creation of Enersis' Supply Management Department. Thus the

Sales Management Department and the Purchase and Contracts Management Department were created, thereby taking advantage of both units' synergies in everything in connection to bidding processes, contract management, price negotiation and others.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



Manso de Velasco

REAL ESTATE PROJECTS

ENEA

It corresponds to a real property development on a 1,000 hectares area strategically located in West Santiago, borough of Pudahuel, in the vicinity of the International Airport and integrated to important structural highways of the Metropolitan Region. At present, Phase I is being developed; it corresponds to the concept of Industrial and Business Park, notwithstanding the sale of other areas for housing purposes.

In year 2000's fiscal period, ENEA featured important progress in commercial terms and in the conduct of its urban development works. Thus, ENEA was able to commercialize over 30 hectares of land with associated income in excess of US\$10 million.



Enea Project

The project has been consolidated strengthened by important elements, such as the formalization of urban soil use classification of 57 additional hectares west of Av. Américo Vespucio and the generation of important road developments in the neighborhood that evidently the project's connectivity.

SANTUARIO DEL VALLE

During the year 2000, the Santuario del Valle project mainly consisted in the marketing of single-family residential lots of land and macro-lots, with reported sales in the amount of US\$43 million.

Insofar as macro land lots is concerned, the surface sold during 2000 rose to 150.8 hectares, a figure that represents 88.2% of the land lots whose commercialization has concentrated on third parties' development.

As for single-family residential lots, the accumulated sales amount to 473 lots, a figure representing 85.4% of the total available in Sectors 1 through 6 of the First Stage of the subdivision. To this respect, it is worthy to point out that during the third quarter of year 2000 the marketing of 68 lots corresponding to Sector 6 began.

As for the general urban development works corresponding to the First Stage of Santuario del Valle, they feature a progress rate that exceeds 95%.

TAPIHUE

The Tapihue project contemplates properties corresponding to lands associated to the farms Tapihue, Amancay – lot B – and La Petaca. Said properties,

IDENTIFICATION OF THE COMPANY

Corporate name
Inmobiliaria Manso de Velasco S.A.

Type of company
**Closed Limited Liability
Stock Company**

Tax register number
96,909,280-8

Address
**Av. Kennedy N° 5454,
Vitacura, Santiago**

Telephone
(56-2) 378 4700

Fax
(56-2) 378 4702

Web site
www.mvelasco.cl

E-mail
gercom@mvelasco.enersis.cl

External auditors
**Arthur Andersen -
Langton Clarke**

Total number of shares
29.462.263

Subscribed and paid-in capital
(ThCh\$) 5,848,651

Participation of Enersis
(direct and indirect)
100%

Corporate purpose
**Buy, sell, parcel, subdivide,
market and commercially
operate, at any title, all types
of real property, either on its
own behalf or on behalf of third
parties, invest the company's
funds in all kinds of assets, real
property or securities.**

BOARD OF DIRECTORS

Chairman
Emilio García
Chief Diversification Officer of Enersis

Directors
Victor Jarpa
Jorge Alé
Diversification Manager of Enersis

Chief Executive Officer
Andrés Salas



Santuario del Valle Project

as a whole, involve an area of 7,302 hectares in the borough of Tii-Tii, province of Chacabuco, Metropolitan Region, and are classified as ZDUC (Zona de Desarrollo Urbano Condicionado) per the Santiago Metropolitan Urban Development Plan.

PROPERTY LEASE

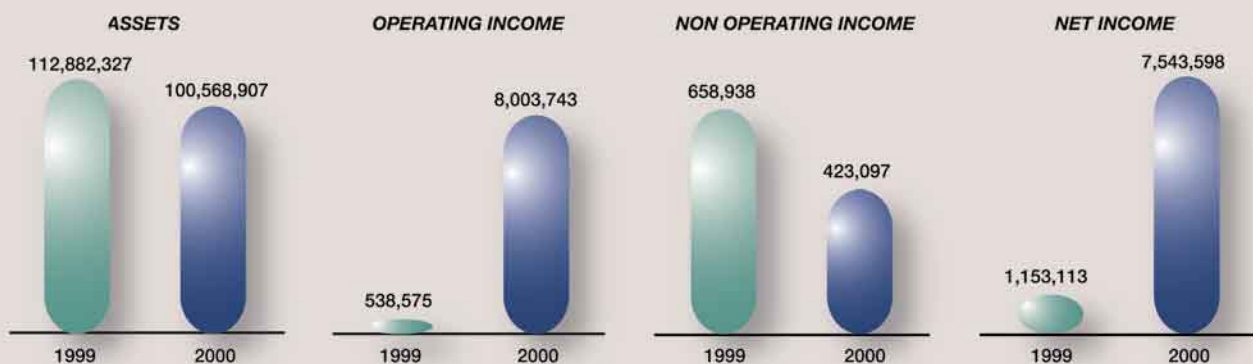
As part of its real estate business, Manso de Velasco manages a total of 47,892 m² built, corresponding to buildings, stores and offices, which generated

accumulated incomes in the amount of US\$4.5 million during the year 2000.

It is worth pointing out that during the year 2000 period a property disinvestment process began caused by the restructuring and new strategic and business definition of Enersis. This way, the sale of important properties was carried out which yielded incomes in the amount of US\$1.7 million.



FINANCIAL INFORMATION (Thousand Ch\$ as of December 2000)



Execution of this Annual Report

Pursuant to General Rule N° 30 issued by the Superintendency of Securities and Insurance, the annual report herein was approved and signed by the members of the board of Directors of the Company.



Alfredo Llorente
Chairman



Rafael Miranda
Vice-chairman



Ernesto Silva
Director



Luis Rivera
Director



Hernan Somerville
Director



José Fesser
Director



Eugenio Tironi
Director

Santiago, March 2, 2001

Identification of Others Subsidiaries and Related Companies

Distrilec Inversora S.A.

Corporate name
Distrilec Inversora S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**San José N° 140 (1076)
Buenos Aires - Argentina**

Telephone
(54-11) 4370 3700

Fax
(54-11) 4381 0708

External auditors
**Arthur Andersen/
Pistrelli Díaz y Asoc.**

Subscribed and paid-in capital
(ThCh\$) 291,130,604

Participation of Enersis
(direct and indirect)
50.7%

Corporate purpose
**Participate on its own behalf or
on behalf of third parties in the sold
of shares of Edesur and Edenor.**

BOARD OF DIRECTORS

Chairman
Enrique García
Chief Executive Officer of Enersis

Vice-Chairman
Rafael Fernández

Directors
**Manuel Benites
Mariano Grondona
Jorge Ortúzar
Marcelo Silva
Horacio Babino
Carlos Cuirolo
Tadeo Perich
Juan Verbitsky**

Sustituting Directors
**Santiago Daireaux
Domingo Valdés**
Legal Counsel of Enersis
**Agustina Monferrán
Mónica Diskin
Jorge Casagrande
Darío Lamanna
Mario Lagrosa
Antonello Tramonti
Jorge Barros
Pedro Aramburu**

Enersis de Argentina S.A.

Corporate name
Enersis de Argentina S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Suipacha N° 1111 Piso 18,
Buenos Aires, Argentina**

Telephone
(54-1) 315 9959

Fax
(54-1) 311 2317

External auditors
**Arthur Andersen/
Pistrelli Díaz y Asociados**

Subscribed and paid-in capital
(ThCh\$) 77,937

Participation of Enersis
(direct and indirect)
100%

Corporate purpose
**Primarily financial, performing
any type of financial or
investment activity.**

BOARD OF DIRECTORS

Chairman
Enrique García
Chief Executive Officer of Enersis

Vice-Chairman
Juan Domínguez
*Adj. Chief Executive Officer
of Enersis*

Directors
Domindo Valdés
Legal Counsel of Enersis
**Mariano Grondona
Alan Arntsen
Betina Di Croce
María Justo**

Sustituting Directors
Martín Madrid
*Planing & Control Executive
Officer of Enersis*
Fernando Nadal
*Corp. Communications Director
of Enersis*
**Manuel Benites
Alberto López**
*Business Executive Officer
of Enersis*
Vacantes (3)

Enersis International Limited

Corporate name
Enersis International Limited

Type of company
**Foreing Limited Liability
Stock Company**

Address
**P.O. BOX 309,
Ugland House, South Church St,
Grand Cayman, Cayman Islands**

Telephone
(345) 949 8066

Fax
(345) 949 8080

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 192,744,152

Participation of Enersis
(direct and indirect)
100%

Corporate purpose
**Any activity related
to energy or fuels.**

BOARD OF DIRECTORS

Chairman
José Palomo

Vice-Chairman
Juan Domínguez
*Adj. Chief Executive Officer
of Enersis*

Director
Leopoldo López

Enersis Investment S.A.

Corporate name
Enersis Investment S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Av. Samuel Lewis y Calle N° 53,
Edificio Omega, Mezzanine,
Panamá, República de Panamá**

Telephone
(507) 263 5333

Fax
(507) 263 6983

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 291,883,141

Participation of Enersis
(direct and indirect)
100%

Corporate purpose
**Any activity related
to energy or fuels.**

BOARD OF DIRECTORS

Chairman
Enrique García
Chief Executive Officer of Enersis

Vice-Chairman
Juan Domínguez
*Adj. Chief Executive Officer
of Enersis*

Directors
Domindo Valdés Prieto
Legal Counsel of Enersis

Sustituting Directors
Alberto López
*Business Executive Officer
of Enersis*
Martín Madrid
*Planingng & Control Executive
Officer of Enersis*
Fernando Nadal
*Corp. Communications Director
of Enersis*

Electric Investment S.A.

Corporate name
Electric Investment S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Av. Samuel Lewis y Calle N° 53,
Edificio Omega, Mezzanine,
Panamá, República de Panamá**

Telephone
(507) 263 5333

Fax
(507) 263 6983

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 16,579,077

Participation of Enersis
(direct and indirect)
100%

Corporate purpose
**Any activity related
to energy or fuels.**

BOARD OF DIRECTORS

Chairman
Enrique García
Chief Executive Officer of Enersis

Vice-Chairman
Juan Domínguez
*Adj. Chief Executive Officer
of Enersis*

Directors
Domindo Valdés
Legal Counsel of Enersis

Empresa Eléctrica de Panamá S.A.

Corporate name
Empresa Eléctrica de Panamá S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Av. Samuel Lewis y Calle N° 53,
Edificio Omega, Mezzanine,
Panamá, República de Panamá**

Telephone
(507) 263 5333

Fax
(507) 263 6983

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 131,338,995

Participation of Enersis
(direct and indirect)
99.6%

Corporate purpose
**Any activity related
to energy or fuels.**

BOARD OF DIRECTORS

Chairman
Enrique García
Chief Executive Officer of Enersis

Vice-Chairman
Juan Domínguez
*Adj. Chief Executive Officer
of Enersis*

Directors
Domindo Valdés
Legal Counsel of Enersis

Sustituting Directors
Alberto López
Business Executive Officer of Enersis
Martín Madrid
*Planing & Control Executive
Officer of Enersis*
Fernando Nadal
*Corp. Communications Director
of Enersis*

Interocean Development Inc.

Corporate name
Interocean Development Inc.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Av. Samuel Lewis y Calle N°53,
Edificio Omega, Mezzanine,
Panamá, República de Panamá**

Telephone
(507) 263 5333

Fax
(507) 263 6983

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 123,450,168

Participation of Enersis
(direct and indirect)
100%

Corporate purpose
**Any activity related
to energy or fuels.**

BOARD OF DIRECTORS

Chairman
Enrique García
Chief Executive Officer of Enersis

Vice-Chairman
Juan Domínguez
*Adj. Chief Executive Officer
of Enersis*

Directors
Domindo Valdés
Legal Counsel of Enersis

Sustituting Directors
Alberto López
Business Executive Officer of Enersis
Martín Madrid
*Planing & Control Executive
Officer of Enersis*
Fernando Nadal
*Corp. Communications Director
of Enersis*

Investluz S.A.

Corporate name
Investluz S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Av. Barao de Studart N° 2917,
Aldeota, Cep 60.127-900,
Fortaleza, Ceara, Brasil**

Telephone
(085) 216 1123

Fax
(085) 216 1423

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 499,531,166

Participation of Enersis
(direct and indirect)
46.5%

Corporate purpose
**Participate in the capital
stock of Coelce or in other
companies in Brazil and abroad
either as partner or stockholder.**

MANAGERS COMMITTEE
(Without Board of Directors)

Chairman Director
Manuel Montero

Vice-Chairman Financial Director
Juan Garade

Executive Officer Director
Lucía de Souza

Inversiones Distrilima S.A.

Corporate name
Inversiones Distrilima S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Tnte. César López Rojas N° 201,
Urbanización Maranga, San Miguel,
Lima, Perú**

Telephone
(51-1) 561 1604

Fax
(51-1) 561 0174

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 106,415,219

Participation of Enersis
(direct and indirect)
53.9%

Corporate purpose
**Make investments in other
companies, in special those
related to the distribution and
generation of electric energy.**

BOARD OF DIRECTORS

Chairman
José Kindelán
*Chief Regulation Officer
of Enersis*

Directors
Ricardo Alvia
*Chief Inv. & Risk Officer
of Enersis*
José Hidalgo
Alberto López
*Business Executive Officer
of Enersis*
Fernando Urbina
José Chueca
Reynaldo Llosa

Sustituting Directors
José Alonso
Narciso López
Marciano Izquierdo
Pablo Casado
Walter Piazza
Fernando Fort
Vacante (1)

Luz de Bogotá S.A.

Corporate name
Luz de Bogotá S.A.

Type of company
**Foreing Limited Liability
Stock Company**

Address
**Carrera 7 N° 71-52, Piso 15 Of. 1502,
Bogotá, Colombia**

Telephone
(571) 312 2473

Fax
(571) 312 2573

External auditors
Arthur Andersen

Subscribed and paid-in capital
(ThCh\$) 176,010,181

Participation of Enersis
(direct and indirect)
44.2%

Corporate purpose
**Any activity related
to energy or fuels.**

BOARD OF DIRECTORS

Chairman
Andrés Regué

Directors
José Kindelán
*Chief Regulation Officer
of Enersis*
Fernando Urbina
Juan Vázquez
*Energy Business Director
of Enersis*

Sustituting Directors
Marcelo Liévenes
Lucía Piedrahíta
José Inostroza
Lucio Rubio

Enerjis S.A. and Subsidiaries Audited Financial Statements

Audited Consolidated Financial Statements for the years ended December 31, 1999 and 2000.

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Application of Constant Chilean Pesos

The consolidated financial statements included herein have been restated for general price-level changes and expressed in constant Chilean pesos of December 31, 2000 purchasing power.

Accounts Inspector's Report

Pursuant to the provisions in law No. 18,046 on Limited Liability Stock Companies and in compliance with the mandate granted by the Ordinary Shareholders' Meeting held on April 06, 2000, we have examined the Consolidated Financial Statements of Enersis S.A. for period between January 1 and December 31, 2000.

Our assignment was focused on verifying, on a selective basis, the coincidence of the figures presented in the Financial Statements with the official records of the Company and its subsidiaries and to such an end we compared the figures presented in the ledger with the grouping and classification worksheets. To subsequently ascertain if these amounts which are the balances of accounts of the same nature match with those included in the Financial Statements, a revision which entailed no objections.



Marcela Araya
Accounts Inspector



Marco Acevedo
Accounts Inspector

Santiago, January 19, 2001

Report of Independent Accountants

(Translation of a report originally issued in Spanish – See Note 2 to the consolidated financial statements)



To the Shareholders of Enersis S.A.:

We have audited the accompanying consolidated balance sheets of Enersis S.A. and Subsidiaries (the "Company") as of December 31, 1999 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements 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 of the subsidiary Endesa – Chile S.A., whose total assets and revenues constitute 30 percent and 18 percent, respectively, of the related consolidated totals but were furnished with the report of other accountants of their audit of those statements.

We conducted our audits in accordance with generally accepted auditing standards in the United States. 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 report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Enersis S.A. and Subsidiaries as of December 31, 1999 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in Chile.

Accounting practices used by the Company in preparing the accompanying consolidated financial statements conform with generally accepted accounting principles in Chile, but do not conform with accounting principles generally accepted in the United States. A reconciliation of consolidated net income and shareholders' equity under accounting principles generally accepted in Chile to the corresponding amounts that would be reported in accordance with United States generally accepted accounting principles, except for the omissions, as allowed pursuant to Item 17 of SEC Form 20-F, of adjustments necessary to eliminate the effect of price-level changes and the translation of non-Chilean operations described in Notes 2 (c), is set forth in Note 31 to these financial statements.



Cristián Bastián E.

ARTHUR ANDERSEN – LANGTON CLARKE

Santiago (Chile)
January 30, 2001

(except for Notes 2 (a), 2 (c) and 31 for which the dates are February 23, 2001)

Audited Consolidated Balance Sheets

Translation of financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

ASSETS	As of December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Current Assets:			
Cash	29,553,523	26,436,064	46,084
Time deposits	166,381,748	75,049,856	130,829
Marketable securities	7,871,972	11,593,312	20,210
Accounts receivable, net of allowance for doubtful accounts of ThCh\$64,441,520 and ThCh\$106,106,731 as of December 31, 1999 and 2000, respectively	426,854,949	460,608,356	802,943
Notes receivable	12,652,066	9,222,100	16,076
Other accounts receivable	83,994,657	58,413,820	101,828
Amounts due from related companies	34,781,217	18,912,917	32,969
Inventories	109,190,547	70,937,392	123,660
Income taxes recoverable	34,684,869	-	57,749
Deferred income taxes	4,031,679	47,499,632	82,802
Prepaid expenses and other	7,792,749	9,182,229	16,007
Other current assets	190,731,952	130,148,804	226,878
Total current assets	1,108,521,928	918,004,482	1,600,287
Property, plant and equipment, net	8,865,136,367	8,423,166,129	14,683,459
Other Assets:			
Investments in related companies	162,497,486	148,690,335	259,200
Investments in other companies	123,339,346	127,319,553	221,946
Long-term receivables	82,412,492	44,726,193	77,968
Goodwill, net	1,240,521,104	1,264,102,774	2,203,613
Negative goodwill, net	(185,389,017)	(189,910,076)	(331,056)
Amounts due from related companies	86,032,954	139,607,534	243,367
Intangibles	56,939,246	56,610,640	98,685
Accumulated amortization	(6,842,453)	(13,999,891)	(24,405)
Other assets	113,484,638	140,144,865	244,304
Total other assets	1,672,995,796	1,717,291,927	2,993,623
TOTAL ASSETS	11,646,654,091	11,058,462,538	19,277,369

The accompanying notes are integral part of these consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Current Liabilities:			
Due to banks and financial institutions current portion	178,133,709	461,954,163	805,289
Current portion of due to banks and financial institutions long -term	270,055,123	207,048,806	360,932
Current portion of bonds payable	155,476,072	100,867,367	175,834
Current portion of notes payable	30,523,051	28,405,069	49,516
Dividends payable	8,232,603	5,569,099	9,708
Accounts payable	197,227,302	240,776,424	419,727
Notes payable	15,601,845	13,841,141	24,128
Miscellaneous payables	86,435,639	29,928,840	52,173
Amounts payable to related companies	36,434,304	31,081,343	54,182
Accrued expenses	69,141,333	69,239,716	120,700
Withholdings	58,482,211	63,607,642	110,882
Income taxes payable	-	44,669,097	77,868
Deferred income	8,531,057	10,354,000	18,049
Deferred income taxes	7,820,291	18,722,155	32,637
Other current liabilities	210,385,898	161,178,593	280,970
Total current liabilities	1,332,480,438	1,487,243,455	2,592,597
Long-term Liabilities:			
Due to banks and financial institutions	2,465,216,323	1,812,844,436	3,160,193
Bonds payable	1,676,474,846	1,648,857,553	2,874,327
Notes payables	261,231,618	221,616,694	386,327
Accounts payable	48,985,304	27,280,956	47,557
Amounts payable to related companies	1,165,953,887	1,019,144,155	1,776,596
Accrued expenses	128,934,586	119,080,880	207,585
Other long-term liabilities	64,091,452	108,639,266	189,382
Total long-term liabilities	5,810,888,016	4,957,463,940	8,641,966
Minority interest	3,771,786,095	3,513,154,913	6,124,213
Commitments and Contingencies			
Shareholders' Equity:			
Paid-in capital, no par value	417,359,942	707,398,979	1,233,154
Additional paid-in capital – share premium	25,321,471	31,423,970	54,779
Other reserves	24,390,158	7,266,721	12,668
Retained earnings	346,260,160	264,427,970	460,957
Net income (loss) for the year	(81,832,189)	90,082,590	157,034
Total shareholders' equity	731,499,542	1,100,600,230	1,918,592
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,646,654,091	11,058,462,538	19,277,369

Audited Consolidated Statements of Income

(Translation of financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

	Years ended December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Operating Income:			
Sales	2,377,629,141	2,589,957,068	4,514,873
Cost of sales	(1,671,970,549)	(1,754,706,541)	(3,058,845)
Gross profit	705,658,592	835,250,527	1,456,028
Administrative and selling expenses	(256,244,645)	(314,736,350)	(548,656)
Operating income	449,413,947	520,514,177	907,372
Non-operating Income and Expense:			
Interest income	108,928,518	69,836,856	121,741
Equity participation in income of related companies	1,931,390	4,282,246	7,465
Other non-operating income	329,674,186	444,670,257	775,160
Equity participation in losses of related companies	(310,726)	(4,249,486)	(7,408)
Amortization of goodwill	(54,902,126)	(67,531,576)	(117,723)
Interest expense	(465,783,351)	(470,882,090)	(820,853)
Other non-operating expenses	(193,192,052)	(111,917,062)	(195,096)
Price-level restatement, net	(145,403,667)	(23,740,790)	(41,385)
Non-operating expense, net	(419,057,828)	(159,531,645)	(278,099)
Income before income taxes, minority interest and amortization of negative goodwill	30,356,119	360,982,532	629,273
Less: Income taxes	(89,252,431)	(137,790,160)	(240,199)
Income before minority interest and amortization of negative goodwill	(58,896,312)	223,192,372	389,074
Minority interest	(59,034,607)	(173,269,639)	(302,048)
Income before amortization of negative goodwill	(117,930,919)	49,922,733	87,026
Amortization of negative goodwill	36,098,730	40,159,857	70,008
NET INCOME (LOSS) FOR THE YEAR	(81,832,189)	90,082,590	157,034

The accompanying notes are integral part of these consolidated financial statements.

Audited Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of historical Chilean pesos, except as stated)

	Number of shares (in thousands)	Paid-in capital ThCh\$	Additional paid-in capital ThCh\$	Other reserves ThCh\$	Retained earnings ThCh\$	Net income (loss) for the Year ThCh\$	Total ThCh\$
As of January 1, 1999	6,800,000	388,522,988	23,571,916	22,570,979	259,203,984	90,093,175	783,963,042
Transfer of prior year income to retained earnings	-	-	-	-	90,093,175	(90,093,175)	-
Dividends	-	-	-	-	(27,200,000)	-	(27,200,000)
Price-level restatement of capital	-	10,101,598	612,870	586,845	8,619,326	-	19,920,639
Changes in equity of affiliates	-	-	-	(2,633,340)	-	-	(2,633,340)
Cumulative translation adjustment	-	-	-	2,770,796	-	-	2,770,796
Net loss for the year	-	-	-	-	-	(78,158,729)	(78,158,729)
As of December 31, 1999	6,800,000	398,624,586	24,184,786	23,295,280	330,716,485	(78,158,729)	698,662,408
As of December 31, 1999 (1)	6,800,000	417,359,942	25,321,471	24,390,158	346,260,160	(81,832,189)	731,499,542
As of January 1, 2000	6,800,000	398,624,586	24,184,786	23,295,280	330,716,485	(78,158,729)	698,662,408
Transfer of prior year income to loss to retained earnings	-	-	-	-	(78,158,729)	78,158,729	-
Price-level restatement of capital	-	22,015,443	1,203,739	1,094,879	11,870,214	-	36,184,275
Changes in equity of affiliates	-	-	-	(18,382,462)	-	-	(18,382,462)
Cumulative translation adjustment	-	-	-	1,259,024	-	-	1,259,024
Issuance of shares	1,491,020	286,758,950	6,035,445	-	-	-	292,794,395
Net income for the year	-	-	-	-	-	90,082,590	90,082,590
As of December 31, 2000	8,291,020	707,398,979	31,423,970	7,266,721	264,427,970	90,082,590	1,100,600,230

(1) Restated in thousands of constant Chilean pesos as of December 31, 2000.

Audited Statement of Consolidated Cash Flows

(Translation of financial statements originally issued in Spanish – See Note 2)

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

	Years ended December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Cash flows from operating activities:			
Net income (loss) for the year	(81,832,189)	90,082,590	157,034
Gain (losses) from sales of assets:			
Gain on sales of property, plant and equipment	5,130,193	(59,228,834)	(103,249)
Gain on sale of investments	-	(195,971,285)	(341,622)
Charges (credits) to income which do not represent cash flows:			
Depreciation	350,368,395	377,258,837	657,646
Amortization of intangibles	29,322,948	32,085,813	55,933
Write-offs and accrued expenses	69,490,062	88,649,669	154,536
Equity participation in income of related companies	(1,931,390)	(4,282,246)	(7,465)
Equity participation in losses of related companies	310,726	4,249,486	7,408
Amortization of goodwill	54,902,126	67,531,576	117,723
Amortization of negative goodwill	(36,098,730)	(40,159,857)	(70,008)
Price-level restatement	145,403,667	23,740,790	41,385
Other credits to income which do not represent cash flows	(172,832,518)	(46,684,910)	(81,382)
Other charges to income which do not represent cash flows	35,520,039	106,729,116	186,053
Changes in assets which affect cash flows:			
Decrease (increase) in trade receivables	33,416,561	(103,014,395)	(179,577)
Decrease in inventory	36,268,652	21,758,068	37,929
Decrease (increase) in other assets	(143,116,747)	(50,288,516)	(87,664)
Changes in liabilities which affect cash flows:			
Increase in accounts payable associated with operating results	(41,670,579)	(2,582,870)	(4,503)
Increase in interest payable	200,246,681	94,122,598	164,077
Increase (decrease) in income tax payable	16,452,583	10,804,371	18,834
Increase in other accounts payable associated with non-operating results	128,790,287	(79,220,249)	(138,099)
Net increase (decrease) in value added tax and other similar taxes payable	(104,606,789)	(1,574,103)	(2,744)
Income attributable to minority interest	59,034,607	173,269,639	302,048
Net cash flows provided by operating activities	582,568,585	507,275,288	884,294

Continue

Audited Statement of Consolidated Cash Flows

(Translation of financial statements originally issued in Spanish – See Note 2)

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

	Years ended December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Cash flows from financing activities:			
Issuance of shares	-	295,993,584	515,983
Proceeds from the issuance of debt	3,037,056,805	1,506,890,805	2,626,847
Proceeds from bond issuances	374,326,557	49,474,264	86,245
Other loans from related parties	27,546,745	-	-
Proceeds from other loans obtained from related companies	1,088,353,987	-	-
Other sources of financing	143,816,846	42,246,795	73,646
Dividends paid	(29,143,355)	(141,545,504)	(246,745)
Payment of debt	(3,177,565,896)	(1,999,634,645)	(3,485,810)
Payment of bonds	-	(198,096,865)	(345,327)
Payment of loans obtained from related companies	(83,061,575)	(78,941,069)	(137,612)
Payment of expenses from bond issuances	(115,064,427)	-	-
Payment of other loans from related companies	-	(69,713,083)	(121,525)
Other disbursements for financing	(503,046,047)	(173,476,321)	(302,408)
Net cash provided by (used in) financing activities	763,219,640	(766,802,039)	(1,336,707)
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	4,784,878	132,051,800	230,196
Sale of investment in related companies	-	488,628,855	851,789
Proceeds from sales of other investments	42,814,996	-	-
Proceeds from loans obtained from related parties	-	3,630,809	6,329
Other loans received from related companies	-	15,402	27
Other receipts from investments	2,094,029	202,197,389	352,475
Additions to property, plant and equipment	(376,417,124)	(323,005,759)	(563,071)
Long-term investments	(1,210,857,679)	(304,288,269)	(530,442)
Investment in financial instruments	(42,810,409)	(1,789,138)	(3,119)
Payment of capitalized interest	(2,935,133)	-	-
Other loans granted to related companies	(50,811,969)	-	-
Other investment disbursements	(41,528,200)	(31,124,976)	(54,258)
Net cash provided by (used) in investing activities	(1,675,666,611)	166,316,113	289,926
Positive (negative) net cash flow for the year	(329,878,386)	(93,210,638)	162,487
Effect of price-level restatement on cash and cash equivalents	(49,216,926)	3,875,434	6,756
Net increase (decrease) in cash and cash equivalents	(379,095,312)	(89,335,204)	(155,731)
Cash and cash equivalents beginning of year	582,139,576	202,370,624	352,777
CASH AND CASH EQUIVALENTS END OF YEAR	203,044,264	113,035,420	197,046

Notes to the Audited Consolidated Financial Statements

(Translation of financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

NOTE 1 DESCRIPTION OF BUSINESS:

Enersis S.A. (the “Company”) is registered in the Securities Register under No. 0175 and is regulated by the Chilean Superintendency of Securities and Insurance (the “SVS”). The Company issued publicly-registered American Depositary Receipts in 1993 and 1996. Enersis S.A. is a reporting company under the United States Securities and Exchange Act of 1934.

The Company’s subsidiaries, Chilectra S.A., Compañía Eléctrica del Río Maipo S.A. (Río Maipo S.A.), Empresa Nacional de Electricidad S.A. (Endesa S.A.) and Aguas Cordillera S.A. are registered in the Securities Register under No.’s 0321, 0345, 0114 and 0369, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) General:

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Chile and the regulations established by the SVS (collectively “Chilean GAAP”), and the specific corporate regulations of Law No. 18.046, related to the formation, registration and liquidation of Chilean corporations, among others. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Chile do not conform with generally accepted accounting principles in the United States (“US GAAP”). Certain amounts in the prior years’ financial statements have been reclassified to conform to the current year’s presentation.

The preparation of financial statements in conformity with Chilean GAAP, along with the reconciliation to US GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying financial statements reflect the consolidated results of operations of Enersis S.A. and its subsidiaries. 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 income. The Company consolidates the financial statements of companies in which it controls over 50% of the voting shares, which are the following:

Company Name	Percentage participation as of December 31,			
	1999	2000		Total
	Total	Direct	Indirect	
Chilectra S.A.	72.56	95.91	2.05	97.97
Compañía Eléctrica del Río Maipo S.A.	83.74	98.38	0.01	98.40
Synapsis S.A.	99.99	99.99	0.01	99.99
Inmobiliaria Manso de Velasco S.A.	100.00	99.99	0.00	100.00
Distribuidora de Productos Eléctricos S.A.	100.00	99.93	0.06	100.00
Endesa Chile S.A. (1)	59.98	59.98	-	59.98
Enersis de Argentina S.A.	100.00	99.99	0.00	100.00
Enersis International Ltd.	100.00	100.00	-	100.00
Inversiones Distrillima S.A.	47.87	14.79	39.14	53.93
Empresa Distribuidora Sur S.A. (Edesur)	50.99	16.02	48.27	64.29
Empresa Eléctrica de Panamá S.A.	94.78	80.09	19.51	99.61
Enersis Investment S.A.	100.00	100.00	-	100.00
Electric Corporation Inc.	100.00	-	-	-
Panaguide Corporation Inc.	100.00	-	-	-
Interocean Developments Inc.	100.00	100.00	-	100.00
Enersis de Buenos Aires S.A.	99.98	-	-	-
Aguas Cordillera S.A.	100.00	-	-	-
Aguas Puerto S.A.	72.00	-	-	-
Luz de Bogotá S.A. (2)	39.70	-	44.21	44.21
Cerj (2)	37.41	7.99	49.39	57.38
Investluz (2)	36.79	-	46.50	46.50
Compañía Americana de Multiservicios S.A.	100.00	99.99	0.00	100.00
Electric investment	-	100.00	-	100.00

(1) Includes certain majority owned companies not presented herein.

(2) The Company obtained shareholder agreements dated June 25, 1999, from Endesa Internacional, the majority shareholder of these companies, giving the Company the right to elect a majority of the Board of Directors. The Superintendency of Securities and Insurance were notified on June 28, 1999.

(b) Periods covered:

These financial statements reflect the Company's financial positions as of December 31, 1999 and 2000, and the results of its operations, the changes in its shareholders' equity and its cash flows for the years ended December 31, 1999 and 2000.

(c) Constant currency restatement:

The cumulative inflation rate in Chile as measured by the Chilean Consumer Price Index ("CPI") for the three-year period ended December 31, 2000 was approximately 12.04%.

Chilean GAAP requires that the financial statements be restated to reflect the full effects of loss in the purchasing power of the Chilean peso on the financial position and results of operations of reporting entities. The method described below is based on a model that enables calculation of net inflation gains or losses caused by monetary assets and liabilities exposed to changes in the purchasing power of local currency. The model prescribes that the historical cost of all non-monetary accounts be restated for general price-level changes between the date of origin of each item and the year-end.

The financial statements of the Company have been price-level restated in order to reflect the effects of the changes in the purchasing power of the Chilean currency during each year. All non-monetary assets and liabilities, all equity accounts and income statement accounts have been restated to reflect the changes in the CPI from the date they were acquired or incurred to year-end (see also Note 4).

The purchasing power gain or loss included in net income reflects the effects of Chilean inflation on the monetary assets and liabilities held by the Company.

The restatements were calculated using the official consumer price index of the National Institute of Statistics and based on the "prior month rule," in which the inflation adjustments are based on the CPI at the close of the month preceding the close of the respective period or transaction. This index is considered by the business community, the accounting profession and the Chilean government to be the index that most closely complies with the technical requirement to reflect the variation in the general level of prices in Chile, and consequently it is widely used for financial reporting purposes.

The values of the Chilean consumer price indices used to reflect the effects of the changes in the purchasing power of the Chilean peso ("price-level restatement") are as follows:

	Index	Change over Previous November 30,
November 30, 1999	102.04	2.6%
November 30, 2000	106.82	4.7%

By way of comparison, the actual values of the Chilean consumer price indices as of the balance sheet dates are as follows:

	Index	Change over previous December 31,
December 31, 1999	102.31	2.3%
December 31, 2000	106.94	4.5%

The above-mentioned price-level restatements do not purport to represent appraisal or replacement values and are only intended to restate all non-monetary financial statement components in terms of local currency of a single purchasing power and to include in net income or loss for each year the gain or loss in purchasing power arising from the holding of monetary assets and liabilities exposed to the effects of inflation.

Index-linked assets and liabilities

Assets and liabilities that are denominated in index-linked units of account are stated at the year-end values of the respective units of account. The principal index-linked unit used in Chile is the Unidad de Fomento ("UF"), which is adjusted daily to reflect the changes in Chile's CPI. Certain of the Company's investments are linked to the UF. As the Company's indexed liabilities exceed its indexed assets, the increase in the index results in a net loss on indexation. Values for the UF are as follows (historical Chilean pesos per UF):

	Ch\$
December 31, 1999	15,066.96
December 31, 2000	15,769.92

Comparative financial statements

For comparative purposes, the historical December 31, 1999 and 2000 consolidated financial statements and their accompanying notes have been presented in constant Chilean pesos as of December 31, 2000. Amounts previously presented in constant Chilean pesos as of each balance sheet date have been adjusted by the percentage changes in the CPI to December 31, 2000, as follows:

Year	Change in Index
1999	4.7% (1)

(1) Equivalent to the amounts for 1999 multiplied by the change in the CPI for 2000.

This updating does not change the prior periods' statements or information in any way except to update the amounts to constant Chilean pesos of similar purchasing power.

Convenience translation to U.S. dollars

The financial statements are stated in Chilean pesos. The translations of Chilean pesos into US dollars are included solely for the convenience of the reader, using the observed exchange rate reported by the Chilean Central Bank as of December 31, 2000 of Ch\$ 573.65 to US\$ 1.00. The convenience translations should not be construed as representations that the Chilean peso amounts have been, could have been, or could in the future be, converted into US dollars at this or any other rate of exchange.

(d) Assets and liabilities in foreign currencies:

Assets and liabilities denominated in foreign currencies are detailed in Note 18. These amounts have been stated at the observed exchange rates reported by the Central Bank of Chile as of each year-end as follows:

	Symbol used	1999 Ch\$	2000 Ch\$
United States dollar (Observed)	US\$	530.07	573.65
British pound sterling	£	855.92	856.58
Argentine peso	\$ Arg	530.07	573.65
Colombian peso	\$ Col	0.28	0.26
New Peruvian sol	Soles	151.04	162.69
Brazilian real	Rs	295.80	294.33
Italian lira	Lira	0.28	0.28
Japanese yen	¥	5.17	5.01
Euro	€	-	538.84
German Marc	DM	272.47	275.50
Pool Unit (IBRD)	UP	7,135,091.92	7,230,629.88
Unidad de Fomento (UF)	UF	15,066.96	15,769.92
IBRD unit of account (BID)	UC	819.34	850.92

(e) Time deposits:

Time deposits are presented at cost plus accrued interest and UF indexation adjustments, as applicable.

(f) Marketable securities:

Marketable securities consist of short-term highly liquid Chilean Government debt securities valued at cost plus accrued interest, which approximates market value.

(g) Investments in related companies:

Investments in related companies are included in "Other assets" using the equity method. This valuation method recognizes in income the Company's equity in the net income or loss of each investee on the accrual basis (Note 10).

Investments in foreign affiliates are recorded in accordance with Technical Bulletin No.64 of the Chilean Association of Accountants (Technical Bulletin No. 51 in 1997).

(h) Allowance for doubtful accounts:

Accounts receivable are classified as current or long-term, depending on their collections terms. Current and long-term accounts receivable are presented net of an allowance for doubtful accounts of ThCh\$64,441,520 and ThCh\$106,106,731 as of December 31, 1999 and 2000, respectively.

(i) Inventories:

Inventory of materials in transit and operation and maintenance materials, are valued at the lower of price-level restated cost or net realizable value. The cost of real estate projects under development, included in inventory, include the cost of land, demolition, urbanizing, 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 Association of Accountants and are included in current assets as their completion is expected in the short-term.

(j) Property, plant and equipment:

Property, plant and equipment are shown at contributed amounts or cost, as appropriate, plus price-level restatement.

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.

Property, plant and equipment received in leasing which qualify as capital leases, are accounted as acquisitions, recording the total of the lease obligation and interest on an accrual basis.

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets.

(k) Power installations financed by third parties:

As established by D.F.L. 1 of the Ministry of Mines dated September 13, 1982, power installations financed by third parties are treated as reimbursable contributions. As such, the installations constructed using this mechanism form part of the Company's plant and equipment.

Such installations made prior to D.F.L. 1 are deducted from Plant and equipment and their depreciation is charged to Power installations financed by third parties.

(l) Intangibles, other than goodwill:

Intangibles, other than goodwill, correspond mainly to easements, parent company contributions, and rights for the use of telephone lines and are amortized over 20 to 40 years in accordance with Technical Bulletin No.55 of the Chilean Association of Accountants.

(m) Severance indemnity:

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 9.5% and assuming an average employment span which varies based upon years of service with the Company.

(n) Operating income:

Energy supplied and unbilled at each year-end is valued at the selling price using the current rates and has been included in revenue from operations. The amount is presented in current assets as trade receivables. The corresponding cost is included in cost of operations.

(o) Deferred income taxes:

In accordance with circular No. 986 issued in 1991 by the SVS and Technical Bulletin No.41 issued by the Chilean Association of Accountants, the Company records the effects of deferred taxes resulting from significant timing differences that will not be fully offset when they reverse by similar new differences.

In accordance with circular No. 1466 issued on January 27, 2000 by the SVS, deferred taxes are presented in accordance with BT's No.'s 60 and 68 of the Chilean Association of Accountants, which became effective as of January 1, 2000.

(p) Accrued vacation expense:

In accordance with Technical Bulletin No.47 issued by the Chilean Association of Accountants, employee vacation expenses are recorded on the accrual basis.

(q) 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.

(r) Cash equivalents:

The consolidated statement of cash flows have been prepared in accordance with the indirect method.

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 balances classified as other accounts receivable with maturities less than 90 days.

For classification purposes, cash flows from operations include collections from clients and payments to suppliers, payroll and taxes.

(s) Forward foreign exchange contracts:

As of December 31, 2000, the company has forward contracts with various financial institutions, which are recorded according to Technical Bulletin No. 57 of the Chilean Association of Accountants.

(t) Goodwill and negative goodwill:

Goodwill and negative goodwill are determined according to Circular No. 368 of the SVS. Amortization is determined 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.

(u) 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.

(v) 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.

(w) Reclassifications:

Certain amounts in the prior years' financial statements have been reclassified in order to conform with the current year's method of presentation.

NOTE 3 CHANGE IN ACCOUNTING PRINCIPLES:**(a) Deferred taxes:**

In accordance with Technical Bulletin's No. 60 and 68 issued by the Chilean Association of Accountants and Circular No. 1,466 issued by the SVS, the Company has recorded the tax effects of temporary differences on a prospective basis beginning January 1, 2000.

The effect of accounting for deferred taxes according to criteria mentioned in the Technical Bulletins, resulted in the recognition in assets and liabilities complementary accounts amounting to ThCh\$5,362,147 and ThCh\$20,840,742, respectively, which are presented in the balance sheet as current and non-current, depending on the amortization period that management has determined. The amortization of the accumulated balances at the beginning of the period of the complementary assets and liabilities resulted in a net credit to income of ThCh\$13,172.

In addition, the credit to earnings for new temporary differences generated during the period amounted to ThCh\$3,950,449 (See Note 17.), which has been recorded in the Statement of Income under the item "Income taxes".

(b) Concession contracts:

As of January 1, 2000, the subsidiaries "Autopista del Sol S.A." and "Autopista Los Libertadores S.A.", adopted Technical Bulletin No. 67 of the Chilean Association of Accountants, which defines the accounting treatment of concession contracts.

The main effects of the application of these rules are related with determining the cost of the complementary works under the depreciation method, and the recognition of revenues from fares and services.

NOTE 4 PRICE-LEVEL RESTATEMENT:

The charge to income for price-level restatement as of each year-end is as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Credits (charges) to income for the restatement of:		
Shareholders' equity	(20,856,909)	(36,184,275)
Property, plant and equipment	68,172,528	96,682,710
Other assets	59,368,143	83,246,359
Current and long-term liabilities	(18,284,063)	(17,719,403)
Minority interest	(20,098,487)	(24,983,688)
Foreign exchange	(194,941,336)	(62,867,911)
Indexation	(18,027,018)	(59,342,192)
Net charges for price-level restatement of balance sheet accounts	(144,667,142)	(21,168,400)
Price-level restatement of the income statement accounts	(736,525)	(2,572,390)
Net charge to income	(145,403,667)	(23,740,790)

NOTE 5 TIME DEPOSITS:

Time deposits as of each year-end are as follows:

Financial Institution	Annual Rate %	Scheduled Maturity	As of December 31,	
			1999 ThCh\$	2000 ThCh\$
ABN Amro Bank	12.50%	Jan 02, 2001	-	2,004,654
American Express	-	-	12,255,167	-
Ahorromás	-	-	385,041	-
Banco Alfa	1.28%	Jan 01, 2001	-	598,756
Banco Bilbao Vizcaya	6.70%	Jan 26, 2001	48,617,314	2,391,547
Banco Bozano	-	-	869,399	-
Banco Bozano Simonsen	-	-	1,000,451	-
Banco Bradesco	15.00%	Jan 01, 2001	1,918,060	1,316,594
Banco CCF-Brasil-Commodities	1.28%	Jan 01, 2001	1,294,071	664,274
Banco Colpatría	12.51%	Jan 02, 2001	3,827,793	3,872,919
Banco Continental	-	-	4,003,634	-
Banco Cooperativo	-	-	16,820	-
Banco Crédito del Perú	6.50%	April 14, 2001	-	20,072
Banco de Bogotá	13.00%	Jan 02, 2001	93,523	344,977
Banco de Chile – Nueva York	-	-	490,523	-
Banco do Estado do Ceará	14.52%	Jan 01, 2001	1,597,661	956,292
Banco Galicia	11.00%	Jan 01, 2001	1,698,636	2,190,195
Banco Galicia	-	-	3,917,154	-
Banco Ganadero	12.24%	Jan 06, 2001	-	16,131,019
Banco HSBC-Bamerindus	12.00%	Jan 01, 2001	2,963,305	2,770,835
Banco Itau – Brasil	1.28%	Jan 01, 2001	635,935	2,818
Banco Liberal – Perú	1.28%	Jan 01, 2001	283	308,534
Banco Provincia de Buenos Aires	-	-	5,100,293	-

Financial Institution	Annual Rate %	Scheduled Maturity	As of December 31,	
			1999 ThCh\$	2000 ThCh\$
Banco Popular	-	-	612,215	-
Banco Río de la Plata	11.00%	Jan 01, 2001	203,958	1,026,834
Banco Río de la Plata	8.69%	Jan 02, 2001	231,373	30,271
Banco Río de la Plata	12.25%	Jan 29, 2001	1,078,814	5,265,378
Banco Río de la Plata	-	-	6,871,258	-
Banco Safra	-	-	155,096	-
Banco Santander	6.00%	Jan 01, 2001	2,214,240	456,451
Banco Santander	-	-	3,377,451	-
Banco Santander	-	-	2,093,780	-
Banco Santiago	-	-	263,084	-
Banco Sudameris	12.93%	Mar 07, 2001	3,536,776	5,635,704
Banco Terraquemada	12.29%	Jan 02, 2001	-	681,942
Bancosur – Perú	-	-	5,550,431	-
Bank Boston	0.37%	Jan 02, 2001	1,418,673	449,945
Bank Boston	16.36%	Jan 01, 2001	178,681	668,729
Bank Boston	1.17%	Aug 27, 2001	3,760,105	1,893,001
Bank Boston	1.17%	Jan 30, 2001	-	69,861
Bank Boston	1.28%	Jan 01, 2001	-	1,739,156
Caja de Ahorro Pesos	13.38%	Jan 01, 2001	-	3,194
Caja de Ahorro Dolares	3.00%	Jan 31, 2001	-	750
Caja de Ahorro Pesos	3.00%	Jan 31, 2001	-	1,553
Chase Manhattan Bank	1.28%	Jan 01, 2001	1,542,162	650,519
Citibank N.A.	12.30%	Jan 01, 2001	4,087,352	9,187,591
Citibank N.A.	6.70%	Jan 01, 2001	105,470	74,672
Citibank N.A.	5.65%	Jan 01, 2001	1,948,641	192,717
Citibank N.A.	12.73%	Jan 29, 2001	6,537,156	5,765,359
Citiliquid Reserves-NY	6.65%	Jan 01, 2001	-	3,237,096
Corfivalle	12.89%	Jan 02, 2001	1,227,015	2,704,080
Fiduciaria Banco de Bogotá	13.11%	Jan 02, 2000	11,727,932	430
Fiduciaria BanColombia	14.81%	Jan 02, 2001	1,947,706	437
Fiduciaria de Crédito	13.29%	Jan 02, 2001	829,328	839
Fiduciaria Santander	12.22%	Jan 02, 2001	1,249,726	219
Fiduciaria Santander	9.11%	Jan 31, 2001	5,383,457	80,311
Fiduciaria Cititrust	11.16%	Jan 02, 2001	1,818,908	1,013
Fiducolombia	11.00%	Jan 31, 2001	213,430	574
Fiducredito	11.23%	Jan 01, 2001	-	89,476
Fiduganadero	12,57%	Jan 02, 2001	-	127
Fiduoccidente	12.68%	Jan 02, 2001	-	3,958
ING Barings	-	-	768,887	-
Plazo fijo Banco Roberts	13.61%	Jan 11, 2001	-	1,264,586
Las Villas	13.00%	Jan 02, 2001	799,702	155,689
Liberal Perú	-	-	933,174	-
Standard chareted- soles	-	-	425	-
Unibanco	-	-	283,215	-
Wiese-Perú	9.25%	Jan 01, 2001	2,747,064	143,908
Total			166,381,748	75,049,856

NOTE 6 MARKETABLE SECURITIES:

Marketable securities as of each year-end are as follows:

Financial Institution	Security	As of December 31,	
		1999	2000
		ThCh\$	ThCh\$
Empresa Eléctrica de Melipilla S.A.	Stocks	1,864	1,830
Cía de Teléfonos de Chile S.A.	Stocks	1,157	307
C.G.E. S.A.	Stocks	306	1,159
Chilectra S.A.	Stocks	63,692	1,276
Citicorp Chile de Fondos Mutuos S.A.	Mutual Funds	492,166	-
National Treasury	Treasury Documents	-	116,497
Banco Nazionale de Paris	Mutual Funds	2,843,765	-
Banco Roberts	Mutual Funds	2,892,869	1,293,296
Banco Nazionale del Lavoro	Mutual Funds	-	4,123,799
Bank Boston	Mutual Funds	-	5,460,497
Banco Santander	Mutual Funds	1,576,153	594,651
Total		7,871,972	11,593,312

NOTE 7 INVENTORIES:

Inventories include the following items and are presented net of a provision for obsolescence amounting to ThCh\$6,800,619 and ThCh\$6,254,607 as of December 31, 1999 and 2000, respectively:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Real estate under development	50,620,684	30,321,108
Materials in transit	3,926,072	2,674,537
Operation and maintenance materials	52,955,012	29,309,364
Computer equipment	89,356	150,816
Other	1,599,423	8,481,567
Total	109,190,547	70,937,392

NOTE 8 PROPERTY, PLANT AND EQUIPMENT:

The composition of property, plant and equipment as of each year-end is as follows:

	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Land	143,465,160	132,077,115
Buildings and infrastructure	5,300,248,691	4,247,607,736
Distribution and transmission lines and public lighting	2,803,267,125	3,789,721,641
Less: third party contributions	(51,066,132)	(68,350,232)
Sub-total	8,052,449,684	7,968,979,145
Machinery and equipment	2,690,954,853	2,629,787,825
Work in progress	403,380,126	311,400,668
Construction materials	275,599,035	80,697,481
Equipment in transit	12,221,624	18,879,207
Sub-total	691,200,785	410,977,356
Technical appraisal	590,712,007	872,189,698
Total property, plant and equipment	12,168,782,489	12,014,011,139
Less: accumulated depreciation	(3,303,646,122)	(3,590,845,010)
Total property, plant and equipment, net	8,865,136,367	8,423,166,129

The depreciation charged to income amounted to ThCh\$350,368,395 and ThCh\$377,258,837 for the years ended December 31, 1999 and 2000, respectively.

NOTE 9 OTHER CURRENT ASSETS:

Other current assets as of each year-end are as follows:

	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Forward contracts (1)	161,412,692	112,435,400
Guarantees and indemnities	3,031,840	1,012,488
Deferred expenses	8,236,524	6,270,753
Post-retirement benefits	626,725	834,009
Deposits for commitments and guarantees	2,038,583	2,762,680
Suppliers fines and payments	5,018,714	94,752
Investment projects	-	2,871,528
Other	6,066,258	3,867,194
Reverse repurchase agreements (2)	4,300,616	-
Total	190,731,952	130,148,804

(1) As of December 31, 2000, the nominal values of forward contracts are the following:

Rights	Obligations
US\$196,000,000	UF 6,978,258

(2) The details of reverse repurchase agreements as of December 31, 1999 and 2000 are as follows:

Issuer	Financial Instrument	Agreement Date	Maturity Date	Market Value at Purchase		Currency or Index
				Date	Balance	
				ThCh\$	ThCh\$	
Banco Central	P.R.B.C.	Dec. 1999	Jan. 2000	572,713	573,645	Ch\$
Banco Central	P.C.D.	Dec. 1999	Jan. 2000	489	489	Ch\$
Banco Central	P.C.D.	Dec. 1999	Jan. 2000	2,763	2,767	Ch\$
Banco Central	P.T.F.	Dec. 1999	Jan. 2000	87,100	87,170	Ch\$
Banco BBVA	P.D.B.C.	Dec. 1999	Jan. 2000	1,968,046	1,968,833	Ch\$
Banco del Estado	P.R.C.	Dec. 1999	Jan. 2000	39,786	39,823	Ch\$
Banco Santander	P.R.C.	Dec. 1999	Jan. 2000	17,335	17,393	Ch\$
Banco Santander	L.H.	Dec. 1999	Jan. 2000	767,976	770,509	Ch\$
Banco Santiago	P.C.D.	Dec. 1999	Jan. 2000	839,903	839,987	Ch\$
Total				4,296,111	4,300,616	

NOTE 10 INVESTMENT IN RELATED COMPANIES:

a. Investments as of each year-end are as follows:

Related Companies	Percentage owned	Number of Shares	Related Equity	Carrying value of investment		Equity in net earnings (losses)	
				1999	2000	1999	2000
				ThCh\$	ThCh\$	ThCh\$	ThCh\$
Administradora Proyecto atacama	50.00	500	(274)	-	(137)	(127)	(138)
Atacama Finance Co.	50.00	5,000	4,141,534	1,536,523	2,070,767	99,135	85,513
Autopista Los Libertadores S.A. (1)	-	-	-	23,635,451	-	-	-
Cemsa	45.00	6,305,400	8,753,998	3,632,281	3,939,298	89,240	184,848
Cia. De Interconexion Energetica S.A.	45.00	128,270,527	106,783,107	47,912,917	48,052,398	-	(1,472,056)
Compañía Electrica Tal Tal Ltda.	-	-	-	44,212	-	-	-
Consortio Ing. B y R Ingendesa Ltda.	50.00	-	8,478	10,367	4,239	33,091	3,348
Distrielec Inversora S.A.	51.50	256,270,191	312,716,472	(1,828)	(28,237)	(1,828)	(28,237)
Electrogas S.A.	0.02	85	8,868,644	1,728	1,885	5	158
Energex Co.	50.00	5,000	(12,006)	3,975	(6,003)	(21,235)	(11,141)
Gasoducto Atacama Ltda.	50.00	-	33,841,645	12,827,122	16,920,823	(60,948)	2,781,023
Gasoducto Cuenca Norteste Ltda.	50.00	-	55,433,540	24,972,668	27,716,770	(226,588)	270,767
Inversiones electricas Quillota S.A.	50.00	608,676	14,913,550	7,796,493	7,456,775	1,129,773	580,007
Inversiones Electrogas S.A.	42.50	425	13,301,162	4,209,426	5,652,994	85,729	282,727
Nopel Ltda.	50.00	-	67,736,868	33,819,763	33,868,434	403,209	(2,443,882)
Sacme	50.00	12,000	133,406	-	66,703	-	2,826
Endesa market place	15.00	210	5,241,390	-	786,208	-	(294,032)
Transquillota Ltda.	50.00	-	4,374,836	2,096,388	2,187,418	91,208	91,029
Total				162,497,486	148,690,335	1,620,664	32,760

(1) Development stage subsidiary, which began operations September 1, 2000, and was subsequently consolidated.

- b. In accordance with current standards, recognition has been given to the excess of the equity in the net assets acquired over the purchase price (negative goodwill) in the purchase of shares as of December 31, 1999 and 2000 as follows:

Company	Initial Balance ThCh\$	Reserve ThCh\$	Period activity ThCh\$	Amortization for the period ThCh\$	As of December 31,
					2000 ThCh\$
Synapsis S.A.	176,673	-	-	(14,422)	162,251
Edelnor S.A.	5,130,747	-	-	(993,185)	4,137,562
Central Hidroeléctrica Betania S.A.	101,757,599	3,422,589	-	(28,798,639)	76,381,549
Cía Eléctrica Cachoeira Dourada	29,890,521	1,005,359	-	(1,670,048)	29,225,832
Edegel S.A.	37,106,190	3,352,937	34,399,516	(8,065,490)	66,793,153
Empresa de Energía de Bogotá S.A.	3,661,261	-	-	(203,403)	3,457,858
Cerj S.A.	-	(1,359)	2,012,722	-	2,011,363
Coelce	8,155,178	-	-	(414,670)	7,740,508
CAM Argentina S.A. (ex Elenet)	62,314	-	(62,314)	-	-
Total	185,940,483	7,779,526	36,349,924	(40,159,857)	189,910,076

- c. Following current standards, recognition has been given to the excess of the purchase price over the equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 2000 as follows:

Company	Initial Balance ThCh\$	Reserve ThCh\$	Period activity ThCh\$	Amortization for the period ThCh\$	As of December 31,
					2000 ThCh\$
Endesa S.A.	750,065,817	-	-	(40,453,024)	709,612,793
Chilectra S.A.	12,368,062	-	96,821,740	(979,356)	108,210,446
Río Maipo S.A.	372,501	-	9,974,801	(33,557)	10,313,745
Eskal S.A.	18,590,323	-	(18,590,323)	-	-
Inversiones Distrilima S.A.	17,378	585	-	(1,198)	16,765
Distrielec Inversora S.A.	10,078,631	338,992	-	(561,948)	9,855,675
Edesur S.A.	8,376,979	281,758	-	(544,004)	8,114,733
Emgesa S.A.	23,005,313	-	-	(1,290,017)	21,715,296
C. Eléctrica Cachoeira Dorada	60,440,371	2,032,895	-	(3,470,737)	59,002,529
Cerj S.A.	95,665,531	3,217,684	-	(5,786,094)	93,097,121
Luz de Bogotá	5,909,834	198,775	-	(342,539)	5,766,070
Codensa S.A.	25,453,818	-	-	(1,427,304)	24,026,514
Central Costanera S.A.	21,038,689	917,335	-	(1,391,075)	20,564,949
Edegel S.A.	-	-	-	-	-
Hidroinvest S.A.	1,182,030	51,539	-	(66,084)	1,167,485
Investluz S.A.	948,386	31,899	-	(52,988)	927,297
Coelce	191,528,717	-	-	(10,352,904)	181,175,813
Lajas Holding Inc.	2,178,799	18,969	-	(121,949)	2,075,819
Aguas Cordillera S.A.	12,116,689	-	(12,116,689)	-	-
Emp. Eléctrica de Colina S.A.	2,920,995	-	-	(174,388)	2,746,607
Gas Atacama	-	-	86,135	(4,494)	81,641
Hidroeléctrica El Chocón S.A.	5,854,138	255,254	-	(477,916)	5,631,476
Total	1,248,113,001	7,345,685	76,175,664	(67,531,576)	1,264,102,774

Income and losses recognized by Enersis S.A. according to the participation in the related companies as of December 31, 2000, amount to ThCh\$1,931,390 and ThCh\$4,282,246, and ThCh\$310,726 and ThCh\$4,249,486, in 1999 and 2000, respectively.

- d. The investments made by Enersis during the period ended as of December 31, 2000, amounted to US\$524 million. Of this amount, US\$390 million was used to the purchase the remaining shares of Chilectra and Río Maipo in Chile and in the United States, and US\$132 million was used to buy an additional 14% of “Compañia de Electricidades do Rio de Janeiro (Cerj)”, which are described as follows:

Acquisitions	Percentage	Amount ThUS\$
Additional shares in Chilectra S.A.	26.0%	367
Additional shares in Río Maipo S.A.	15.0%	23
Additional shares in Cerj S.A.	18.5%	132
Endesa Market Place	15.0%	2

- e. In accordance with current standards, the Company has credited income for ThCh\$8,420,986 and ThCh\$2,342,385 for the year ended December 31, 1999 and 2000, respectively, for the premium obtained on the placement of shares by the subsidiaries Chilectra S.A. which are reported in “Other non-operating income” as adjustments to investments in related companies.
- f. As of 1998, under Technical Bulletin No. 64 of the Chilean Association of Accountants, the foreign exchange gains and losses of liabilities related to net investments in a foreign countries, and that are denominated in the functional currency of those foreign investments, must be included in the cumulative translation adjustment in shareholders’ equity, and, in this way, acted as a hedge of the exchange risk affecting the investments. As of December 31, 2000 the amounts are as follows:

Company	Country of origin	Investment ThCh\$	Reporting Currency	Liability ThCh\$
Edesur S.A.	Argentina	383,609,363	US\$	330,032,678
Edelnor S.A.	Peru	93,146,812	US\$	18,573,131
Cerj S.A.	Brasil	365,313,205	US\$	194,861,629
Endesa Colombia (Emgesa-Betania)	Colombia	338,788,787	US\$	149,926,313
Endesa Argentina (Costanera)	Argentina	261,967,909	US\$	161,006,703
Compañía Eléctrica Cono Sur S.A.	Panamá	774,614,301	US\$	878,346,580
Luz de Bogotá S.A.	Colombia	250,319,173	US\$	185,556,052
Investluz	Brasil	123,652,023	US\$	78,168,658
Total		2,591,411,573		1,996,471,744

NOTE 11 INTANGIBLES:

Intangibles as of December 31, 2000 is as follows:

Description	Initial	Period	Amortization	As of
	Balance	Activity	for the	December 31,
	ThCh\$	ThCh\$	period	2000
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Easements	32,614,778	(25,894,839)	(378,433)	6,341,506
Water rights	15,464,	13,568,493	(240,162)	13,343,795
Rights to telephone lines	875,940	(9,873)	-	866,067
Parent company contributions	1,376,813	-	(114,734)	1,262,079
Mineral rights	177,452	-	-	177,452
Trademarks	9,101	-	(3,540)	5,561
Contracts rights	5,750,531	(5,540,912)	(147,967)	61,652
Other	13,894,858	13,614,289	(6,956,510)	20,552,637
Total	54,714,937	(4,262,842)	(7,841,436)	42,610,749

NOTE 12 OTHER ASSETS:

Other assets as of each year-end are as follows:

Description	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Bond discount	11,912,521	11,464,258
Deferred expenses	38,535,452	41,396,166
Deferred income taxes (Note 17)	1,582,489	37,372,661
Deferred loan commissions	7,630,217	13,651,642
Concession rights	15,839,092	906,884
Pension and post-retirement benefits	7,769,961	4,427,769
Deposit guarantees	10,832,936	18,009,474
Others	19,381,970	12,916,011
Total	113,484,638	140,144,865

NOTE 13 DUE TO BANKS AND FINANCIAL INSTITUTIONS:

a. Short-term:

Financial Institution	Foreign Currency				Local Currency				Total	
	US\$		Other foreign currencies		UF		Ch\$		1999	2000
	1999	2000	1999	2000	1999	2000	1999	2000		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
American Express	-	28,803,983	-	-	-	-	-	-	-	28,803,983
Atlantic Security	-	18,395,396	-	-	-	-	-	-	-	18,395,396
Banco BBV Bhif	-	-	-	1,656,729	-	-	6,997,591	39,760,087	6,997,591	41,416,816
Banco Bandeirantes	-	-	587,020	2,506,780	-	-	-	-	587,020	2,506,780
Banco Bayerische Landes	-	-	-	2,453,510	-	-	-	-	-	2,453,510
Banco BBVA Argentina	-	-	-	14,546,037	-	-	-	-	-	14,546,037
Banco Bogotá	-	-	1,257	-	-	-	-	-	1,257	-
Banco Bice	509,533	20,410	-	-	-	-	-	-	509,533	20,410
Banco Beal	-	-	-	505,322	-	-	-	-	-	505,322
Banco Bradesco	-	-	-	7,420,943	-	-	-	-	-	7,420,943
Banco Colombia	-	-	-	5,761,427	-	-	-	-	-	5,761,427
Banco do Brasil	-	246,604	-	-	-	-	-	-	-	246,604
Banco Itau	-	-	6,641,719	-	-	-	-	-	6,641,719	-
Banco Medio Credito	62,158	-	-	-	-	-	-	-	62,158	-
Banco Nationale de <Paris	-	5,243,421	-	-	-	-	-	-	-	5,243,421
Banco Nationale de Lavoro	-	-	-	11,858,473	-	-	-	-	-	11,858,473
Banco Real	-	-	-	5,025,088	-	-	-	-	-	5,025,088
Banco Río	197,574	7,955,780	-	-	-	-	-	-	197,574	7,955,780
Banco Safra	-	-	4,285,477	4,290,591	-	-	-	4,285,477	4,285,477	4,290,591
Banco Santiago	1,482,252	1,494,391	-	-	29,315,959	-	17,553,789	48,614,618	48,352,000	50,109,009
Banco Sudamericano	-	-	2,418,613	-	10,370,000	-	-	7,939,580	12,788,613	7,939,580
BancoSur	-	-	54	2,967,198	-	-	-	-	54	2,967,198
Banex	-	-	-	7	-	-	-	-	-	7
Bank of America	1,432,646	-	-	12,176,665	-	-	-	-	1,342,646	12,176,665
Boston	-	2,255,628	1,348,529	18,286,614	2,978,479	-	-	-	4,327,008	20,842,242
Chase Manhattan Bank	194,758	-	-	-	-	-	-	-	194,758	-
Banco Chile	301,096	215,071	-	-	17,628,745	-	173	13,120,392	17,930,014	13,335,463
Banco del Estado de Chile	-	-	-	-	24,131,923	14,839,736	-	14,920,856	24,131,923	29,760,592
Citibank	-	6,555,401	-	846	-	-	-	-	-	6,556,247
Citibank Perú US \$	174,234	-	-	-	-	-	-	-	174,234	-
Continental Perú	-	36,573	-	-	-	-	-	-	3,731,676	36,573
Continental Soles	-	-	3,731,676	3,300,129	-	-	-	-	3,371,676	3,300,129
CorpBanca	-	-	-	-	-	10,721,561	-	-	10,721,561	-
Crédito Chile	-	22,827,903	-	8,797,614	-	-	524	7,984,826	524	39,610,343
Crédito -Perú	16,656	-	-	-	-	-	-	-	16,656	-
Crédito Soles	-	-	6,221,346	-	-	-	-	-	6,221,346	-
Dresdner B. Luxemburg	-	-	-	-	1,168,035	-	-	-	1,168,035	-
Edwards	-	-	-	-	9,858,996	-	4	-	9,859,000	-
Electrobras	-	-	-	11,923,404	-	-	-	-	-	11,923,404
Exterior	839,362	-	-	-	3,153,189	-	-	-	3,992,551	-
Francés	-	11,848,706	-	-	-	-	-	-	-	11,848,706
Banco Ganadero	-	-	-	8,195,023	-	-	-	-	-	8,195,023
Banco HSBC	-	12,456,216	-	-	-	-	-	-	-	12,456,216
Banco Interamericano	-	-	-	-	-	-	4,481,443	-	-	4,481,443
Interbank	-	24	-	-	-	-	-	-	-	24
Interbank Perú	3,647	-	-	-	-	-	-	-	3,647	-
Interbank-Soles	-	-	32,842	-	-	-	-	-	32,842	-
Lima Soles	-	-	95,777	-	-	-	-	-	95,777	-
Interamericano	-	-	119	-	-	-	-	-	119	-
Republic National Bank of N.Y.	-	-	-	-	843,401	-	-	-	843,401	-
Santander	1,083,005	843,381	-	14,496,492	8,522,389	-	772,885	20,015,730	10,378,279	35,355,603
Santander Soles	-	6,139,011	396,384	-	-	-	-	-	396,384	6,139,011
Security	-	-	-	-	843,036	-	-	-	843,036	-
Standard CH	-	5,579,299	-	4,097,194	-	-	-	-	-	9,676,493
Tokio	-	-	-	12,996,623	683,779	-	-	650,737	683,779	13,617,360
Bndes	91,040	-	528,399	5,176,251	-	-	-	-	619,439	5,176,251
Wiesse Perú	-	-	2,078	-	-	-	-	-	2,078	-
Total	6,297,961	131,217,198	26,291,290	158,408,960	109,497,931	14,839,736	36,046,527	157,488,269	178,133,709	461,954,163
Total principal	5,918,504	127,754,599	25,779,421	150,720,734	53,179,939	12,491,524	18,006,572	157,402,782	102,884,436	448,369,639
Weighted average Annual interest rate	6.10%	7.55%	15.16%	12.06%	6.3%	6.00%	10.32%	7.58%	9.25%	9.03%

	2000	1999
Percentage of debt in foreign currency:	62.70%	18.29%
Percentage of debt in local currency:	37.30%	81.71%
	100.00%	100.00%

b. Long-term debt:

Financial Institution	Currency	As of December 31, 1999		As of December 31, 2000					Total Long and Short portion ThCh\$	Average Annual interest rate %
		Short-term portion	Long-term portion 1999	Short-term portion 2000	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 5 years	After 5 years		
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
A/S Eksportfinans	US\$	414,470	1,916,081	-	-	-	-	-	-	-
ABN Amro Bank	US\$	157,788	7,349,499	1,978,341	812,194	812,194	1,624,388	1,624,392	6,851,509	7.18
Banco Bayernische	Yen	-	-	-	12,875,955	2,903,832	-	-	15,779,787	10.46
Banco BBVA	US\$	-	-	1,600,840	109,337,690	-	-	-	110,938,530	7.73
Banco Continental	US\$	4,209,149	4,162,375	-	-	-	-	-	-	-
	Soles	-	7,010,440	7,390,287	-	-	-	-	7,390,287	10.20
Banco Beal	US\$	-	-	-	-	11,483,690	-	-	11,483,690	10.52
Banco credito	US\$	24,782,918	27,749,165	-	-	-	-	-	-	-
Banco Colombia	\$Colom	7,108,449	-	-	-	-	-	-	-	-
Bance de Bogota	\$Colom	7,108,449	-	-	-	-	-	-	-	-
Banco de Chile	UF	128,305	16,593,405	25,441,551	8,293,223	8,293,224	-	-	42,027,998	8.00
Banco del Estado	UF	583,685	24,940,281	875,285	9,391,330	9,582,982	2,847,779	2,520,364	25,217,740	8.00
	US\$	1,405,201	3,365,558	1,429,821	1,371,920	731,242	3,676	-	3,536,659	6.50
Banco do Brazil	Rs	932,700	13,265,040	1,033,142	811,311	786,072	1,572,144	6,485,095	10,687,764	10.12
	US\$	-	-	133,634	66,542	66,542	349,957	3,312,824	3,929,499	7.60
Banco Edwards	UF	3,866,543	13,987,272	-	-	-	-	-	-	-
Banco Ganadero	\$Colom	-	-	5,564,584	-	-	-	-	5,564,584	15.29
Banco Hermes	US\$	2,335,180	7,530,031	2,582,832	2,223,801	2,223,801	1,111,901	-	8,142,335	7.50
Banco medio credito	US\$	3,418,311	35,801,004	3,534,258	3,529,095	3,529,095	3,529,095	22,939,884	37,061,427	1.75
Banco Nacional	US\$	3,744,391	27,978,023	-	-	-	-	-	-	-
Banco Negocios Arg.	US\$	5,400,737	207,563,750	-	-	-	-	-	-	-
Banco Occidente	\$Colom	5,923,708	-	-	-	-	-	-	-	-
Banco popular	\$Colom	5,035,152	-	-	-	-	-	-	-	-
Banco Rio Argentina	US\$	324,942	14,429,566	26,980	4,015,550	-	-	-	4,042,530	7.08
	\$Arg	-	-	13,077	13,077	7,884	-	-	34,038	10.00
	US\$	-	-	3,838,675	126,203,000	-	-	-	130,041,675	7.50
Banco Santander	Rs	623,099	1,006,717	3,196,256	5,369,425	-	-	-	8,565,681	16.50
	US\$	2,237,891	18,495,293	-	-	-	-	-	-	-
	US\$	-	-	5,617,216	240,359,350	-	-	-	245,976,566	7.58
	UF	13,942,570	16,593,405	125,443	8,293,223	8,293,223	-	-	16,711,889	8.00
BSCH	US\$	-	-	7,768,783	113,009,050	-	-	-	120,777,833	7.39
	US\$	15,110,474	554,983,290	1,282,128	946,051	888,675	-	-	3,116,854	7.60
Banco de Santiago	UF	28,554	2,839,519	25,316,107	-	-	-	-	25,316,107	7.24
	\$	2,188,407	-	-	-	-	-	-	-	-
Banco Sudamericano	US\$	-	-	789,038	-	597,194	-	-	1,386,232	1.25
Banesto	US\$	5,597,638	35,415,688	2,862,447	4,665,941	4,665,941	9,331,882	15,500,938	37,027,149	7.04
Bank Boston	US\$	4,326,652	8,547,871	1,936,711	2,596,292	-	-	-	4,533,003	8.30
	US\$	-	-	3,724,345	-	-	-	-	3,724,345	7.83
	US\$	-	-	4,605,863	-	-	-	-	4,605,863	16.50
	\$Colom	-	2,774,916	-	-	-	-	-	-	-
Bank of America	US\$	40,269,769	84,856,945	-	-	-	40,155,500	-	40,155,500	9.79
	US\$	-	-	1,012,046	79,679,985	-	-	-	80,692,031	7.38
Bank of Tokio	US\$	5,996,485	26,625,274	-	5,662,207	11,324,414	-	-	16,986,621	10.62
	Yen	419,578	2,060,046	-	-	-	-	-	-	-
	Libras	381,132	1,706,050	-	-	-	-	-	-	-
	Lira	99,092	463,811	-	-	-	-	-	-	-
Banque Nationale Paris	US\$	4,612,342	58,534,914	4,197,871	3,927,565	2,618,377	17,002,966	34,908,172	62,654,951	6.31
Bco. Estado do Ceara	Rs	11,113	16,258	12,170	4,737	-	73,694	36,847	127,448	8.00
Bco. Nordeste do Brasil	Rs	326,894	552,288	181,730	167,791	56,384	112,768	46,987	565,660	10.00
BID	US\$	-	-	6,170,745	8,256,243	5,504,162	8,256,243	-	28,187,393	7.78

Financial Institution	Currency	As of December 31, 1999			As of December 31, 2000					Total Long and Short portion	Average Annual interest rate %
		Short-term portion	Long-term portion	1999	Short-term portion	After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 5 years	After 5 years		
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
	Libra	-	-	360,356	489,217	326,145	489,217	-	1,684,935	7.13	
	Lira	-	-	96,342	132,896	88,598	132,897	-	450,733	5.94	
	Yen	-	-	388,440	572,004	381,336	572,004	-	1,913,784	1.26	
BIRF	US\$	1,821,580	9,482,100	-	-	-	-	-	-	-	
	UP	1,052,986	3,824,460	980,380	1,377,696	918,464	487,066	-	3,763,606	5.06	
BNDES	Rs	-	-	-	5,027,104	5,027,104	4,189,253	-	14,243,461	13.00	
	Rs	-	-	627,809	622,132	622,132	1,244,264	622,132	3,738,469	11.00	
Bnp España	US\$	2,175,210	83,247,494	1,600,840	109,337,690	-	-	-	110,938,530	7.73	
	US\$	-	-	3,359,717	48,760,250	-	-	-	52,119,967	7.56	
Chase Manhattan Bank	US\$	11,013,922	209,844,725	11,786	1,145,500	1,145,501	-	-	2,302,787	6.62	
	US\$	-	-	458,954	17,209,500	-	31,550,750	14,341,250	63,560,454	8.45	
	US\$	-	-	228,100	33,271,700	-	-	-	33,499,800	7.94	
Citibank N.A.	US\$	12,824,442	282,536,443	483,271	40,155,500	-	-	-	40,638,771	7.47	
	US\$	-	-	197,236	-	-	-	63,101,500	63,298,736	1.88	
	US\$	-	-	12,721,753	81,458,300	-	-	-	94,180,053	8.00	
	US\$	-	-	399,202	33,036,504	-	-	-	33,435,706	7.39	
	\$Colom	5,484,231	-	-	-	-	-	-	-	-	
Citiexport	\$Colom	4,719,494	-	-	-	-	-	-	-	-	
Dresdner B. Luxemburg	US\$	5,556,842	290,727,997	1,194,858	168,567,052	-	-	-	169,761,910	7.48	
Electrobas – Brasil	Rs	-	-	3,112,685	-	-	-	-	3,112,685	16.50	
Eximbank	US\$	4,745,616	3,616,266	3,766,231	-	-	-	-	3,766,231	2.71	
Export. Develop Corp.	US\$	1,427,655	8,509,166	1,495,872	1,185,782	1,185,782	1,185,782	4,052,241	9,105,459	6.63	
Exterior España	US\$	670,244	2,401,968	-	-	-	-	-	-	-	
	Yen	4,443,733	17,020,254	-	-	-	-	-	-	-	
J.P. Morgan N.Y.	US\$	14,250,230	23,586,789	-	-	-	-	-	-	-	
Kreditankstañ Fur W.	US\$	349,661	2,580,557	356,410	313,806	313,806	313,806	1,412,120	2,709,948	6.25	
Midland Bank	US\$	3,731,009	138,745,821	804,741	72,279,900	-	-	-	73,084,641	7.56	
	US\$	-	-	96,803	8,604,750	-	-	-	8,701,553	7.50	
Paribas	US\$	1,189,793	69,372,910	-	-	-	-	-	-	-	
Santander Inv. Bank	US\$	2,896,475	15,151,044	3,710,316	4,187,645	4,990,755	2,925,615	-	15,814,331	7.25	
Sao Pablo	US\$	-	-	40,553,475	-	-	-	-	40,553,475	7.38	
Sindicado	US\$	-	-	56,217	-	14,341,250	-	-	14,397,467	9.86	
Skandinaviska Ens.	US\$	1,879,506	11,928,949	1,936,270	1,895,994	1,895,994	1,895,994	4,739,965	12,364,217	0.65	
Societe Generale	US\$	4,314,477	63,204,959	3,736,892	5,147,790	3,431,860	6,863,720	3,431,860	22,612,122	6.88	
Supervielle	US\$	12,384,994	-	-	-	-	-	-	-	-	
Unibanco	Rs	71,255	320,646	71,644	70,454	70,454	105,681	-	318,233	8.50	
Totales		270,055,123	2,465,216,323	207,048,806	1,386,731,714	109,108,109	137,928,042	179,076,571	2,019,893,242		

	As of December 31,	
	1999	2000
Percentage of debt in foreign currency	96.75%	94.59%
Percentage of debt in local currency:	3.25%	5.41%
	100.00%	100.00%

NOTE 14 MISCELLANEOUS SHORT AND LONG-TERM LIABILITIES:

a. The obligations included in current liabilities as of each year-end are as follows:

Items	Currency								Total December 31,	
	US\$		Other foreign currencies		UF		Ch\$		1999	2000
	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$
Bonds payable	114,370,087	31,304,139	12,902,805	55,468,653	28,203,180	14,094,575	-	-	155,476,072	100,867,367
Current portion of long term notes payable	25,056,770	28,329,937	5,302,191	17,876	164,090	-	-	57,256	30,523,051	28,405,069
Notes payable	-	-	12,412,665	13,840,801	3,124,591	-	64,589	340	15,601,845	13,841,141
Notes and accounts payable to related parties	-	-	-	-	-	-	36,434,304	31,081,343	36,434,304	31,081,343
Other current liabilities	58,482,108	26,693,285	361,840,244	421,729,706	156,958,367	110,057,539	68,975,615	85,565,036	646,256,334	644,045,566
Total	197,908,965	86,327,361	392,457,905	491,057,036	188,450,228	124,152,114	105,474,508	116,703,975	884,291,606	818,240,486
Total principal due	110,376,855	68,842,271	12,557,302	102,475,599	30,279,300	123,569,172	107,186,130	-	260,399,587	294,887,042
Weighted average annual interest rate	8.71%	6.60%	12.28%	13.22%	6.37%	5.62%	-	-	8.54%	8.49%

	As of December 31,	
	1999	2000
Percentage of debt in foreign currency :	66.76%	70.56%
Percentage of debt in local currency :	33.24%	29.44%
	100.00%	100.00%

b. The long-term obligations as of each year-end are as follows:

Items	Currency or Readjustment Index	Years to maturity				Total December 31, 2000 ThCh\$	Average Annual Interest Rate %	Principal Due as of December 31, 2000 ThCh\$	Principal Due as of December 31, 1999 ThCh\$
		Greater Than 1 Up to 2 ThCh\$	Greater Than 2 Up to 5 ThCh\$	Due as of Than 5 Up to 8 ThCh\$	More Than 8 years ThCh\$				
		2000 ThCh\$	2000 ThCh\$	1999 ThCh\$	1999 ThCh\$				
Bond issues	U.F.	4,017,592	7,043,380	11,634,353	-	22,695,325	5.90%	22,695,325	54,141,459
	US\$	-	195,041,000	223,723,500	1,118,617,500	1,537,382,000	7.63%	1,537,382,000	1,442,956,554
	Soles	796,691	-	-	-	796,697	7.15%	796,691	43,477,968
	Reales	-	-	-	-	-	-	-	35,094,023
	\$ Col	-	1,993,190	-	85,990,347	87,983,537	15.50%	87,983,537	100,804,842
Notes payable and accounts payable	US\$	29,788,187	56,135,661	33,119,634	73,300,167	192,343,649	6.92%	192,343,649	222,506,821
	\$	685,628	414,453	368,319	192,705	1,661,105	-	1,661,105	1,384,808
	Reales	13,157,467	26,125,894	11,283,553	3,954,871	54,521,785	8.64%	54,521,785	74,904,980
	£	-	-	-	-	-	-	-	17,971
	\$ Col	-	371,111	-	-	371,111	-	371,111	403,376
	U.F.	-	-	-	-	-	-	-	10,998,966
	\$	1,326,892	3,738,800	3,673,977	7,753,859	16,493,528	-	16,493,528	20,874,544
Provisions	Soles	25,341	-	-	-	25,341	-	25,341	50,007
	\$ Col	-	44,322,844	-	-	44,322,844	-	44,322,844	45,924,183
	Reales	16,343	-	-	58,222,824	58,239,167	-	58,239,167	62,085,852
	U.F.	-	-	-	-	-	-	-	-
Notes and accounts payable to related companies	U.F.	1,002,260,880	-	-	-	1,002,260,880	6.02%	1,002,260,880	1,165,953,887
	Reales	-	16,883,275	-	-	16,883,275	-	16,883,275	-
Reimbursable contributions	\$	2,325,186	4,680,084	1,066,570	6,795,452	14,867,292	-	14,867,292	18,035,409
	U.F.	-	-	-	528,490	528,490	-	528,490	-
	Soles	3,188,185	760,365	1,942,763	84,484	5,975,797	-	5,975,797	-
Other long-term liabilities	\$	8,693,454	3,847,861	1,155,237	11,698,048	25,394,600	-	25,394,600	14,766,183
	US\$	-	-	-	-	-	-	-	12,553,217
	U.F.	-	-	-	348,138	348,138	-	348,138	11,501,244
	Reales	12,127,195	1,049,609	868,369	-	14,045,173	-	14,045,173	918,254
	\$ Arg.	9,487,672	3,814,069	3,139,418	-	16,441,159	-	16,441,159	-
	Soles	10,651,958	20,386,659	-	-	31,038,617	-	31,038,617	6,317,145
Total		1,098,548,671	386,608,255	291,975,693	1,367,486,885	3,144,619,504		3,144,619,504	3,345,671,693

	December 31,	
	1999	2000
Percentage of debt in foreign currency :	59.59%	65.52%
Percentage of debt in local currency :	40.41%	34.48%
	100.00%	100.00%

NOTE 15 ACCRUED EXPENSES:

The accrued expenses included in current liabilities as of each year-end are as follows:

	As of December 31,	
	2000	1999
	ThCh\$	ThCh\$
Profit sharing and other employee benefits	21,982,322	23,202,033
Litigation and contingencies	23,135,092	21,241,813
Construction and other	2,597,810	4,335,712
Energy purchases and other	1,334,447	2,416,223
Income tax installments and other taxes	6,415,904	6,829,791
Pension accruals	2,520,596	914,186
Other accruals	11,155,162	10,299,958
Total	69,141,333	69,239,716

Write-offs of uncollectible accounts amounted to ThCh\$1,412,226 and ThCh\$9,982,205 for the years ended December 31, 1999 and 2000, respectively.

NOTE 16 TRANSACTIONS WITH RELATED COMPANIES:**a. Related companies and the nature of the relationships are as follows:**

Company name	Taxpayer Identification No.	Relationship
Elesur	96.800.570-7	Parent company
Distrilec Inversora S.A.	Foreign Company	Affiliate
Consorcio B&R Ingendesa Ltda.	78.142.980-5	Affiliate
Cía. Eléctrica Tarapacá S.A.	96.770.940-9	Subsidiary
Electrogas S.A.	96.806.130-5	Subsidiary
Gasoducto Atacama Cía. Ltda.	78.882.820-9	Subsidiary
Nopel Ltda.	78.932.860-9	Subsidiary
Servicio de Agua Potable Barrancas S.A.	96.773.290-7	Subsidiary
Sociedad de Inv. Chispas Uno S.A.	96.641.060-4	Member of Controlling Group
Inversiones Eléctricas Quillota S.A.	96.827.970-k	Subsidiary
Atacama Finance Co.	Foreign Company	Affiliate
Emp. Eléctrica de Bogotá S.A.	Foreign Company	Affiliate
Gasoducto Tal-Tal Ltda.	77.032.280-4	Subsidiary
Autopista Los Libertadores S.A.	96.818.910-7	Subsidiary
Etevensa	Foreign Company	Member of Controlling Group
Edelnor S.A.	Foreign Company	Member of Controlling Group
Endesa Internacional	Foreign Company	Member of Controlling Group
Gesa S.A.	Foreign Company	Member of Controlling Group
Unelco	Foreign Company	Member of Controlling Group
Cemsa	Foreign Company	Member of Controlling Group
Empresa Eléctrica Piura	Foreign Company	Member of Controlling Group
Endesar S.A.	Foreign Company	Subsidiary
Gasoducto Cuenca Noreste S.A.	Foreign Company	Member of Controlling Group
Compañía Interconexión Energética S.A.	Foreign Company	Subsidiary
Compañía Eléctrica Tal Tal S.A.	77.032.310-K	Subsidiary
Sacme	Foreign Company	Subsidiary
Smartcom S.A.	96.799.250-K	Member of Controlling Group
Endesa Desarrollo S.A.	Foreign Company	Member of Controlling Group
Transmisora de Quillota Ltda.	77.017.930-0	Subsidiary
Mundivía S.A.	Foreign Company	Member of Controlling Group

- b. Balances of accounts receivable and payable classified according to the nature of the transaction are as follows as of December 31, 1999 and 2000:

Company Name	Nature of Transaction	As of December 31, 2000		Total as of December 31,	
		Operating ThCh\$	Other ThCh\$	1999 ThCh\$	2000 ThCh\$
Accounts receivable short-term:					
Cía. Eléctrica Tarapacá S.A.	Intercompany account	-	-	927,181	-
Cía. Interconexión Energética S.A.	Miscellaneous services	12,973,048	-	-	12,973,048
Consortio B&R Ingendesa Ltda.	Miscellaneous services	75,882	-	8,263	75,882
Consortio Energético Punta Cana-Macao	Miscellaneous services	-	939	-	939
Distrilec Inversora S.A.	Intercompany account	-	-	5,550	-
Edenor S.A.	Miscellaneous services	947,920	-	7,282,841	947,920
Electrogas S.A.	Intercompany account	-	1,503	2,869,239	1,503
Elesur S.A.	Miscellaneous services	10,143	16,444	188	26,587
Empresa Eléctrica de Bogotá S.A.	Intercompany account	26,916	-	50,788	26,916
Empresa Eléctrica Piura S.A.	Intercompany account	22,990	10,055	-	33,045
Endesa Internacional S.A.	Miscellaneous services	70,563	663,901	523,581	734,464
Endesa Desarrollo S.A.	Intercompany account	-	-	277	-
Etevensa	Intercompany account	31,213	10,075	697	41,288
Etevensa	Miscellaneous services	-	-	204,497	-
Gasoducto Atacama y Cía. Ltda.	Intercompany account	-	444	71,819	444
Gasoducto Tal Tal Ltda.	Intercompany account	-	694,343	682,139	694,343
Gesa S.A.	Intercompany account	-	235,402	16,414,974	235,402
Transmisora de Quillota Ltda.	Intercompany account	-	190,650	21,665	190,650
Nopel Ltda.	Intercompany account	-	166,684	447,076	166,684
Secme	Miscellaneous services	232,826	-	-	232,826
Serv.Agua Potable Barrancas S.A.	Intercompany account	-	1,913,721	1,677,465	1,913,721
Smartcom S.A.	Intercompany account	423,910	104,858	-	528,768
Soc. Inv. Chispa Uno S.A.	Miscellaneous services	1,489	-	2,235	1,489
Unelco S.A.	Intercompany account	-	86,998	3,590,742	86,998
Total short-term		14,816,900	4,096,017	34,781,217	18,912,917
Accounts receivable long-term:					
Inv. Eléct. Transquillota S.A.	Intercompany account	-	1,384,644	1,449,649	1,384,644
Atacama Finance Co.	Intercompany account	-	138,222,890	84,583,305	138,222,890
Total long-term		-	139,607,534	86,032,954	139,607,534

Company Name	Nature of Transaction	As of December 31, 2000		Total as of December 31,	
		Operating ThCh\$	Other ThCh\$	1999 ThCh\$	2000 ThCh\$
Accounts payable short-term:					
Autopista					
Los Libertadores S.A.	Intercompany account	-	-	133,640	-
Cemsa	Intercompany account	-	-	3,685,812	-
Consortio B&R					
Ingendesa Ltda.	Miscellaneous services	17,511	-	-	17,511
Edenor	Intercompany account	67,658	-	60,438	67,658
Electrogas S.A.	Miscellaneous services	-	190,079	216,726	190,079
Elesur S.A.	Intercompany account	11,345,534	13,978	22,566,557	11,359,512
Empresa Eléctrica de Bogotá S.A.					
	Miscellaneous services	13,631,105	-	9,732,091	13,631,105
Empresa Eléctrica Piura S.A.					
	Intercompany account	1,157,317	-	-	1,157,315
Endesa España	Miscellaneous services	92,633	-	-	92,633
Endesa Internacional	Intercompany account	30,403	345,857	-	376,260
Etevensa	Intercompany account	928,268	-	2,777	928,268
Gasoducto Cuenca					
Noreste	Miscellaneous services	255,083	-	-	255,083
Gasoducto Tal Tal Ltda.					
	Miscellaneous services	-	-	-	-
Inv. Eléct.					
Transquillota S.A.	Miscellaneous services	-	38,751	36,263	38,751
Mundivia S.A.	Miscellaneous services	43,709	-	-	43,709
Nopel Ltda.	Miscellaneous services	2,640,000	-	-	2,640,000
Secme	Intercompany account	165,417	-	-	265,417
Smartcom S.A.	Miscellaneous services	-	18,042	-	18,042
Total short-term		30,474,636	606,707	36,434,304	31,081,343
Accounts payable long-term:					
Elesur S.A.	Intercompany account	1,002,260,880	-	1,148,100,735	1,002,260,880
Endesa Internacional	Intercompany account	-	16,883,275	17,853,152	16,883,275
Total long-term		1,002,260,880	16,883,275	1,165,953,887	1,019,144,155

Miscellaneous services represent billings with 30 days due terms.

The transfer of short-term funds between related companies, which are not for collection or payment of services, 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.

c. Effects on income for each year-end are as follows:

	Interest (Expenses) Income ThCh\$	Services (Expenses) Income ThCh\$	Energy (Purchase) Sale ThCh\$	Total Net Effect ThCh\$
Balance as of December 31, 2000				
Compañía Interconexión Energética	-	443,940	37,381,902	37,825,842
Edenor S.A.	-	2,673,275	36,466,931	39,140,206
Smartcom S.A.	-	799,123	-	799,123
EDP Portugal	(1,384,187)	-	-	(1,384,187)
Elesur S.A.	(69,216,082)	8,396	-	(69,207,686)
Empresa Eléctrica Piura S.A.	-	(1,140,712)	2,327,988	1,187,276
Endesa Internacional S.A.	(2,837,886)	(7,900)	-	(2,845,786)
Etevensa	-	43,482	(9,984,922)	(9,941,440)
Sacme	-	(727,116)	-	(727,116)
Soc. de Inversiones Chispa Uno S.A.	-	16,751	-	16,751
Total	(73,438,155)	2,109,239	66,191,899	(5,137,017)
	Interest (Expenses) Income ThCh\$	Services (Expenses) Income ThCh\$	Energy (Purchase) Sale ThCh\$	Total Net Effect ThCh\$
Balance as of December 31, 1999				
Atacama Finance Co.	4,156,202	-	-	4,156,202
Autopista Los Libertadores S.A.	118,938	753,885	-	872,823
Autopista del Sol S.A.	183,234	488,407	-	671,641
Gasoducto Atacama Cía. Ltda.	-	14,262	-	14,262
Gasoducto Tal Tal Ltda.	-	561,613	-	561,613
Inv. Eléct. Transquillota S.A.	175,887	(362,268)	-	(186,382)
Nopel Ltda.	-	2,133,242	-	2,133,242
Empresa Eléctrica Piura	-	-	796,726	796,726
Cía. Eléctrica Tarapacá S.A.	-	-	794,014	794,014
Compañía Eléctrica Tal-Tal Ltda.	-	3,149	-	3,149
Soc. Inversiones Chispa Uno S.A.	-	22,980	-	22,980
Elesur S.A.	(32,796,718)	-	-	(32,796,718)
Etevensa	-	-	2,059,556	2,056,556
Electrogas S.A.	1,084,738	(20,131)	(2,209,088)	(1,144,481)
Total	(27,077,719)	3,595,138	1,441,208	(22,041,373)

NOTE 17 INCOME TAXES:

Income taxes as of each year-end are as follows:

	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Income tax provision – current	101,538,759	107,312,292
Recoverable taxes, donations, and credits for training expenses	(136,223,628)	(67,809,304)
Prior year income tax	-	5,166,109
Total	(34,684,869)	44,669,097

a. The Company incurred taxable losses in the amount of ThCh\$40,192,039 and ThCh\$41,045,650 for the years ended December 31, 1999 and 2000, respectively.

b. The balance of taxed retained earnings and the related tax credits are as follows:

Year	Retained Earnings ThCh\$	Credit ThCh\$
1999	164,996,314	29,116,998
2000	72,478,031	12,790,241

c. Timing differences amounted to ThCh\$518,998 and ThCh\$22,467,234 for the years ended December 31, 1999 and 2000, respectively.

d. In accordance with BT No. 60 and 69 of the Chilean Association of Accountants, and Circular No. 1,466 of the SVS, the Company has recorded consolidated deferred income taxes as of December 31, 2000 as follows:

	Deferred Taxes			
	Assets		Liabilities	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Depreciation	531	-	6,634,666	91,415,922
Severance indemnities	-	-	-	365,755
Allowance for doubtful accounts	27,614,337	7,029,938	-	93,995
Intangibles	-	-	-	211,958
Deferred income	521,631	396,478	-	-
Deferred charges	-	-	803,593	3,651,274
Obsolescence of raw materials	1,089,296	508,001	-	-
Leasing receivables	-	-	133,190	-
Vacation accrual	1,236,338	-	-	-
Others events	25,961,117	59,566,920	15,064,294	8,026,189
Complementary accounts, net	(6,840,018)	(30,789,118)	137,920	(46,317,476)
Valuation allowance	(2,083,600)	660,442	(4,051,508)	(3,038,206)
Total	47,499,632	37,372,661	18,722,155	54,409,411

e) Estimated period and weighted average used to reverse the complementary accounts, are as follows :

	Deferred Taxes				Estimated Period of Reversal
	Complementary Liabilities		Complementary Assets		
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	
Depreciation	-	424,380	28,267	(45,738,343)	21.00
Allowance for doubtful accounts	(7,562,804)	-	-	-	2.00
Obsolescence of raw materials	(21,393)	-	-	-	1.00
Deferred income	(8,748)	-	-	-	1.00
Vacation accrual	(20,899)	-	-	-	1.00
Intangibles	-	-	-	(454,387)	2.00
Accrued expenses	-	-	-	74,829	4.00
Severance indemnity	-	26,021	-	16,087	5.00
Deferred charges	-	(3,712,458)	-	(29,157)	5.00
Other events	773,826	(27,527,061)	109,653	(186,505)	4.00
Total	(6,840,018)	(30,789,118)	137,920	(46,317,476)	

f) Income tax expense for the years ended December 31, 1999 and 2000 is as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Tax expense		
Income tax provision	(88,733,433)	(153,016,319)
Deferred taxes		
Adjustment to tax expense prior year	-	(226)
Deferred taxes	518,998	(22,467,234)
Benefits for tax losses	(1,037,996)	26,417,683
Amortization of complementary accounts	-	13,172,421
Change in valuation allowance	-	(1,896,485)
Total	(89,252,431)	(137,790,160)

The deferred taxes recorded at the beginning of the period, are as follows:

	Deferred Taxes	
	Short Term	Long Term
	ThCh\$	ThCh\$
Assets:		
Allowance for doubtful accounts	185,952	-
Deferred income	83,638	475,118
Obsolescence of raw material	88,611	234,610
Rio Maipo water rights	7,243	-
Severance indemnities	2,503	22,521
Long-term receivables	-	1,957
Vacation accrual	189,495	-
Post-retirement benefits	22,192	-
Other events	3,271,062	777,245
Total	3,850,696	1,511,451
Liabilities:		
Depreciation	7,275,801	12,288,436
Severance indemnities	338	212,044
Deferred charges	30,944	306,857
Bond discount	93,070	564,168
Leasing receivables	69,084	-
Total	7,469,237	13,371,505

NOTE 18 FOREIGN CURRENCIES:

As of December 31, 1999 and 2000, foreign currency denominated assets and liabilities are as follows:

		As of December 31, 1999			As of December 31, 2000		
		Foreign Currency	Exchange Rate	Total ThCh\$	Foreign Currency	Exchange Rate	Total ThCh\$
Assets:							
Cash	US\$	726,046	530.07	402,943	7,474,784	573.65	4,287,910
	Reales	14,153,506	295.80	4,383,378	15,092,699	294.33	4,442,234
	Soles	10,891,472	151.04	1,722,365	10,912,349	162.69	1,775,330
	\$ Col.	20,336,807,143	0.28	5,961,938	30,985,923,077	0.26	8,056,340
	\$ Arg.	1,987,283	530.07	1,102,909	3,056,435	573.65	1,753,324
Time deposits	US\$	91,117,100	530.07	50,568,468	9,265,979	573.65	5,315,429
	Reales	21,593,935	295.80	6,687,698	15,919,862	294.33	4,685,693
	\$ Col.	261,574,396,429	0.28	76,683,150	127,531,223,077	0.26	33,158,118
	Soles	-	-	-	123,376	162.69	20,072
	\$ Arg.	3,513,155	530.07	1,949,742	21,491,728	573.65	12,328,730
Short-term accounts receivable	US\$	6,273,919	530.07	3,481,920	8,330,302	573.65	4,778,678
	Reales	65,105,318	295.80	20,163,286	504,425,733	294.33	148,467,626
	\$ Col.	37,756,128,571	0.28	11,068,587	67,326,650,000	0.26	17,504,929
	\$ Arg.	14,346,413	530.07	7,962,019	144,449,375	573.65	82,863,384
	Soles	44,471,981	151.04	7,032,749	161,748,946	162.69	26,314,936
	UC	-	-	-	1,097,183	850.92	933,615
Short-term amounts due from related companies	US\$	123,716,000	530.07	68,660,313	2,413,744	573.65	1,384,644
	UC	-	-	-	3,048,292	850.92	2,593,853
Long-term accounts receivable	US\$	-	-	-	27,885,214	573.65	15,996,353
Long-term amounts due from related companies	US\$	-	-	-	240,953,351	573.65	138,222,890
Others assets long-term	US\$	-	-	-	11,930,285	573.65	6,843,808
Prepaid expenses	US\$	-	-	-	4,391,237	573.65	2,519,033
Total foreign currency denominated assets				267,831,465			524,246,929

		As of December 31, 1999			As of December 31, 2000		
		Foreign	Exchange	Total	Foreign	Exchange	Total
		Currency	Rate		Currency	Rate	
Liabilities:						ThCh\$	ThCh\$
Due to banks and	US\$	375,019,511	530.07	208,129,562	459,069,262	573.65	263,345,082
financial institutions	¥	898,451,838	5.17	4,863,311	9,336,761,277	5.01	46,777,174
short-term	UP	140	7,135,091.92	1,052,986	135	7,230,629.88	980,380
	Reales	61,673,935	295.80	19,100,578	209,273,136	294.33	61,595,362
	\$ Col.	120,687,478,571	0.28	35,380,741	130,836,638,462	0.26	34,017,526
	Soles	81,566,969	151.04	12,898,909	159,031,323	162.69	25,872,806
	\$ Arg.	-	-	-	22,796	573.65	13,077
	Euros	-	-	-	22,007,410	538.84	11,858,473
	£	425,300	855.92	381,132	420,692	856.58	360,356
	Lira	338,014,286	0.28	99,092	344,078,571	0.28	96,342
Due to banks and	£	1,903,759	855.92	1,706,050	1,523,009	856.58	1,304,579
financial Institutions	Lira	1,582,107,143	0.28	463,811	1,265,682,143	0.28	354,391
long-term	U.P.	511	7,135,091.92	3,824,460	384	7,230,629.88	2,783,226
	US\$	4,166,365,972	530.07	2,312,263,494	2,907,993,827	573.65	1,668,170,659
	Soles	44,330,906	151.04	7,010,440	-	-	-
	Reales	139,291,602	295.80	43,138,971	125,436,857	294.33	36,919,830
	\$ Col.	9,465,535,714	0.28	2,774,916	-	-	-
	\$ Arg.	-	-	-	36,540	573.65	20,961
	¥	3,524,909,478	5.17	19,080,300	9,136,814,770	5.01	45,775,442
Short-term accounts							
payable	Soles	304,886,944	151.04	48,214,480	189,646,751	162.69	30,853,630
	\$ Col.	416,473,882,143	0.28	122,093,483	343,667,711,538	0.26	89,353,605
	£	42,064	855.92	37,695	20,869	856.58	17,876
	US\$	356,603,471	530.07	197,908,968	95,917,758	573.65	55,023,222
	\$ Arg.	216,218,841	530.07	119,997,844	282,914,706	573.65	162,294,021
	Reales	424,436,548	295.80	131,449,103	520,059,970	294.33	153,069,251
Long-term accounts							
payable	US\$	-	-	-	335,297,915	573.65	192,343,649
	\$ Arg.	23,226,634	530.07	12,890,394	28,660,610	573.65	16,441,159
	\$ Col.	395,981,989,286	0.28	116,086,080	171,899,826,923	0.26	44,693,955
	Reales	558,610,453	295.80	173,003,110	430,829,766	294.33	126,806,125
	Soles	315,198,385	151.04	49,845,119	227,670,754	162.69	37,039,755
	£	20,053	855.92	17,971	-	-	-
Long-term amounts							
payable to	US\$	3,000,317,718	530.07	1,665,126,198	-	-	-
related companies	Reales	-	-	-	57,361,720	294.33	16,883,275
Short-term bonds							
payable	US\$	-	-	-	54,570,102	573.65	31,304,139
	Reales	-	-	-	54,820,066	294.33	16,135,190
	Soles	-	-	-	222,761,202	162.69	36,241,020
	\$ Col.	-	-	-	11,894,011,538	0.26	3,092,443
Long-term bonds							
payable	US\$	-	-	-	2,680,000,000	573.65	1,537,382,000
	Soles	-	-	-	4,896,988	162.69	796,691
	\$ Col.	-	-	-	338,398,219,231	0.26	87,983,537
Total foreign currency							
denominated liabilities				5,308,839,198			4,838,000,209

Excluded from the above tables are the assets and liabilities in foreign subsidiaries expressed in the corresponding local currency.

NOTE 19 BONDS PAYABLE:**a) Bonds payable are comprised of the following:****i) Yankee Bonds Agency Enersis S.A.**

On November 21, 1996, the Company, acting through its agency in the Cayman Islands, issued corporate notes (Yankee Bonds) for US\$800 million in three series, as follows:

Series	Total amount US\$	Years to maturity	Nominal 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. Notes in series three have a put option which can be freely exercised by the holder in the seventh year.

ii) Series A

On September 10, 1999, under regulation No. 213 of the Securities Register, registered the bearer bond issue made by Enersis S.A., as of June 7, 1999, for a maximum amount of UF 7,000,000, as follows:

Series	No. of bonds per series	Face value in UF	Total amount in UF
A	700	10,000	7,000,000

The scheduled maturity of the bonds is 30 years, interest is payable semi-annually with the principal payable in one installment on June 15, 2029. Annual interest is 5.8%, compounded semi-annually.

iii) Edelnor Bonds (Subsidiary of Distrilima S.A.)**First issue**

Date of Issue	:	March 1, 1996
Number of bonds subscribed	:	49,919
Face value	:	100 Nuevos Soles each
Redemption term	:	15 years
Interest rate	:	9.6136% annual
Interest payment	:	Annually, on coupon maturity
Principal amortization	:	Amortization of total principal upon maturity

Second issue

Date of Issue	:	November 10, 1998
Number of bonds subscribed	:	146,300
Face value	:	1,000 Nuevos Soles each
Redemption term	:	4 years
Interest rate	:	14.396%
Interest payment	:	Accrued and paid within 90 days
Anticipated redemption option	:	Early redemption option

Third issue

Date of Issue	:	August 7, 1998
Number of bonds subscribed	:	15,000
Face value	:	US\$1,000 each
Redemption term	:	3 years
Interest rate	:	7.7%
Interest payment	:	Accrued and paid within 90 days

iv) Endesa Individual

l) The Company made three public offerings of bonds in the local market on the following dates:

- On September 12, 1988, the Company registered in the Securities Register of the Chilean Superintendency of Securities and Insurance, under No. 105, the first issuance of bonds in the amount of UF5,000,000, which was fully placed prior to the end of the year ending December 31, 1988.
- On August 24, 1989, the second issuance of bonds was registered under No. 111, amounting to UF6,000,000, and was fully placed as of December 31, 1990.
- On December 7, 1990, the third bond issuance was registered under No. 131 in the amount of UF4,000,000. Of this issuance the amount of UF2,030,000 has been placed as of December 31, 1997. The balance of UF1,970,000 has been cancelled due to the expiration of the placement period.

Risk rating of the bonds issued is as follows as of the date of these financial statements:

	Category
- Comisión Clasificadora de Riesgo	AA
- Fitch IBCA Chile Clasificadora de Riesgo Ltda.	AA+
- Clasificadora de Riesgo Humphreys Ltda	AA+

ISSUANCE TERMS

First Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value	:	Five million Unidades de Fomento (UF5,000,000) divided into: <ul style="list-style-type: none">- Series A-1: 300 bonds at UF10,000 each- Series A-2: 2,000 bonds at UF1,000 each
Indexation	:	Based on variations in Unidad de Fomento index
Amortization period	:	12 years (3-year grace period and 9 years for capital amortization)
Capital amortization	:	18 consecutive installments payable semi-annually starting March 1, 1992, of equal value except for the last installment.
Early Redemption	:	As elected by the issuer, starting March 1, 1992 and only on the interest payment and amortization dates.
Nominal interest rate	:	5.5% annually upon expiration, compound and actual rate per semester on outstanding capital, readjusted by the value of the Unidad de Fomento. The applicable semi-annually interest rate will be equal to 2.71319%.
Interest Payments	:	Interest will be paid semi-annually each March 1 and September 1, starting March 1, 1989. Accrued interest at the end of the period amounts to ThCh\$0 (ThCh\$158,522 in 1999), and is shown under current liabilities.
Guarantee	:	There is no specific guarantee, however, a general guarantee covers all the issuer's assets.
Placement period	:	24 months from the registration date in the Securities Register of the Chilean Superintendency of Securities and Insurance.

Second Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value	:	Six million Unidades de Fomento (UF6,000,000) divided into: <ul style="list-style-type: none">- Series B-1: 360 bonds at UF10,000 each- Series B-2: 2,400 bonds at UF1,000 each
Indexation	:	Based on variations in Unidad de Fomento index
Amortization period	:	12 years (4-year grace period and 8 years for capital amortization)
Capital amortization	:	16 consecutive installments payable semi-annually starting April 1, 1994, all of equal value.
Early Redemption	:	As elected by the issuer, starting October 1, 1990 and only on the interest payment and amortization dates.
Nominal interest rate	:	6.0% annually upon expiration, compound and actual rate per semester on outstanding capital, readjusted by the value of the Unidad de Fomento. The applicable semi-annually interest rate will be equal to 2.95630%.
Interest Payments	:	Interest will be paid semi-annually each April 1 and October 1, starting April 1, 1990. Accrued interest at the end of the period amounts to ThCh\$174,827 (ThCh\$349,769 in 1999), and is shown under current liabilities.
Guarantee	:	There is no specific guarantee, however, a general guarantee covers all the issuer's assets.
Placement period	:	24 months from the registration date in the Securities Register of the Chilean Superintendency of Securities and Insurance.

Third Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value	:	Four million Unidades de Fomento (UF4,000,000) divided into: <ul style="list-style-type: none">- Series C-1: 120 bonds at UF10,000 each- Series C-2: 800 bonds at UF1,000 each- Series D-1: 120 bonds at UF10,000 each- Series D-2: 800 bonds at UF1,000 each
Indexation	:	Based on variations in Unidad de Fomento index
Amortization period	:	Series C-1 and C-2: 15 years (5-year grace period and 10 years to amortize capital). Series D- 1 and D-2: 20 years (5-year grace period and 15 years to amortize capital).
Capital amortization	:	Series C-1 and C-2: 20 consecutive installments payable semi-annually, starting April 1, 1996. Series D-1 and D-2: 30 consecutive installments payable semi-annually, starting May 1, 1996. Amortization installments will increase in time.
Early Redemption	:	As elected by the issuer, starting May 1, 1996 and only on the interest payment and amortization dates.
Nominal interest rate	:	6.8% annually upon expiration, compound and actual rate per semester on outstanding capital, readjusted by the value of the Unidad de Fomento. The applicable semi-annually interest rate will be equal to 3.34409%.
Interest Payments	:	Interest will be paid semi-annually each May 1 and November 1, starting May 1, 1991. Accrued interest at the end of the period amounts to ThCh\$273,261 (ThCh\$292,343 in 1999), and is shown under current liabilities.

Guarantee	:	There is no specific guarantee, however, a general guarantee covers all the issuer's assets.
Placement period	:	48 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance.

II) The Company has issued and placed three public offerings of bonds in the international market as follows:

First Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Marketable securities denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	:	Six hundred and fifty million US Dollars (US\$650,000,000) divided into: - Series 1: US\$ 230,000,000 - Series 2: US\$ 220,000,000 - Series 3: US\$ 200,000,000
Readjustment	:	Variation in the US Dollar
Amortization period	:	Series 1 full expiration on February 1, 2027 Capital amortization: Series 2 full expiration on February 1, 2037 (Put Option on February 1, period 2009, on which date the holders may redeem 100% plus accrued interest). Series 3 full expiration on February 1, 2097.
Nominal interest rate	:	Series 1: 7.875% annually Series 2: 7.325% annually Series 3: 8.125% annually
Interest Payments	:	Interest will be paid semi-annually each February 1 and August 1 annually, starting January 27, 1997. Accrued interest as of the year end amounts to ThCh\$12,065,276 (ThCh\$11,672,571 in 1999), which is shown under current liabilities.

Second Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Marketable securities denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	:	Four hundred million US Dollars (US\$ 400,000,000)
Readjustment	:	Variation in the US Dollar
Capital amortization period	:	Series 1 full expiration on July 15, 2008.
Nominal interest rate	:	Series 1: 7.75% annually
Interest Payments	:	Interest will be paid semi-annually each January 15 and July 15 annually, starting January 15, 1999. Accrued interest as of the period end amounts to ThCh\$8,150,610 (ThCh\$7,933,178 in 1999), which is shown under current liabilities.

Third Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Marketable securities denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	:	Four hundred million US Dollars (US\$ 400,000,000)
Readjustment	:	Variation in the US Dollar
Capital amortization period	:	Series 1 full expiration on April 1, 2009.

Nominal interest rate : Series 1: 8.502% annually
 Interest Payments : Interest will be paid semi-annually each October 1 and April 1 annually, starting October 1, 1999. Accrued interest as of the period end amounts to ThCh\$ 4,717,358 and ThCh\$4,876,025 in 1999 and 2000, respectively, which is shown under current liabilities.

Risk rating of these bond issuances is as follows as of the date of these financial statements:

	Category
- Standard& Poors's	A-
- Moodys Investors Services	Baa1
- Duff & Phelps	A-

v) Subsidiaries of Endesa S.A.

l) Endesa Chile Overseas Co. issued Yankee Bonds on April 1, 1996.

Risk rating of the bond issuance is as follows as of the date of these financial statements:

	Category
- Standard& Poors's	A-
- Moodys Investors Services	Baa1

ISSUANCE TERMS

First Issuance

Issuer : Endesa Chile Overseas Co.
 Securities issued : Marketable securities denominated in US\$ (150,000 bonds).
 Issuance Value : One hundred and fifty million Dollars (US\$ 150,000,000)
 Capital amortization : Full expiration as of Aril 1, 2006
 Nominal interest rate : 7.2 % annually upon expiration
 Interest Payments : Interest will be paid every six months, upon expiration, starting October 1, 1996. Accrued interest as of the period end amounts to ThCh\$1,583,274 (ThCh\$1,531,754 in 1999) and is shown under current liabilities.
 Guarantee : Guarantee from Empresa Nacional de Electricidad S.A.

As of July 24, 2000, the first issuance of Eurobonds (European Medium Term Note Programme) was realized in England, for a total of 1,000 million Euros.

ISSUANCE TERMS

First Issuance

Securities issued : 1,000 millon Euros
 Issuance value : Euros 400,000,000
 Capital amorization : Principal due July 24, 2003
 Nominal interest rate : Euribor + 0.80
 Interest payments : Quarterly starting October 24, 2000
 Guarantee : Empresa Nacional de Electricidad S.A.

This liability is presented under "Due to banks and financial institutions - long-term" and the accrued interest as of December 31, 2000 through the use of a foreign currency swap the original currency was converted to US Dollars.

II) Empresa Eléctrica Pehuenche S.A. issued bonds on May 2, 1996.

Risk rating of the bond issuance is as follows as of the date of these financial statements:

	Category
- Duff & Phelps Credit Rating Co.	A-
- Moodys Investors Services	Baal
- Standard & Poors	BBB+

ISSUANCE TERMS

First Issuance

Issuer	:	Empresa Eléctrica Pehuenche S.A.
Securities issued	:	Marketable securities denominated in US\$.
Issuance Value	:	One hundred and seventy million US Dollars (US\$170,000,000)
Capital amortization	:	Full expiration as of May 1, 2003
Nominal interest rate	:	7.3 % annually
Interest payments	:	Interest will be paid semi-annually, starting November 1, 1996. Accrued interest as of the year-end amounts to ThCh\$1,186,499 (ThCh\$1,167,022 in 1999) and is shown under current liabilities.

III) Edegel S.A. issued bonds on June 4, 1999 as per the following:

First Issuance

Issuer	:	Edegel S.A.
Securities issued	:	Marketable securities denominated in US\$ (30,000 bonds).
Issuance value	:	US\$ 110,000,000
Capital amortization	:	June 3, 2006, February 14, 2007, June 13, 2007 and November 26, 2005, respectively.
Nominal interest rate	:	8.75%, 8.41%, 8.75% and 8.375% annually
Interest payments	:	Interest will be paid semi-annually, starting December 3, 1999. Accrued interest as of the year-end amounts to ThCh\$831,651 ThCh\$107,480 in 1999) and is shown under current liabilities.

IV) Emegesa S.A. issued bonds on October 8, 1999 as per the following:

First Issuance

Issuer	:	Emegesa S.A.
Securities issued	:	Marketable securities denominated in Colombian pesos
Issuance Value	:	Colombian pesos 400,000,000,000
Capital amortization	:	Full expiration as of 2010
Interest nominal rate	:	15.5% annual average rate
Interest payment:	:	Interest will be paid semi-annually. Accrued interest as of the year-end amounts to ThCh\$3,092,443 (ThCh\$4,332,984 in 1999) and is shown under current liabilities.

b) Balance sheet presentation:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Current liabilities:		
Capital	118,334,921	64,470,730
Accrued interest	37,141,151	36,396,637
Total current	155,476,072	100,867,367
Long-term liabilities:		
Capital	1,676,474,846	1,648,857,553
Total long-term	1,676,474,846	1,648,857,553

NOTE 20 LONG-TERM ACCRUALS:

Long-term accruals include severance indemnities to personnel, calculated in accordance with the policy described in Note 2. An analysis of the changes in the accruals in each year are as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Opening balance as of January 1	80,118,426	63,601,072
Increase in accrual	28,865,062	21,765,408
Post retirement benefits provision	12,978,365	22,894,002
Payments during the period	(11,687,049)	(18,827,041)
Sub-total	110,274,804	89,433,441
Complementary pension and others	18,659,782	29,647,439
Total	128,934,586	119,080,880

NOTE 21 OTHER LONG-TERM LIABILITIES:

The detail of other long-term liabilities as of each year-end is as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Deferred income	1,004,934	3,732,105
Reimbursable contributions	18,035,409	21,371,579
Deferred income taxes (Note 17)	13,999,966	54,409,411
Provisions for contingences and other	16,583,009	18,435,485
Forward contracts	11,488,667	-
Other	2,979,467	10,690,686
Total	64,091,452	108,639,266

NOTE 22 MINORITY INTEREST:

- a. Minority shareholders' participation in the shareholders' equity of the Company's subsidiaries as of each year-end is as follows:

Company	As of December 31, 1999			As of December 31, 2000		
	Equity	Participation	Total	Equity	Participation	Total
	ThCh\$	%	ThCh\$	ThCh\$	%	ThCh\$
Aguas Puerto S.A.	68,774,893	28.00%	19,256,971	-	-	-
Autopista Los Libertadores S.A.	-	-	-	23,779,063	0.05%	11,890
Cam Colombia	-	-	-	567,340	0.00141%	8
Capital de Energía S.A.	448,991,631	49.00%	220,005,899	470,488,997	49.00%	230,539,609
Central Termoeléctrica Buenos Aires S.A.	33,439,312	22.17%	7,413,495	35,485,812	22.17%	7,867,205
Central Hidroeléctrica Betania S.A.	425,068,621	14.38%	60,971,738	427,915,281	14.38%	61,524,803
Central Cachoeira Dourada	432,609,742	1.16%	5,032,679	428,427,264	1.16%	4,984,023
Central Costanera S.A.	121,788,931	48.32%	58,848,412	110,154,595	48.32%	53,226,700
Cerj	381,648,159	55.68%	212,509,788	419,234,177	41.25%	172,932,956
Chilectra S.A.	408,117,834	27.44%	111,971,367	429,022,626	2.03%	8,686,686
Cía. Eléctrica San Isidro S.A.	31,121,496	50.00%	15,560,749	29,774,269	50.00%	14,887,135
Cía. Peruana de Electricidad S.A.	32,411,954	49.10%	15,914,269	34,603,652	49.00%	16,955,789
Codensa S.A.	939,944,940	51.52%	484,214,068	938,208,306	51.52%	483,319,440
Companhia Energetica Do Ceara-Coelce	573,308,420	43.41%	248,874,808	582,617,204	43.41%	252,915,777
Compañía Eléctrica del Río Maipo S.A.	20,983,604	16.25%	3,410,459	21,103,472	1.61%	340,293
Constructora El Gobernador S.A.	1,391,859	45.00%	626,336	1,348,204	45.00%	606,692
E.A.P. Los Dominicos S.A.	4,282,767	0.06%	2,432	-	-	-
Edelgel S.A.	579,544,479	39.87%	231,050,996	561,192,169	30.16%	169,235,916
Edelnor S.A.(Ede Chancay S.A.)	224,664,993	40.00%	89,865,997	237,471,455	40.00%	94,988,582
Edesur S.A.	584,821,355	40.37%	236,079,630	554,867,213	34.11%	189,274,863
Elenet S.A.	1,324,437	0.0001%	1	-	-	-
Emgesa S.A.	771,501,792	51.52%	397,440,316	786,465,468	51.52%	405,148,877
Empresa Eléctrica Pangué S.A.	51,866,257	7.52%	3,900,342	49,913,963	7.52%	3,753,530
Endesa Argentina S.A.	33,066,177	0.01%	3,306	36,203,359	0.01%	3,620
Endesa S.A.	1,187,724,554	40.02%	475,316,389	1,296,598,865	40.02%	518,886,882
Energía Hidráulica S.A.	1,121,490	0.01%	113	-	-	-
Esva S.A.	115,274,995	59.59%	68,697,199	-	-	-
Generandes Perú S.A.	311,499,730	45.74%	142,470,632	325,309,765	45.74%	148,786,927
Hidroeléctrica El Chocón S.A.	178,874,631	34.81%	62,266,259	194,328,954	34.81%	67,645,909
Hidroelectricidad S.A.	(857,534)	0.01%	(86)	-	-	-
Hidroinvest S.A.	87,441,092	30.07%	26,293,536	92,796,098	30.07%	27,903,787
Inecsa 2000 S.A.	23,896,884	2.68%	640,436	23,992,540	2.68%	643,000
Infraestructura 2000 S.A.	58,519,099	40.00%	23,407,639	58,942,909	40.00%	23,577,164
Ingendesa S.A.	2,786,006	3.92%	109,212	2,553,051	2.36%	60,316
Const. y Proy. Los Maitenes S.A.	65,272	7.50%	4,896	67,801	7.50%	5,085
Inmobiliaria Centro Nuevo Ltda.	(8,606)	0.08%	(6)	(9,972)	0.08%	(7)
Inversiones Distrilima S.A.	129,907,010	32.75%	42,544,546	138,431,884	32.75%	45,336,441
Investluz S.A.	471,762,908	37.55%	177,146,971	471,655,368	37.55%	177,106,590
Luz de Bogotá S.A.	541,362,724	55.00%	297,749,498	543,451,339	55.00%	298,898,237
Cam Argentina S.A.	1,661,487	0.10%	1,717	1,971,740	0.1000%	1,972
Pehuenche S.A.	144,920,378	7.45%	10,796,568	138,946,237	7.45%	10,351,495
Soc. Agrícola de Cameros Ltda.	5,870,474	42.50%	2,494,951	5,868,721	42.50%	2,494,206
Soc. Agrícola Pastos Verdes Ltda.	41,836,694	45.00%	18,826,511	45,004,940	45.00%	20,252,223
Túnel El Melón S.A.	1,626,406	4.00%	65,056	583,132	0.05%	292
Total			3,771,786,095			3,513,154,913

b. Minority shareholders' participation in the net income of the Company's subsidiaries as of each year-end is as follows:

Company	Year-ended December 31, 1999			Year-ended December 31, 2000		
	Net		Total ThCh\$	Net		Total ThCh\$
	Income ThCh\$	Participation %		Income ThCh\$	Participation %	
Aguas Puerto S.A.	(1,469,897)	28.00%	(411,572)	-	-	-
Autopista Los Libertadores	-	-	-	2,331,710	0.05%	66
Cam Colombia	-	-	-	(74,895)	0.00141%	(38,547)
Capital de Energía S.A.	801,322	49.00%	392,649	(6,517,736)	49.00%	9,614,867
Central Hidroeléctrica Betania S.A.	(25,612,586)	14.38%	(3,682,526)	22,607,003	14.38%	(937,107)
Central Cachoeira Dourada	20,865,060	1.16%	242,729	9,437,926	1.16%	262,994
Central Costanera S.A.	33,738,254	48.32%	16,302,324	33,138,957	48.32%	7,518,925
Central Termoeléctrica Buenos Aires S.A.	(429,210)	22.17%	(95,156)	(1,952,299)	22.17%	204,358
Cerj	92,122,718	55.68%	51,295,882	(4,782,062)	41.25%	(3,341,761)
Chilectra S.A.	74,584,926	27.44%	20,463,149	63,060,905	2.03%	17,016,297
Cía. Eléctrica San Isidro S.A.	4,530,880	50.00%	2,265,440	(108,222,663)	50.00%	1,165,855
Cía. Peruana de Electricidad S.A.	4,540,944	49.10%	2,229,603	31,843,616	49.00%	911,006
Codensa S.A.	19,531,857	51.52%	10,061,866	(17,815,519)	51.52%	11,588,583
Companhia Energetica Do Ceara - Coelce	32,428,574	43.41%	14,077,336	(10,839,888)	43.41%	7,733,767
Compañía Eléctrica del Río Maipo S.A.	8,850,317	16.25%	1,438,440	9,572,603	1.61%	1,420,460
Constructora El Gobernador S.A.	(462,230)	45.00%	(208,003)	(54,424)	45.00%	(19,644)
Edegel S.A.	22,372,066	39.87%	8,919,225	35,485,203	30.16%	9,602,920
Edelnor S.A. (Ede Chancay S.A.)	28,891,072	40.00%	11,556,429	(179,710)	40.00%	4,335,955
Edesur S.A.	13,759,649	40.37%	5,554,470	(1,859,196)	34.11%	20,467,105
E.A.P. Los Dominicos S.A.	278,417	0.06%	158	-	-	-
Emgesa S.A.	19,894,746	51.52%	10,248,809	19,622,178	51.52%	18,280,256
Empresa Eléctrica Pangué S.A.	10,576,854	7.52%	(795,380)	95,686	7.52%	(146,813)
Endesa	(185,040,276)	40.02%	(88,259,397)	108,222,663	40.02%	43,309,709
Endesa Argentina S.A.	11,853,442	0.01%	1,185	(22,495,481)	0.01%	348
Energía Hidráulica S.A.	(977,475)	0.01%	(97)	-	-	-
Esval S.A.	(11,961,131)	59.59%	(11,167,185)	-	-	-
Generandes Perú S.A.	19,600,843	45.74%	8,964,838	2,746,519	45.74%	15,156,765
Hidroeléctrica El Chocón S.A.	(13,875,259)	34.81%	(4,829,977)	15,560,690	34.81%	3,285,342
Hidroelectricidad S.A.	(10,906,434)	0.01%	(1,091)	-	-	-
Hidroinvest S.A.	(10,927,409)	30.07%	(3,285,872)	423,810	30.07%	825,878
Inecsa 2000 S.A.	13,585	2.68%	363	877,232	2.68%	2,564
Infraestructura 2000 S.A.	459,054	40.00%	183,622	5,974,152	40.00%	169,524,
Ingendesa S.A.	1,176,116	4.85%	46,104	(2,009,010)	2.36%	20,725
Const. y Proy. Los Maitenes	1,842	7.50%	217	(27,611)	7.50%	190
Inmobiliaria Centro Nuevo Ltda.	(1,396)	0.08%	(1)	(1,365)	0.08%	-
Inversiones Distrilima S.A.	18,236,143	32.75%	5,972,337	7,469,507	32.75%	2,446,264
Investluz	(4,975,926)	37.55%	(1,868,460)	(6,852,497)	37.55%	(2,573,113)
Luz de Bogotá S.A.	9,843,848	55.00%	5,414,117	9,921,865	55.00%	5,457,026
Cam Argentina S.A.	373,901	0.10%	401	(550)	0.1000%	191
Pehuenche S.A.	(26,214,069)	7.45%	(1,952,948)	921,775	7.45%	(445,074)
Soc. Agrícola De Cameros Ltda.	64,797	42.50%	27,538	2,533	42.50%	(745)
Soc. Agrícola Pastos Verdes Ltda.	(26,933)	45.00%	(12,120)	(1,753)	45.00%	(24,491)
Túnel El Melón S.A.	(1,370,969)	4.00%	(54,839)	3,480,323	0.05%	(1,006)
Total			59,034,607			173,269,639

NOTE 23 SHAREHOLDERS' EQUITY

a. Issuance

At the General Extraordinary Shareholders' Meeting held on April 30, 1999, the shareholders agreed to increase the capital of the Company by US\$1,000 million through the issue of shares in foreign capital markets, which will occur within a period of 3 years.

As of October 10, 2000, the Company finalized a private offering of shares, which commenced September 11, 2000, issuing a total of 1,491,020,100 shares for total proceeds of ThCh\$292,794,395.

b. Dividends

There are no restrictions on the payment of dividends. The following dividends were paid as of each year-end:

Dividend Number	Payment date	Historical value Ch\$ per share	Type of dividend	Related To
70	May 1999	4.00	Final	1998

c. Cumulative translation adjustment

	Initial Balance ThCh\$	Reserve for Assets ThCh\$	Reserve for Liabilities ThCh\$	Final Balance ThCh\$
Cumulative translation adjustment	3,670,181	34,551,687	(33,292,663)	4,929,205
Total	3,670,181	34,551,687	(33,292,663)	4,929,205

The changes in the cumulative translation adjustment due to gains and losses on assets and liabilities for the year-ended December 31, 2000 are as follows:

	As of December 31, 2000 ThCh\$
Distrilec Inversora S.A.	286,131
Inversiones Distrilima S.A.	796,636
Cía. Peruana de Electricidad S.A.	1,745,328
Edesur S.A.	1,164,387
Cerj	880,628
Investluz	56,095
Total	4,929,205

NOTE 24 OTHER INCOME AND EXPENSES:

a. The detail of other non-operating income in each year is as follows:

	Year ended December 31,	
	1999	2000
	ThCh\$	ThCh\$
Adjustments to investments in related companies	8,509,029	10,872,440
Gain on sale of investments (1)	-	195,971,285
Gain on sale of property, plant and equipment	6,879,338	105,066,025
Gain on forward contracts	79,969,525	33,775,454
Services to companies and customers	28,248,139	29,531,290
Penalties charged to contractors and suppliers	5,007,956	17,783,870
Recoverable taxes	20,760,429	3,958,361
Effect of application of BT 64 (2)	163,686,858	23,461,383
Other	16,619,912	24,250,149
Total	329,674,186	444,670,257

(1) Before taxes

(2) Corresponds to the net adjustments related to the translation of financial statements of foreign affiliates from the respective local country currency to US dollars.

b. Other non-operating expenses in each year are as follows:

	Year ended December 31,	
	1999	2000
	ThCh\$	ThCh\$
Adjustments to investments in related companies	6,393,295	10,423,333
Cost of sales- materials	11,869,777	29,871,591
Cost of project, inspections and other	32,395,509	30,768,080
Other taxes	979,820	2,516,315
Contingences and litigation	18,244,497	5,139,986
Deferred expense amortization	15,418,068	3,226,960
Financial contributions	1,412,226	1,108,128
Damaged electric poles	612,130	553,765
Azopardo sub-station failure	52,922,894	-
Loss on forward contracts	14,171,739	3,064,821
Employee benefits	12,237,660	5,843,849
Other	26,534,437	19,400,234
Total	193,192,052	111,917,062

NOTE 25 COMMITMENTS AND CONTINGENCIES:

Deposits, performance bonds, mortgages and guarantees received and granted totaled ThCh\$31,445,954 and ThCh\$106,559,092 in 2000, respectively, and ThCh\$33,236,017 and ThCh\$86,297,081 in 1999, respectively.

Enersis S.A. individual

Litigation and other legal actions:

- i. Court : Honorable resolutive commission
Process number : 577-99
Cause : Requirements of the "Fiscal Nacional Economico" against Enersis S.A. for the increase of ownership in Endesa-Chile S.A.
Process status : The discussion period has terminated. The following process period could be the receipt of the test phase, in which case the resolutive commission must establish the facts to test, but this has not occurred yet.
Amounts involved : Undetermined.

- ii. Court : International court of the International Chamber of Commerce, Paris, France
Process number : 11046/KGA
Cause : The Arbitration Court of the International Commerce, notified Enersis S.A., Empresa Nacional de Electricidad ("Endesa"), Chilectra S.A. and Enersis International Limited of a claim filed by Pérez Compac S.A. and PCI Power Edesur Holding Limited (the "Plaintiffs"). The Plaintiffs asked the Arbitration Court to declare PCI Power Edesur Holding Limited the right to elect the chairman of the board of directors and one normal director of Distrilec Inversora S.A., an Argentine company, which controls the Class A shares of Empresa Distribuidora del Sur (Edesur S.A.), and if the Arbitration Court determine that PCI Power Holding Edesur Holding Limited does not have this right, and declared that Enersis holding and Pérez Compac Holding will have the same number of directors over Distrilec Inversora S.A.
Process status : Discussion period, first instance.
Amounts involved : Undetermined.

- iii. Court : 21st Civil Court of Santiago
Process number : C-2437-1999
Cause : Lawsuit in summary process interposed by the lawyer Mr. Eduardo Rodriguez Guarachi. The lawyer has represented to the court that Enersis pay him US\$250,000 for professional services rendered.
Process status : Testing period.
Amounts involved : US\$250,000.

Chilectra S.A.

The Company has long-term energy purchase contracts with Endesa, Gener S.A., Pangué S.A., Empresa Electrica Pehuenche S.A., Colbún Machicura S.A., Carbomet Energia S.A., Chilquinta S.A., Empresa Electrica Puyehue S.A. (Ex Pilmaiquen), Sociedad Electrica Santiago S.A., and Sociedad Canalistas del Maipo, which are valid in 2000 and the subsequent years, with the objective of assuring the supply of energy at agreed costs.

Compañía Electrica del Rio Maipo S.A.

As of December 31, 2000, demands exist against the Company for damages, which Management and its legal counsel believe are not significant due to insurance coverages.

The Company has signed energy purchase contracts with Chilectra S.A. and Gener S.A. with the purpose of securing the supply of energy at agreed costs.

Distribuidora de Productos Eléctricos S.A.

As of October 27, 1998 Distribuidora de Productos Eléctricos S.A. received notification sent by a municipal inspector. This notification is accompanied by the Municipal Decree No. 694 dated September 15, 1998. After a series of legal and administrative actions, the court declared in favor of Distribuidora de Productos Eléctricos S.A. and obtained precaution pre-judgement to cancel the effects of the notification.

Inmobiliaria Manso de Velasco S.A.

Litigation of expropriation of the access road to Arturo Merino Benitez' Airport. For constructing this road the government of Chile has expropriated a piece of land that belongs to the Company. An expert in accordance with expropriation procedures valued the expropriated land and the payment was made. The Company rejected this payment and presented a claim, which in first instance, increased the indemnity by approximately UF35,000. This claim is pending in the Appeals Court.

Endesa-Chile individual

Pending lawsuit

There is litigation pending against Endesa-Chile, for which defenses have been filed, totaling ThCh\$696,923 and ThCh\$708,303 as of December 31, 1999 and 2000, respectively.

Indirect commitments

On February 21, 1996, the indirect subsidiary Autopista del Sol S.A. has obtained a Syndicated Loan Contract with Banco del Estado de Chile, Banco de Chile, Banco Santander, and others for its project "Santiago-San Antonio Highway", in the amount of UF3,189,000 over a six-year term. Endesa has undertaken to act as guarantor of these loans and it also undertakes the following commitments:

- Empresa Nacional de Electricidad S.A. agrees to maintain ownership of at least 51% of the shares issued by the subsidiary Infraestructura 2000 S.A., parent company of Autopista del Sol S.A., until the completion of the project.
- Empresa Nacional de Electricidad S.A. in conjunction with its subsidiary Infraestructura 2000 S.A. and the latter's subsidiary, Autopista del Sol S.A. agrees to finish and facilitate the timely completion of the work as well as timely compliance with all obligations agreed to in the corresponding Concession contract with the Public Works Ministry.
- On September 10, 1996, Endesa set up a guarantee and surety in favor of its subsidiary Cía Eléctrica San Isidro S.A. for the contractual obligations that the Company assumes as a result of the gas supply contract subscribed with YPF.
- On July 28, 1998, Endesa assumed the responsibilities of co-debtor in favor of its subsidiary Cía Eléctrica Cono Sur for the obligations incurred by this company in virtue of the codebtor contract it entered into related to Banco Central Hispanoamericano S.A., for up to 45% of the amount that such institution loans to the Brazilian companies Furnas and Gerasul in favor of the Brazilian company Cien, up to ThRs28,000 and ThRs12,000 respectively.
- On December 17, 1998, Endesa assumed the co-debtor responsibilities in favor of its subsidiary Autopista Los Libertadores S.A., in the total amount up to UF4,000,000 for the obligations arising from the borrowings obtained with Banco Santiago and Banco de Chile to finance a portion of the public work project "Santiago-Colina-Los Andes".

- On May 27, 1999, Endesa assumed the co-debtor responsibilities in favor of its subsidiary Inversiones Betania S.A., up to US\$9,300,000 for obligations resulting from the loan that this company will receive from J.P Morgan and Dresdner Bank.
- On March 30, 2000, Endesa S.A. assumed the co-debtor responsibilities in favor of its subsidiary Endesa Chile Overseas Co., up to the amount of US\$ 50,000,000, for obligations resulting from the loan that this company will receive from San Paolo IMI Bank. This loan has an 18-month term, with an interest rate of LIBOR+0.70% over the first year and LIBOR+0.90% over the second year, with a 0.30% fee payable when the contract is signed.

Others

The Honorable Resolution Commission of the anti-trust law, through resolution No. 488 dated June 11, 1997, with respect to the lawsuit concerning vertical integration in the electric sector, rejected the requirement filed by National Economic Commission, which requested the decentralization of power generation, transport and distribution in the SIC (Interconnected Central System). In this resolution the subsidiary Transelec was given the following general instructions:

- The company should become an open stock corporation with exclusive line of business and separate ownership of the transmission assets. This must be carried out as defined by shareholders and in a reasonable period.
- The resolution also states that the company should be opened to third parties interested in extension of the trunk network to ensure its growth.
- In conformity with these instructions on December 12, 1997, the Superintendency of Securities and Insurance proceeded to register Transelec as a closed stock corporation.
- Subsequently, on May 14, 1998, Transelec increased its capital and in this process Endesa contributed fixed assets in the amount of ThCh\$136,070,344 (historical value). Similarly, on June 26, 1998, Endesa leased assets to Transelec in the amount of ThCh\$177,230,517 (historical value).
- As of October 23, 2000 Endesa proceeded to sell Transelec, according to resolution stated by the Resolutive Commission.

Management restrictions

As a result of the contracts entered into with financial institutions, the Company must comply at a consolidated level with certain ratios and obligations, among which we highlight below:

- Gross cash flow equal or greater than 12% of average consolidated financial debt maturing in greater than one year plus the short-term bank debt extendable for more than one year. Such cash flow is measured as presented in the consolidated financial statements as of the closing date of the last four quarters.
- Gross cash flow equal or greater than 1.7 times the consolidated interest expense as presented in the consolidated financial statements as of the closing date of the last four quarters.
- The financial debt maturing in more than one year plus short-term bank debt extendable for a period over one year cannot exceed 60% of the sum of shareholders' equity plus minority interest, financial debt maturing in more than one year and short-term bank debt.

Endesa-Chile subsidiaries

Pehuenche S.A.

- a) Pehuenche S.A. filed a complaint against Colbún S.A before the Court in Talca, claiming that it is the responsibility of Colbún S.A to permanently supply the irrigation along the Canal del Maule Norte Bajo, for which effect Colbún S.A. must operate a reservoir above 422.3 meters above sea level. In a first instance ruling, the court declared that Colbun S.A. has the responsibility to permanently supply the irrigation along the Canal Maule Norte Bajo. Colbún S.A. appealed this decision to the Court of Appeals in Talca. Pehuenche also appealed to establish that

Colbun S.A. must operate its reservoir above 422.3 meters sea level in order to supply such irrigation customers. In January of 1999, the Talca Court of Appeals rejected, with costs, Colbún S.A.'s appeal, confirming the first instance ruling and added that Colbún S.A. should operate its reservoir between the elevation of 436.0 meters above sea level and 422.3 meters above sea level, in order to comply with its commitment to supply irrigation. On March 16, 1999 Colbún S.A. filed a proceeding against this sentence, for review by a higher court on the grounds of errors of law or breach of procedural right, before the Supreme Court, which is still pending. On that same date, Colbún S.A. requested a suspension of sentence, which was rejected in a definite manner by the Talca Court of Appeals.

- b) Water Claims. Appeal court of Talca. Process number 39,945, "Asociacion del Canal del Maipo" against DGA resolution number 1768 of November 1984, related with the approval of the water reservoir construction, and the construction of the Colbún Pehuenche center.

Actions related to the compensation payment for the issue of Supreme Decree No. 287 of Economy, development and reconstruction ministry in 1999 and the modification of Article No.99 of DFL No. 1/82 of Mining Law. Pehuenche S.A. against Sociedad Austral de Electricidad S.A. Rol No. 3908-99, at the 24th civil court of Santiago: Prejudgement action was made, but was rejected by the court. Pehuenche S.A. presented in the same case, an ordinary demand to annul public right against Sociedad Austral de Electricidad S.A. Pehuenche S.A. against Chilectra S.A. Rol No. 3940-99, 17th Civil court of Santiago: Prejudgement action was made, but was rejected by the court. Pehuenche S.A. presented in the same case, an ordinary demand to annul public right against Chilectra S.A.

Appeal of Inapplicability, Process number 4798-2000, filed by Pehuenche before the Supreme Court in December 2000, which affects the litigation between Pehuenche and Chilectra, Rol No. 3940-99.

Pehuenche against Empresa Electrica Atacama S.A., Process number 4005-99, 20th Civil court of Santiago. Actions presented were denied by the court. Pehuenche presented in the same case, an ordinary demand to annul public right against Empresa Electrica Atacama S.A.

Claims against the Superintendency of Electricity and Fuels ("SEF")

Appeals court of Santiago, Process number 6515-99. Five fines amounting to UTM1,610, for failure to deliver information in time to CNE. Resolution 1,557 on October 1, 1999.

5th Civil court of Santiago, Process number 2272-99, fine UTM500, resolution 631 of April 27, 1999, for failure to construct a delivery and control center before January 1, 1999.

16th Civil court of Santiago, Process number 1928-98, claim against resolution 856, resulting in a fine imposed on October 16, 1997 of UTM450 due to a failure on May 11, 1997. The court denied the claim. Pending notification and appeal.

16th Civil Court of Santiago, Process number 872-2000, claims against resolution 72 of January 14, 2000, two fines of UTM500, each one due to a failure on May 31, 1999. On December 7, 2000, the court decided to impose only one fine of UTM500. The Company appealed in the Supreme Court. On January 18, 2001, the claims were heard.

Reposition appeal before the SEF for resolution 805 dated May 2 for a fine of UTM400 due to a failure on July 14, 1999.

Other Litigation

Arbitration of Inversiones Tricahue with Pehuenche and Endesa-Chile, designating Rafael Gomez Balmaceda as arbitrator. Tricahue requested a pre-arbitration exhibition of documents by Endesa-Chile.

Arbitration Voest Aline I.C.E. Chile S.A. with Pehuenche. Arbitrator Claudio Illanes Rios. In contract LA53 for supply of hydromechanical equipment, Voest requested a return of the fines of US\$102,082. On December 27, 2000, Pehuenche filed a motion questioning the validity of the arbitration. On January 3, 2001 the arbitrator rejected the motion.

Pehuenche against Gonzalo Valdes Cruzat, 3rd Document Court of Linares, process number 7491-2000. Restitution charge on August 24, 2000 which was resolved through agreement. Pehuenche recovered illegally occupied land.

Pehuenche against Gonzalo Valdes Cruzat. Charge for illegal deforestation in August 2000. Local police court of San Clemente, process number 84.802.2000. Settlement reached.

SERNAC against Pehuenche. Charge for failure to supply electricity, before the 3rd Local police court of Santiago, Process number 50,419-AGO. The claim was denied and appeal filed by Sernac pending before the Appeal court of Santiago.

Compañía Eléctrica San Isidro S.A.

Claim by Jorge Galleguillos and Cía. Ltda., against the Chilean Treasury, San Isidro S.A. Power Company, Pehuenche S.A. and Endesa. The lawsuit was presented before the Sixth Civil Court in Valparaíso, which had denied the claim. The plaintiff has appealed to the Court of Appeals in Valparaíso.

Lawsuit at 7th civil court of Santiago Rol N°2195/99, claim for resolution N°628 of April 27, 1999, which applied a fine of UTM500, for non-compliance with article N°183 of the Supreme decree 327.

San Isidro against SEF, Appeals Court of Santiago, Rol N°873-2000: Fine of UTM1000 for failure on May 30, 1999. A motion was filed to reduce the fine to UTM500. Subsequently, another motion was filed before the Supreme Court to reduce the fine to UTM250.

An administrative fine applied by SEF of UTA150, caused by a blackout on July 14, 1999.

Hidroeléctrica el Chocón S.A.

Nuequén Provincial Revenue Services

The Company has received notices from the Neuquén Provincial Revenue Services for stamp taxes on certain sales by the Company. The first for approximately US\$2.2 million (which includes penalties and interests accrued to April 30, 1995), and the second for approximately US\$3.4 million (amount which includes penalties and interests accrued to August 31, 1997).

In both cases, appeals have been filed questioning these determinations given that in the opinion of management and counsel, there were no tax basis for stamp taxes. Furthermore, through its shareholder, Endesa-Chile, the Company has submitted its appeal to an international arbitration in accordance with "Centro Internacional de Arreglos de Diferencias Relativas a Inversiones", an organization dependent on the World Bank, in accordance with the agreement on the protection and promotion of reciprocal investments between Argentina and Chile.

In December 2000, an agreement was reached with the Province of Neuquén for Decree N° 2637/00 which resolved definitively the dispute.

Federal Public Revenues Administration – General Tax Services

The Federal Public Revenues Administration – General Tax Services ("AFIP-DGI") notified the Company for alleged tax evasion on revenues earned between tax year 1993 and 1994, due to deduction of certain start up and financing

costs incurred by the Company in the calculation of taxable income, for which the AFIP-DGI considers to be capitalizable costs to be depreciated in accordance with the terms of the concession. In addition, the AFIP-DGI claimed that the Company omitted making certain withholding taxes on payments made outside of the country for a bank loan obtained in 1994. The Company had not made these withholding taxes as it considered that they related to foreign-source income not subject to taxes.

The corresponding amount of taxes on these revenues in dispute equal approximately US\$9.7 million, which does not include accrued interest.

The Company is disputing these charges.

On October 5, 2000, the AFIP-DGI notified the Company of the start of an official investigation on the alleged omission of withholding taxes on foreign-source incomes equaling US\$1.8 million (and amount which does not include any applicable interest):

On December 28, 2000, the AFIP-DGI notified HECSA of the resolution N° 166/00 on the amount of US\$1,754,937.88 on withholding taxes for foreign-source incomes. In addition, it deemed that HECSA should submit an amount equal to US\$3,987,218.86 for accrued interest up to December 20, 2000. Finally, the AFIP-DGI assessed a penalty of US\$1,228,456.51 for the infraction of Article 45, Law 11,683.

HECSA filed an appeal before the National Tax Court with respect to the issues mentioned above. As of December 31, 2000, no official resolutions have been filed. On January 1, 2001, the government requested payment for the above claims.

On May 31, 2000, the AFIP-DGI notified HECSA of its resolution on value-added tax ("VAT") which resulted in a charge of US\$1,432,148.79 for the fiscal period from December 1993 to July 1995 due to the presumed infraction of Article 45 of Law 11,683. The AFIP-DGI deemed it erroneous that HECSA considers to have incurred a tax when it becomes estimatable in Article 18 of the VAT legislation.

On July 12, 2000, the Company disputed the official resolution and deemed it null and void due to lack of cause. As well, it rejected the claim by AFIP-DGI on the application of Article 18 of the VAT legislation as these incidences occurred prior to the publication of the Official Bulletin for these rules. The Company invoked unconstitutionality for the application of Decree 493/95 which forgave the penalties and interests for obligations or infractions past due or committed as of July 31, 1995.

On December 28, 2000, The AFIP-DGI notified HECSA of resolution N° 204/00 which officially determined the tax credits and debits for the period of December 1993 to July 1995, equaled to US\$794,094.72 for interest assessed up to December 11, 2000. Additionally, the AFIP-DGI decided to assess a penalty of US\$1,002,504 for the alleged infraction of Article 45 of Law 11,683.

HECSA filed an appeal before the National Tax Court.

Management considers the previous claims by the tax authorities to be unsuitable as it was unlikely that these matters would generate a significantly adverse impact on the equity and the net income of the Company.

Endesa Colombia S.A.

La Central Hidroeléctrica de Betania S.A. E.S.P., an affiliated company, has been subjected to a series of demands before the ordinary court for contractual responsibilities. These demands are summarized as follows:

In July 1989 48 claims were filed for the overflowing of the Magdalena river. Another 16 claims were filed for the overflowing of the same river in 1989, 1994, and 1996.

Total amount claimed in current value is Col\$846,806. In the event of judgements against the Company, interest and legal expenses will be applicable to this amount. These claims are in the preliminary stage.

There are five other minor claims for labour, possession, and acquisition of easements in which the preliminary judgement was favourable to the Company, and is currently under appeal by the plaintiffs.

The consortium composed of Consuloría Colombiana S.A. and Consultores Regionales Asociados – CRA Ltda., filed a claim for approximately Col\$688 for reason of it not being awarded the technical feasibility study for the El Quimbo hydroelectric project.

To cover the litigation of the Company, management under advice from its legal counsel, has accrued a provision. In the event of non-favorable judgement against the Company, this provision should be increased by interest and legal costs.

The Company has a labor claim for Col\$6,875 for which no provision has been accrued as it does not consider that the judgement will be adverse.

Emgesa S.A. E.S.P. is going forward in the process of rectifying titles on some of its influences.

Edegel S.A.

As of December 31, 2000, the Peruvian Internal Revenue Service is performing a partial review of accounting records and tax compliance related to the taxable income and general sales tax for the years 1995 to 1999 of the Edegel. Management has not received any official communication of the results of the review, however, estimates that it will not result in a significant liability.

The declaration of income taxes for 2000 is pending review. Whatever expense incurred to cover tax liabilities as a result of these reviews will be charged to earnings in the years in which the final liquidations are issued.

Litigation for ESSALUD for the payment of contributions of the Decreed Law 22482, 19990 and 18846 that amount to ThSoles2,400,097 (ThUS\$4,183). In the opinion of management and legal counsel, this litigation will be in the favor of Edegel.

Resolutions for ThSoles663,669 (ThUS\$1,157), issued against Talleres Moyopampa S.A., for which Edegel has filed counter claims and appeals corresponding to having constituted for split-up of the referred company. These counter claims and appeals are pending final resolution with the Colombian Internal Revenue Service. In the opinion of management and legal counsel, these actions will not have a significant negative effect over the financial position of the Company.

Penalties Resolutions issued by the Colombian Internal Revenue Service related to general sales tax for the year 1995 for Soles639,650 (ThUS\$1,115). Edegel has appealed before the Tax Court and the resolution is pending. In the opinion of management and legal counsel, these actions will have a favorable outcome.

Penalties Resolutions not related to taxes, issued by the municipality of Huarochiri-Matucana for construction license payments in the amount of ThSoles1,439,848 (ThUS\$2,510). As of November 12, 1999, the Supreme Court of Lima ruled in favor of Edegel, ordering the suspension of the collection proceeding for the penalty. On October 4, 6 and 16, and December 29, 2000, the ruling was appealed. In the opinion of management and legal counsel, the resolution will be in favor of Edegel.

Penalties Resolutions not related to taxes, issued by the Distrital Municipality of San Antontio de Chacla related to the failure to pay municipal taxes for approximately ThSoles221,465 (ThUS\$386). On April 7, 2000, the municipality filed an appeal. Subsequently, the process was taken to the Tax Court, in parallel form, on April 3 and 11, 2000. In the opinion of management and legal counsel, the resolution will be in favor of Edegel.

A demand was filed by the employees of Edegel, requiring the increase in the worker' profit sharing tax from 5% to 10%, retroactive for the years 1994, 1995, and 1996 amounting to approximately ThSoles2,679,071 (ThUS4,670). On May 27, 1999, the Second Room of the Supreme Labor Court of Lima revoked the resolution filed and ordered it processed. On August 24, 2000, judgement was issued stating the resolution had no foundation. The employees appealed the judgement. Pending appeal.

As of December 31, 2000, the declarations of taxable income of Generandes Perú for the years 1996 to 2000, are pending review of the Peruvian Internal Revenue Service. Whatever expense incurred to cover tax liabilities as a result of these reviews will be charged to earnings in the years in which the final liquidations are issued.

Compañía Eléctrica Cachoeira Dourada

The Company, in accordance with Law No. 838-91 art. 46, opted to elect the use of accelerated tax depreciation in 24 monthly installments. The effect of this election caused the postponement of payment of taxes in the year 1998 in the amount of ThUS\$7,105, which is recorded in the Libro de Apuación de Utilidad Imponible (LALUR) of the Company.

During 1999, the Company, in accordance with the instructions received from the Brazilian Internal Revenue Service, stopped the benefit of accelerated tax depreciation, having a remaining unused balance of ThUS\$7,105 referring to the benefit used in 1998.

Recently the Company obtained the authorization to return to benefit from the use of accelerated tax depreciation in 1999, recovering the unused balance previously mentioned. Due to not having received the final decision from the Brazilian Internal Revenue Service, the Company decided to provide a contingency in the amount of ThUS\$12,612 (ThUS\$14,210 in 1999), corresponding to the benefits used in 1998 and 1999.

Management Restrictions

Santander Investment Bank Ltd. and The Chase Manhattan Bank N.A., according to loans conceded to Pehuenche S.A., have demanded certain obligations and restrictions, some of them have financial characteristics, as follows:

- Long-term financial liabilities no higher than 1.5 times of Equity
- A minimal equity of ThUS\$220

As of December 30, 1999 and 2000, the Company is in compliance with these restrictions.

Cerj S.A.

The Company has accrued for contingencies with employees and third parties, on an individual basis, based on the advice of its legal counsel, in the amount of ThCh\$88,299 and ThCh\$101,495 as of December 31, 1999 and 2000.

Edesur S.A.

During February of 1999, there was a failure in the high-tension junction connecting the Azopardo substation with the Pozos, Once and Independencia substations.

This incident provoked the interruption of the flow of electricity to approximately 156,000 customers. Therefore, the Company immediately mobilized all its resources in order to reestablish the service as soon as possible.

These actions permitted a drastic reduction of the customers that were without power during the first day of blackout, from approximately 156,000 customers to 60,000 customers, continuing with successive reductions. For this reason, the average service interruption time per customer was approximately 72 hours.

As a consequence of this event, the E. N. R. E. (Electricity Regulating National Entity) applied penalties to Edesur S.A. according to the norms in the concession contract, which have been made effective.

Additionally, E. N. R. E. applied reparation not foreseen in the concession contract, which the Company resolved to pay the customers as additional reparation.

In the same manner, the Company shall continue to apply a Voluntary Reparation Plan designed by it for non-residential customers. It has also credited, by means of invoicing, the penalties stipulated in the contract for the concept of quality of technical service.

Litigation with Transportes Metropolitanos General Roca

Transportes Metropolitanos General Roca (T.M.G.R.) seeks to charge an annual rental rate for each existing or future crossing of the Company's electrical lines over the zones designated to render railroad services. Similarly, it seeks the payment of expenses for tasks and inspection of the crossings made in the future. In virtue of the above mentioned intention, on February 28, 1997, the Company initiated a judicial process (declarative action) before the La Plata Courts, questioning the payment of the annual rental rate. This process was based on Article No. 17 of Edesur S.A.'s concession contract that establishes the gratuitousness of the settlements in public domain zones. Contrary to the concession regime of Edesur S. A., the railroad concession contract establishes a tariff charge for the crossings corresponding to public services. In the same manner, T.M.G.R. questions the judicial nature of the land occupied by the railroad (Private Public Domain – Art. 2,340 par. 7 – vs. Art. 2,342 par. 4 of the Civil Code). On March 21, 1997, a no-innovation precautionary measure was handed down, by means of which the Company is not obliged to pay the rental rate as long as the trial is pending resolution. As of the date of issuance of these financial statements, the matter is pending judgement. Finally, even though there is uncertainty regarding the resolution of the merits, in the opinion of the Company's management and legal advisors, a favorable outcome is expected. These are based on a reasonable interpretation of the applicable norms to support its position, and the resolution of the stated matter would have no significant impact on the financial statements taken as a whole.

Lawsuit process filed against Alstom Argentina S.A., its parent company Alstom Energietechnik GmbH and Pirelly Cables S.A.I.C.

On December 14, 1999, Edesur S.A. commenced legal proceedings for approximately US\$75 million against the above-mentioned companies in relation to their liability in the incident that occurred on February 15, 1999 at the Azopardo substation. The mediation process has finished without success, because of this on April 27, 2000 Edesur S.A. presented a claim, starting actions in the court. On June 6, 2000, the scope of the claim increased with the intention to collect the part of the construction. On the date of this report, Alstom Argentina S.A. and its representative Alstom Energietechnik GmbH have responded to the claim.

Distrilima S.A.

Action Against CEPREL

The employees' union of Electrlima and electrical companies has filed a claim against the Comité Especial de Privatización de Electrolima (CEPREL), to disallow the acquisition of the shares of Edelnor by Distrilima.

In the opinion of management and legal counsel, the claim has no legal nor constitutional basis, and believe that the court will deny the claim.

NOTE 26 DIRECTORS' FEES:

Directors fees for the years ended December 31, 1999 and 2000 are the following:

	1999			2000		
	Enersis ThCh\$	Other subsidiaries ThCh\$	Total ThCh\$	Enersis ThCh\$	Other subsidiaries ThCh\$	Total ThCh\$
Alfredo Llorente Legaz	56,640	3,753	60,393	49,824	3,777	53,601
Carlos Vicuña Fuentes	18,878	-	18,878	10,239	-	10,239
Enrique García Alvarez	-	-	-	-	13,768	13,768
Ernesto Silva Ballafuy	36,584	24,689	61,274	24,912	28,750	53,662
Eugenio Tironi Barrios	-	-	-	7,338	-	7,338
Felipe Montt Fuenzalida	-	7,591	7,591	-	-	-
Héctor López Vilaseco	21,236	16,151	37,387	-	18,215	18,215
Hernán Somerville Senn	11,801	-	11,801	24,912	-	24,912
José Antonio Guzmán Matta	30,706	-	30,706	-	-	-
José Fesser Anton	14,163	233	14,396	24,912	-	24,912
Juan Eduardo Errázuriz Ossa	15,353	12,236	27,589	-	-	-
Leonidas Vial Echeverría	-	34,630	34,630	-	54,623	54,623
Luis Rivera Novo	14,163	-	14,163	22,144	-	22,144
Miguel Angel Poduje Sapiain	15,353	-	15,353	-	-	-
Rafael Miranda Robredo	18,882	-	18,882	33,216	-	33,216
Rodolfo Martín Villa	34,778	-	34,778	-	-	-

NOTE 27 SHAREHOLDER TRANSACTIONS:

During 1999 and 2000 the principal shareholders, members of the Board of Directors, general managers and other individuals or related parties carried out the followings share transactions:

Shareholder	Relationship	Number of shares			
		As of December 31, 1999		As of December 31, 2000	
		Purchase	Sale	Purchase	Sale
Aglae Ossandon Alvarez	Spouse of management of a Subsidiary	54,681	110,869	-	-
Ana María Figueroa Guzmán	Spouse of management of a Subsidiary	-	7,690	-	-
Andrés Vial Infante	Ex-Management of a Subsidiary	99,235	201,220	-	-
Asesoría e Inv. El Alarife Ltda.	Company related to Enersis manager	59,180	120,000	-	-
Beatriz García-Huidobro Urrutia	Spouse of management of a Subsidiary	-	-	2,166	-
Bernardita Zuñiga Oliva	Spouse of management of a Subsidiary	2,666	5,406	-	-
Carmen Paz Urbina Sateler	Management of a Subsidiary	-	13,000	-	-
Compañía de Inversiones					
Chispa Dos S.A.	Major Shareholders	-	-	-	445,061,585
Compañía de Inversiones					
Chispa uno S.A.	Major Shareholders	-	-	1,335,184,755	-
Compañía de Inversiones					
Los Almendros S.A.	Major Shareholders	-	-	-	445,021,585
Compañía de Inversiones					
Luz y Fuerza S.A.	Major Shareholders	-	-	-	445,061,585
Elesur S.A.	Major Shareholders	1,841,808,811	-	1,044,296,957	-
Elvira Cardenasso Sanchez	Ex-Management of a Subsidiary	-	91,838	-	-
Empresa de Serv.					
Empresarial Ltda.	Company related to Subsidiary Director	-	213,870	-	-
Endesa Internacional S.A.	Majority shareholder	694,591,189	-	-	-
Enrique Fernández Pérez	Management of a Subsidiary	-	3,240	-	-
Ernesto Silva Bafalluy	Parent company Director	-	200,000	136,056	-
Eugenia Cruzat Amunategui	Spouse of management of a Subsidiary	-	693,275	-	-
Fernando Gastón Urbina Soto	Management of a Subsidiary	3,028	6,140	-	3,028
Francisco Valdebenito Vallejos	Management of a Subsidiary	9,405	19,070	-	-
Gloria Errázuriz Abad	Spouse of management of a Subsidiary	-	3,440	-	-
Guillermo Amunátegui					
Monckeberg	Management of a Subsidiary	-	-	-	66,622
Guillermo Gacitúa Sepúlveda	Ex-Management of a Subsidiary	1,194,580	2,302,453	-	-
Guillermo Pérez del Río	Management of a Subsidiary	117,998	357,264	-	-
Inmob. E Inv. Centinela Ltda.	Company related Subsidiary to manager	42,888	86,957	-	-
Inmob. Inv. y Ass.					
Quantum Ltda.	Company related Subsidiary to manager	210,800	482,800	-	-
Inv. y Rentas Vallor Ltda.	Company related Subsidiary to manager	54,523	698,956	-	-
Inv. y Turismo					
el Vellocoino S.A.	Company related to Enersis manager	493,168	1,000,000	-	-
Invers. Asesoría					
Consolidada Ltda.	Company related to Ex-Enersis manager	13,988	42,351	-	-
Invers. Inmob y autom					
Canibius Ltda.	Company related to Enersis manager	-	1,000,000	-	-

Jaime Lerner Plischuk	Ex-Enersis assistant	18,659	57,098	-	-
Jorge Hormazábal Rodríguez	Ex-Management of a Subsidiary	1,399,499	2,837,770	-	-
Jorge Omar Alé Yavard	Management	-	43,000	-	-
José Luis Peña Forbes.	Management of a Subsidiary	80,291	51,805	-	-
Juan Carlos Mudaca Alvarez	Management of a Subsidiary	-	1,740	-	-
Juan Eduardo Errázuriz Ossa	Ex-Director of Enersis	-	11,700	-	-
Juan Pablo Spoerer Hurtado	Management	-	8,621	-	-
Luis Gonzalo Martínez Albazabal	Management of a Subsidiary	-	34,471	-	-
Luis Mauricio Avedaño Guerra	Management of a Subsidiary	10,135	20,550	-	-
Manuel González Durán	Management of a Subsidiary	10,971	22,245	-	-
María L. Fourcade Magofke	Spouse of management of a Subsidiary	-	17,430	-	-
María Letelier Reyes	Management of a Subsidiary	12,077	24,488	-	-
María Luisa Lorca	Spouse of management of a Subsidiary	43,879	88,973	-	-
Netty Yasmin Hernández Zinn	Spouse of management of a Subsidiary	-	4,331	-	-
Pablo Fernando					
Escribano Esteban	Management of a Subsidiary	-	21,700	-	-
Pamela de Vos Calderón	Spouse of management of a Subsidiary	-	700	-	-
Patricia J. León Morales	Spouse of management of a Subsidiary	-	30,000	-	-
Patricia Otarola Monardes	Spouse of management of a Subsidiary	-	6,000	-	-
Patricio Camilo Coll Mori	Management of a Subsidiary	-	2,000	-	-
Pedro Miguel Durán	Management of a Subsidiary	-	75,050	-	-
Pedro Sotomayor Carvallo	Spouse of ex-management of a Subsidiary	-	176,200	-	-
Raúl Hernán Moya Reveco	Management of a Subsidiary	175,917	532,624	-	-
Rogelio Toro Avila	Management of a Subsidiary	-	24,000	-	-
Rolando Hecherdertner K.	Management of a Subsidiary	231,863	597,833	-	-
Rolf Heller Inhle	Management of a Subsidiary	-	219,347	-	-
Soc. Invers. Huallico Ltda.	Company related to Ex-Enersis manager	-	97,716	-	-

NOTE 28 SHAREHOLDER PARTICIPATION:

The shareholders of the Company as of each year-end are as follows:

Type of Shareholder	As of December 31, 1999		As of December 31, 2000	
	Percentage Participation %	Number of Shareholders	Percentage Participation %	Number of shareholders
10% or greater participation	50.27	3	69.29	3
Less than 10% participation with investment equal or greater than 200 UF	48.91	1,743	30.14	1,945
Less than 10% participation, with investment less than 200 UF	0.82	8,832	0.57	8,193
Total	100.00	10,578	100.00	10,141
Controlling shareholders	63.9%	6	65.00%	6

At December 31, 2000 the following companies are considered controlling shareholders as defined in the Securities Law 18,045 - Articles 96 to 99 and Circular No. 1,162 of June 27, 1994 issued by the SVS.:

- Compañía de Inversiones Luz y Fuerza S.A.
- Compañía de Inversiones Los Almendros S.A.
- Compañía de Inversiones Chispa Uno S.A.
- Compañía de Inversiones Chispa Dos S.A.
- Elesur S.A.
- Endesa Internacional S.A.

NOTE 29 RESEARCH AND DEVELOPMENT EXPENDITURES:

In accordance with Circular No. 981 dated December 28, 1990 of the SVS, research and development expenditures for the years ended December 31, are as follows:

Item	1996 ThCh\$	1997 ThCh\$	1998 ThCh\$	1999 ThCh\$	2000 ThCh\$
Included in Property, plant and equipment	2,657,800	1,799,580	927,937	3,466,150	503,709
Charged to income for the year	61,531	92,520	-	10,776,809	-
Total	2,719,331	1,892,100	927,937	14,242,959	503,709

NOTE 30 SUBSEQUENT EVENTS

Management is not aware of any other important events that occurred subsequent to the closing date of these financial statements, which could significantly affect their presentation.

NOTE 31 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.

Differences in Measurement Methods

The principal differences between Chilean GAAP and U.S. GAAP are described below together with 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 United States Statements of Financial Accounting Standards.

a) Inflation accounting

Pursuant to Chilean GAAP, the Company's financial statements recognize certain effects of inflation. The inclusion of price-level adjustments in the accompanying consolidated financial statements is considered appropriate under the prolonged inflationary conditions affecting the Chilean economy even though the cumulative inflation rate for the last three years does not exceed 100%. As allowed pursuant to 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 an accounting principle not generally accepted under U.S. GAAP, therefore, the effects of the reversal of this revaluation, as well as of the related accumulated depreciation and depreciation expense are included in paragraph (aa) below.

c) Depreciation of property, plant and equipment

Under Chilean GAAP, certain costs related to the cost of 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 would have been included in the purchase price and would have been allocated to the net assets acquired based upon relative fair values. For purposes of the reconciliation to U.S. GAAP, these costs were considered to be a part of property, plant, and equipment, the primary assets of Edesur S.A.

As discussed in paragraph (j), 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 are recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchased price over the estimated fair value of the net identifiable assets and liabilities acquired are 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 (aa) below.

d) Intangibles

Under Chilean GAAP, the Company has recorded intangible assets relating to the transfer of revalued assets which originated in the predecessor company, "Compañía Chilean de Distribución Eléctrica S.A." at the time of the Company's formation. Under U.S. GAAP, such intangible assets would not have been recorded as the assets would have been recorded at the Predecessor Company's carrying values. The effects of adjusting shareholders' equity for the intangible asset net of accumulated amortization, inclusive of accumulated price-level restatement, and net income statement for the annual amortization expense are included in paragraph (aa) below.

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 is not expected to be realized. Starting January 1, 2000, the Company recorded income taxes in accordance with Technical Bulletin No. 60 of 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 asset or liability has been recorded offsetting the effects of the deferred tax assets and liabilities not recorded prior to January 1, 2000. Such contra asset or liability must be amortized to income over the estimated average reversal periods corresponding to the underlying temporary differences to which the 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 for financial accounting and reporting of income taxes, under 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 anticipated.
- (iii) The measurement of deferred tax assets are reduced by a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion of 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.

In 1999, the principal effect on the Company due to the difference in the accounting for deferred income taxes between Chilean and U.S. GAAP relates to the treatment of temporary differences arising from provisions, net operating loss-carryforwards and accelerated depreciation methods. In 2000, the principal difference relates to the contra asset and liability recorded as a transitional provision for unrecorded deferred taxes as of January 1, 2000. The effect of these differences on the net income and shareholders' equity of the Company is included in paragraph (aa) below.

f) Staff severance indemnities

As described in Note 2 m), under the Company's employment contracts, it has committed to provide a lump sum payment to each employee at the end of their employment, whether due to death, termination, resignation or retirement. Those obligations are calculated based on the present value of the liability determined at each year-end based on the current salary and average service life of each employee. The Company, and certain of its subsidiaries, use a real discount rate of 9.5% for the years ended December 31, 1999 and 2000, and assumes an average service life which varies based upon years of service with the Company. The real annual discount rate does not include a projection of inflation and, accordingly, future salary increases are also excluded from the calculation of the obligation, because all such future increases are expected to approximate the increase in inflation over a long-term period. For the year ended December 31, 1998, the severance indemnity described above was determined based on the benefits to which the employees are entitled if their employment were terminated immediately and recorded at the undiscounted amount of the obligation for U.S. GAAP purposes.

For the years ended December 31, 1999 and 2000, this arrangement is considered to be a termination indemnity plan under U.S. GAAP, and should therefore be accounted for in accordance with SFAS No. 87 "Employers' Accounting for Pensions". The liability would be measured by projecting future expected severance payments using an assumed salary progression rate and discounting the resulting amounts to their present value. In practice, the Company believes that the salary progression rate will not differ significantly from the general inflation rate. The application of U.S. GAAP would not have produced results materially different from the acceptable method under Chilean GAAP.

Accordingly, the effects of the above are included in paragraph (aa) below.

g) Investments in related companies

The Company's equity share of the effect of the adjustments from Chilean GAAP to U.S. GAAP of equity accounted investees is included in paragraph (aa) below. The principal U.S. GAAP adjustments affecting the Company's equity investees are as follows:

- (a) The recording of pension benefits in accordance with SFAS No. 87.
- (b) The recording of deferred taxes in accordance with SFAS No. 109.
- (c) Organizational costs deferred under Chilean GAAP that under U.S. GAAP should have been included in income.
- (d) The deferred tax effects of adjustment (a) and (c).

h) Goodwill

- (i) Under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchased price over the carrying value are 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 U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchased price over the estimated fair value of the net identifiable assets and liabilities acquired are recorded as goodwill. The Company amortizes goodwill on straight-line basis over the estimated useful lives of the assets, ranging from 20 to 40 years. The effects of recording the different amortization periods are included in paragraph (aa) below

- (ii) In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", the Company evaluates the carrying amount of property, plant and equipment and certain intangibles, including goodwill, 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 an estimate of future discounted cash flows, as compared to current carrying amounts.

i) Negative goodwill

Under Chilean GAAP, 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. Under U.S. GAAP, the fair values of the assets acquired less the fair values of the liabilities assumed in excess of over the purchase price is allocated proportionately to reduce the values assigned to non-current assets. If the allocation reduces the non-current monetary assets to zero, the remainder of the excess is recorded as a deferred credit account called negative goodwill. The effect of reducing depreciation expense, due to the proportionate allocation of the excess purchase price to property, plant and equipment, as compared to the amortization of negative goodwill under Chilean GAAP is included in paragraph (aa) below.

j) Capitalized interest

Under Chilean GAAP, all interest on debt directly associated with a construction project is capitalized. The capitalization of interest costs associated with projects under construction is optional when incurred on debt that is not directly related to such projects.

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. The effect of the capitalization and the related depreciation expense of this difference are included in paragraph (aa) below.

k) Accumulated deficit during the development stage

Under Chilean GAAP, the accumulated deficit during the development stage of subsidiary companies is presented in the parent company's equity. Under U.S. GAAP, such costs must be charged to income as incurred. The effects are included in paragraph (aa) below.

l) 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. 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 (aa) below to reflect the unrecorded dividend liability, whenever and to the extent the recorded interim dividends do not reach the 30% minimum dividend.

m) Capitalized general and administrative expenses

Until 1993, Endesa-Chile capitalized 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 constructions of specific projects. The effects of eliminating capitalized general and administrative expenses and the related depreciation for U.S. GAAP purposes are shown below under paragraph (aa).

n) Foreign exchange capitalized to property, plant and equipment

In accordance with Chilean GAAP, the Company has capitalized the financing costs for property, plant and equipment under construction, corresponding to both interest and exchange differences generated by the loans associated with such assets. For purposes of U.S. GAAP, foreign translation exchange differences may not be capitalized. The accounting differences between Chilean and U.S. GAAP for financing costs are included in the reconciliation to U.S. GAAP under paragraph (aa) below.

o) Workers' profit sharing in Peru

Statutory worker's profit sharing in Peru is computed at 5% of the Peruvian subsidiary's taxable income before workers' profit sharing. Because workers' profit sharing is calculated on taxable income, under U.S. GAAP, differences between financial reporting and taxable income should be considered in the calculation of workers' profit sharing for each period on a basis consistent with that used for income taxes. The difference in accounting for Peruvian profit sharing between Chilean and U.S. GAAP is included in the reconciliation to U.S. GAAP under paragraph (aa) below.

p) Involuntary employee termination benefits

Under Chilean GAAP, the Argentine subsidiaries, Central Costanera and Hidroelectricidad, recorded an accrual of certain involuntary employees termination benefits related to the restructuring plan. In accordance with U.S. GAAP, in order to recognize a liability at the balance sheet for the cost to terminate employees involuntary, there must be a plan that specifically includes notification of such employees prior to the balance sheet date. As of December 31, 2000, this requirement had not been met. The effect of eliminating the accrued liability recognized is presented in paragraph (aa) below.

q) Adjustment in selling price of investment

Under Chilean GAAP, pursuant to the share transaction contract entered into in 1995 between Endesa-Chile and Endesa Overseas Co. with Enersis International Limited, Chilectra S.A. and Chilectra International Limited, Endesa Argentina recognized income related to an adjustment of the share purchase price. Under U.S. GAAP,

the contingent price adjustment would be considered a part of the purchase price, and would therefore be offset against the amount of goodwill that was originally determined. The effects of the adjustments to conform to U.S. GAAP are included under paragraph (aa) below.

r) Elimination of capitalized legal reserve

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. 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 (aa) below.

s) Organizational and start-up costs

Certain costs related to the organization and creation of certain subsidiaries of the Company were deferred and capitalized 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 this difference are included in paragraph (aa) below.

t) Translation of Financial Statements of Investments Outside of Chile

Under Chilean GAAP, in accordance with Technical Bulletin 64 ("BT 64") the financial statements of foreign subsidiaries that operate in countries exposed to significant risks, and that are not considered to be an extension of the parent company's operations, are to be 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".

In the opinion of the Company, the 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.

u) Forward Foreign Exchange Contracts

Under Chilean GAAP, forward foreign exchange contracts gains and losses are recorded at the closing spot exchange rate and included in earnings as Other non-operating income and expense. The initial discount or premium is amortized over the life of the contract as Interest expense.

Under U.S. GAAP, contracts that are designated and effective as hedges of existing assets and liabilities are recorded in the same manner as described under Chilean GAAP above. However, contracts which are not designated or are not effective as hedges must be recorded at fair value with the unrealized gains and losses

being recognized in current period income. The fair value of the contracts may differ from the value of the contract at the closing spot exchange rate resulting in a difference between U.S. and Chilean GAAP.

The effects of this difference are not considered material to the consolidated financial statements and accordingly the effects are not included in paragraph (aa) below.

v) Accounting for rate-regulated enterprises

The electricity sector in Chile is regulated pursuant to the Chilean Electricity Law. Certain 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 related to a businesses whose rates are regulated are not applicable to the Company's financial statements.

As discussed in Note 3, the Company has accounted for the total liabilities related to complementary pension plan benefits and other post-retirement benefits as stipulated in collective bargaining agreements beginning January 1, 1999 under Chilean GAAP. Prior to 1999, amounts paid to retired employees related to such benefits were expensed as cash disbursements were made. 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 years 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 (aa).

w) Pension and post-retirement benefits

As discussed in Note 3, the Company has accounted for the total liabilities related to complementary pension plan benefits and other post-retirement benefits as stipulated in collective bargaining agreements beginning January 1, 1999, under Chilean GAAP. Prior to 1999, amounts paid to retired employees related to such benefits were expensed as cash disbursements were made. Under U.S. GAAP, post-retirement employee benefits have been accounted for in accordance with SFAS N° 87 and SFAS N° 106, with inclusion of prior-period amounts in current years 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 (aa).

x) Fair value of long-term debt assumed

As discussed in paragraph (j), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchased price over the carrying value are recorded as goodwill. Under US GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchased price over the estimated fair value of the net identifiable assets and liabilities acquired are 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 long-term debt.

The effect on shareholders' equity and net income for the years presented is included in paragraph (z) below.

y) Sale of subsidiaries

Corresponds to the reversal of the December 31, 1999 accumulated adjustments to US GAAP made in connection with the subsidiaries Compañía Nacional de Transmisión Eléctrica S.A. (Transelec), Aguas Cordillera S.A., and Aguas Puerto S.A., as these subsidiaries were sold during 2000.

z) 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, in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin N° 101, "Revenue Recognition in Financial Statements", the fair market value of the assets to be used in the future is considered an upfront payment which is not the result of the culmination of a separate earning process, and therefore, should be deferred and recognized in income over the years presented is included in (aa) below.

aa) Effects of conforming to U.S. GAAP:

The reconciliation of reported net income required to conform with U.S. GAAP is as follows:

	For the year ended December 31,	
	1999	2000
	ThCh\$	ThCh\$
Net income (loss) in accordance with Chilean GAAP	(81,832,189)	90,082,590
Reversal of amortization of revaluation of property, plant and equipment (paragraph b)	1,634,809	2,445,580
Depreciation of property, plant and equipment (paragraph c)	(3,410,182)	(1,374,420)
Amortization of intangibles (paragraph d)	(279,576)	1,293,471
Deferred income taxes (paragraph e)	247,790	(65,463,549)
Severance indemnity (paragraph f)	1,539,408	-
Investment in related companies (paragraph g)	(6,716,276)	-
Amortization of goodwill (paragraph h)	23,038,517	7,101,334
Amortization of negative goodwill (paragraph i)	(36,238,573)	(17,924,985)
Capitalized interest (paragraph j)	14,344,542	35,107,536
Accumulated deficit during the development stage (paragraph k)	(2,819,840)	147,627
Capitalized general and administrative expenses (paragraph m)	1,192,505	(1,520,062)
Foreign exchange capitalized to property, plant and equipment (paragraph n)	(9,759,219)	(2,721,013)
Workers' profit sharing in Peru (paragraph o)	(521,629)	(270,573)
Involuntary employee termination benefits (paragraph p)	2,719,418	(2,535,994)
Adjustment in selling price of investment (paragraph q)	(173,244)	126,142
Elimination of amortization of capitalized legal reserve (paragraph r)	158,725	(3,143,559)
Organizational and start-up costs (paragraph s)	10,966,644	773,297
Pension and post-retirement benefits (paragraph w)	(18,157,083)	(10,372,510)
Fair value of long-term debt assumed (paragraph x)	(36,929)	125,630
Sale of subsidiaries (paragraph y)	-	20,315,844
Deferred income (paragraph z)	-	(3,025,065)
Effects of minority interest on the U.S. GAAP adjustments	3,533,606	54,612,325
Deferred tax effects on the U.S. GAAP adjustments	11,204,251	(19,486,287)
Net income (loss) in accordance with U.S. GAAP	(89,364,526)	70,090,691
Other comprehensive income:		
Cumulative translation adjustment determined under Chilean GAAP	7,192,509	1,259,024
Cumulative translation adjustment related to U.S. GAAP adjustments	4,663,615	(4,152,891)
Comprehensive income (loss) in accordance with U.S. GAAP	(77,508,402)	67,196,824

The reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

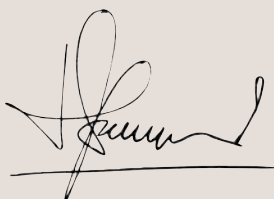
	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Shareholders' equity in accordance with Chilean GAAP	731,499,542	1,100,600,230
Reversal of revaluation of property, plant and equipment (paragraph b)	(87,388,126)	(64,905,162)
Reversal of accumulated amortization of revaluation of property, plant and equipment (paragraph b)	47,678,617	47,190,128
Depreciation of property, plant and equipment (paragraph c)	528,462	670,649
Intangibles (paragraph d)	(2,590,007)	(1,326,327)
Deferred income taxes (paragraph e)	(128,109,133)	(195,725,834)
Goodwill (paragraph h)	229,080,793	247,685,599
Negative goodwill (paragraph i)	(130,408,426)	(153,972,442)
Capitalized interest (paragraph j)	15,758,947	51,895,970
Minimum dividend (paragraph l)	-	(27,024,777)
Capitalized general and administrative expenses (paragraph m)	(23,041,571)	(25,105,127)
Foreign exchange translation capitalized to property, plant and equipment (paragraph n)	(15,650,227)	(18,467,925)
Workers' profit sharing in Perú (paragraph o)	(3,015,111)	(3,522,445)
Reversal of accrual of certain involuntary employee termination benefits (paragraph p)	2,719,418	396,966
Adjustment in selling price of investment (paragraph q)	(4,078,017)	(3,951,875)
Elimination of capitalized legal reserve (paragraph r)	(4,746,494)	(8,479,695)
Organizational and start-up costs (paragraph s)	(36,282,968)	(36,817,431)
Pension and post-retirement benefits (paragraph w)	(32,499,230)	(43,964,843)
Fair value of long-term debt assumed (paragraph x)	1,514,089	1,442,344
Deferred income (paragraph z)	-	(3,025,065)
Effects of minority interest on the U.S. GAAP adjustments	123,962,385	177,359,404
Deferred tax effect of U.S. GAAP adjustments	21,304,175	1,598,360
Shareholders' equity in accordance with U.S. GAAP	706,237,118	1,042,550,702

The changes in shareholders' equity in U.S. GAAP as of each year-end are as follows:

	1999 ThCh\$	2000 ThCh\$
Shareholders' equity in accordance with U.S. GAAP – January 1,	796,588,778	706,237,118
Dividends paid during the year	(28,962,533)	-
Reversal of dividends payable as of previous balance sheet date	16,119,275	-
Minimum dividend (paragraph I)	-	(27,024,777)
Issuance of shares	-	296,141,537
Cumulative translation adjustment	11,856,124	(2,893,867)
Net income (loss) in accordance with U.S. GAAP for the period	(89,364,526)	70,090,691
Shareholders' equity in accordance with U.S. GAAP – December 31	706,237,118	1,042,550,702



Juan C. Wiecek
General Account



Enrique Garcia
Chief Executive Officer



Juan I. Dominguez
Adjunct Chief Executive Officer

Consolidated Management's Analysis

Of Financial statements for the years ended december 31, 1999 and 2000

RELEVANT FACTS

At December 31, 2000 the Company shows a profit of Ch\$90,082 million pesos, which as compared to the loss obtained during the year 1999, which amounted to Ch\$ 81,832 million, represents an increase of Ch\$171,913 million.

During the year, Enersis has continued to optimize the businesses in which it participates, improving the competitive position of its companies and preparing the Group for future growth, mainly in the Latin American energetic sector. The above stated may be summarized as follows:

- The acquisition of additional stakes in distribution companies, like Chilectra, Cerj and Río Maipo.
- Strengthening the Group's equity position, as a result of the funds obtained from the capital increase and the divestments carried out during the year.
- Important improvement of the Company's financial position, as a result of the debt prepayment and the rescheduling of liabilities. This has improved the Company's leverage position.
- Important increase in the company's operating indexes, among which, the following ones are worth mentioning:
 - A 2,348 GWh growth in the sales of distribution subsidiaries, equivalent to 5.1%.
 - The number of customers grew in 630,000, having Enersis Group over 10.1 million customers.
 - The number of customer per employee grew from 995 customer/employee in 1999 to 1,277 customer/employee in the year 2000.
 - The generation physical sales grew 11.2%, or the equivalent to 56,482 Gwh.

Below follows is a complete and detailed analysis of the relevant facts that occurred during year 2000 in Chile and the rest of the Latin American countries where Enersis Group operates:

The year 2000 was very active in Chile in terms of investments. The company launched a Purchasing Power for the third party interests at its subsidiaries Chilectra and Río Maipo. Both bids have been successful, acquiring as of December 31, an additional 25,4% of Chilectra and 14.7% of Río Maipo, reaching an equity interest of 98.0% and 98.4%, respectively. The total investment made was Ch\$ 222,810.2 million.

Enersis exercised the option bid offered by its parent company Endesa España for an additional 18.5% in its Brazilian subsidiary Cerj. increasing its direct and indirect participation to 57.4%. The amount of this investment is US\$132 million.

The Group's investments to maintain the operating capacity of the generation, distribution and related businesses amounted to Ch\$ 152,154 million. In turn, these investments are intended to provide a better quality service.

As outline in the Genesis Project, and to focus the corporate resources towards business areas, where clear synergies can be developed. Enersis divested its interests in water utilities as follows.

- Aguas Cordillera was sold to Emos on July 20, 2000 for a total amount of Ch\$101,866 million, yielding a profit of Ch\$44,933 million after taxes.
- Esval was sold to Anglian Water on August 4, 2000 for a total amount of Ch\$73,242 million, yielding a profit of Ch\$19,500 million after taxes.
- Further, Endesa Chile also in within the bounds of this new corporate goal sold its transmission company Transelec for a total amount of Ch\$614,837 million, yielding a profit of Ch\$160,566 million before taxes.
- In May, 2000, Edesur bought from its workers 10% of the corporate capital they owned, in a total amount of US\$150 million.

Another relevant issue that contributes to better explain Enersis's financial position in the market at the end of the year 2000, is related to the equity issuance by US\$520 million, completed last October. The new capital contributions helped the company afford the major investments in Chilectra and Río Maipo, and also made it possible to prepay some outstanding debts.

In order to develop synergies from Enersis and subsidiaries' great purchasing ability throughout the region, the company acquired in the amount of US\$1,98 million, 15% of Endesa Market Place.com. This investment will allow Enersis to reduce intermediation costs over its procurement process generating additional savings.

MARKET IN WHICH THE COMPANY PARTICIPATES

Enersis's entrepreneurial activities are conducted through subsidiary companies operating the different businesses in the countries in which the company is active. Enersis's core business is the distribution of electric energy. The following tables show the evolution of key indicators in the different countries.

Distribution Business:

Company	Concession Area (Km ²)	Energy sales (GWh)		Energy Losses (%)		Customer (Th)		Customer/Employee (Th)	
		1999	2000	1999	2000	1999	2000	1999	2000
Chilectra (*)	2,118	7,319	7,623	5.3%	5.2%	1,239	1,262	896	1,455
Río Maipo	1,500	1,050	1,191	5.8%	5.4%	274	287	1,512	3,121
Edesur	3,309	12,325	12,597	9.4%	10.3%	2,105	2,108	801	886
Edelnor	2,440	3,423	3,583	9.8%	9.9%	838	852	1,158	1,379
Cerj	31,741	7,694	7,656	16.5%	19.7%	1,559	1,581	875	1,128
Codensa	14,000	8,502	8,776	13.5%	10.5%	1,746	1,802	1,440	1,860
Coelce	147,000	5,709	5,894	13.0%	13.3%	1,652	1,796	844	1,128
E. Energía de Colombia	-	25	1,075	-	5.0%	88	443	-	-
Total		46,047	48,395	11.3%	11.5%	9,501	10,131	995	1,277

(*) Considers the elimination of energy sales to Río Maipo.

Generation Business :

Country	Markets in which it operates	Energy Sales (GWh)		Market Share (%)
		1999	2000	2000
Chile	SIC SING	15,954	20,086	52.0%
Argentina	SIN	14,643	15,549	21.6%
Perú	SICN	2,999	3,604	20.9%
Colombia	SIN	13,467	13,354	19.7%
Brasil	SICN	3,754	3,887	1.0%
Total		50,817	56,482	

I. FINANCIAL STATEMENTS ANALYSIS

1. INCOME STATEMENT ANALYSIS

The results for the years ended at December 31, 2000 and 1999, show the variations as follows:

Income Statement (million Ch\$)	years - ended december 31,		Variation	% Variation
	1999	2000		
Operating revenues	2,377,629	2,589,957	212,328	8.9%
Operating costs	(1,671,971)	(1,754,707)	(82,736)	4.9%
Gross profit	705,658	835,250	129,592	18.4%
Adm. and selling expenses	(256,245)	(314,736)	(58,491)	22.8%
Variable costs %	63.5	66.7	3.2	5.0%
Fixed costs %	36.5	33.3	(3.2)	(8.8%)
Operarating income	449,413	520,514	71,101	15.8%
Profit (loss) investment in related Co's.	1,621	33	(1,588)	(98.0%)
Other net non-operating income (exprise)	(220,373)	(68,292)	152,081	69.01%
Net financial margin	230,661	452,255	221,594	96.07%
Goodwill amortization	(54,902)	(67,532)	(12,630)	(23.0%)
Price-level restatement	(145,404)	(23,741)	121,663	83.7%
Non-operating income	(419,058)	(159,532)	259,525	61.9%
Income taxes	(89,252)	(137,790)	(48,538)	54.4%
Minority interest	(59,035)	(173,270)	(114,235)	193.5%
Negative goodwill amortization	36,099	40,160	4,061	11.2%
Net income	(81,832)	90,082	171,913	210.1%
I.B.I.T.D.A.E (*)	794,250	951,744	157,494	19.8%
Earning per share (Ch\$)	(12.03)	10.87	20.73	172.32%

(*) Income before taxes, interest, depreciation, amortization and extraordinary items

The company's income for the period ended at December 31, 2000, showed a Ch\$90,082 million profit and is basically determined by the factors as follows :

a.- Operating Income:

The Operating Income was Ch\$ 520,514 million, representing a 16% growth or Ch\$ 71,101 million more with respect to the same period of the previous year. This is due basically to the subsidiary companies' better operating incomes, standing out Endesa Chile's growth, which was partially offset by Cerj's low operating income.

The subsidiaries' operating income variations are as follows:

Company	years - ended December 31,		Variation	% Variation
	1999	2000		
Chilectra	66,391	71,794	5,403	8.1%
Río Maipo	8,726	10,186	1,460	16.7%
Edesur	78,665	85,529	6,864	8.7%
Edelnor	25,363	28,062	2,699	10.6%
Cerj	38,205	10,764	(27,441)	(71.8%)
Coelce	27,226	29,073	1,847	6.8%
Codensa	6,356	19,831	13,475	212.0%
Endesa	175,096	251,362	76,266	43.6%
Synapsis	3,505	4,953	1,448	41.3%
CAMSA (Ex Manso de Velasco S.A.)	5,394	6,080	686	12.7%
Inmobiliaria Manso de Velasco .	538	8,004	7,466	1.387.3%
Diprel .	1,739	2,578	839	48.2%

The main contribution to the variation in Enersis's consolidated operating income is due to increase in Endesa Chile's operating income, which represents a 44% growth or Ch\$76,266 million, because of the better conditions for hydrology especially in Chile, the increase in the operating incomes in Colombia, Perú and Brazil. As well as a decrease in the fixed costs, excluding the companies' toll costs and those of management and sales derived from the higher rationalization imposed in the organization.

At December of the year 2000, the physical sales by the generation area grew 25.9 % with respect to December of the previous year, reaching 20,086 GWh.

As regards distribution business, it also shows operating increases due basically to :

- The electric energy consumption in the region has recovered its rising tendency, reaching consolidated physical sales for 48,395 GWh for the year 2000, which represents a 5.1% growth as compared to the same period for 1999 which recorded 46,047 GWh. This is particularly important because it shows the return to high growth rates of the market where Enersis operates.
- The main contribution for this recovery is provided by our distribution subsidiary company Codensa, with a 13% growth in physical sales, thus demonstrating how successful has been the organization of Enersis Energía of Colombia (EEC). Said subsidiary company operates in the competitive Colombian commercialization market and has taken advantage of the operating synergies between the distribution and commercialization market in the same concession area. This becomes more evident if we compare the sales of both companies Codensa and EEC of 9,851 GWh . Only Codensa sold 8,527 GWh in the year 1999, which represents a 15% growth.

The administrative and selling expenses increased by Ch\$ 58,491 million due basically to :

- Higher provision for uncollectable accounts from distribution subsidiary companies in Brazil, amounting to Ch\$42,975 million in Cerj and amounting to Ch\$ 8,919 million in Investluz.
- Higher expenses, only for that one time, associated to personnel reduction for the application of Genesis Project.

Operating Income from line of business

The incomes and operating costs from line of business at December 31, 2000 break down as follows:

	Generation	Distribution	Engineering and Real Estate Services	Matrix and Other Services	Elimination for Consolidation	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Operating revenues	931,336	1,879,327	89,644	57,650	(368,001)	2,589,957
Operating costs	(651,966)	(1,352,212)	(64,712)	(38,077)	352,261	(1,754,707)
Gross profit	279,370	527,115	24,932	19,573	(15,740)	835,251
Administrative and selling expenses	(33,099)	(271,005)	(5,757)	(27,867)	22,993	(314,736)
Operating income	246,271	256,110	19,175	(8,294)	7,253	520,514

b.- Non-Operating Income

The non-operating income reached a loss of Ch\$159,532 million, which represents a positive variation of 62% or the equivalent to Ch\$259,525 million with respect to December 1999. The variation is made up as follows:

Net Financial Margin: It records a higher expense of Ch\$44,190 million with respect to 1999, which is basically explained by the Ch\$36,225 million used to finance the purchase of 34.7% of Endesa Chile in May 1999, whose liabilities affected 8 months in the year 1999, as compared to the 12 months of the year 2000 and to a higher LIBOR rate recorded during this year.

Net Profit Investments in Related Companies: It went down by Ch\$1,588 million, reaching a Ch\$33 million profit in the year 2000. This variation is due to lower results of the companies allied to Endesa Chile.

Amortization of Goodwill in Investments: It shows an increase by Ch\$ 12,630 million, up to of Ch\$67,532 million at December 31 2000, said growth is due to the higher amortization during the lower value period generated by acquisition of 34.7% of Endesa Chile's corporate equity.

Net Effect of Other earnings and non-operating expenses: Reflects a higher net profit of Ch\$196,271 million due mainly to the following effects:

- As a result of the divestment program, the Company obtained for the disposal of its subsidiaries: Aguas Cordillera, Aguas Puerto (Esval) and Transelec, obtained a Ch\$251,821 million profit before taxes. Further, it was reclassified from "Profit investments in related companies" to "Other non-operating earnings", the profit recognized in these investments up to the date of their disposal was to Ch\$22,780 million.

- extraordinary earnings of Ch\$12,272 million, for recognition of contributions made by El Chocón to CAMMESA to finance Comahue's fourth line.
- Lower non-operating expenditures in Argentina during the year 2000 as compared to the year 1999, as a consequence of the failure that occurred in Azopardo the sub-station of Ch\$ 52,923 million in February 1999.

This was partially offset by the following events:

- Due to the lower devaluation of the Real in Brazil during the year 2000, the company recognized a lower profit by Ch\$139,288.

This is because in the year 1999 Cerj company recognized, due to the conversion effect into Bulletin N° 64, a profit to an amount of Ch\$158,679 million as compared to the Ch\$19,391 million profit during the year 2000 for the same concept.

- Lower profits for Forwards during the year 2000 by Ch\$35,087 million from an amount of Ch\$65,798 million in 1999 to an amount of Ch\$30,711 million this year, as a consequence of the lower tendency of these derivative instruments and to the variation of the actual exchange rate. The aforementioned values permitted to lessen the negative effects of the exchange rate reflected in the Price-level Restatement.

Price-level Restatement: The Company recorded a Ch\$23,741 million loss, which represents a lower loss recognition to an amount of Ch\$121,663 million with respect to the year 1999. The above, is basically originated by the elimination of Endesa Chile's short accounting position in dollars to an amount of Ch\$73,278 million and the loss by exchange differences generated by the debt in Euros to an amount of Ch\$73,940 million that existed in the previous period, which was changed into a UF debt in August 1999.

The actual exchange variation for each period was 3.4% at December 2000, as compared to a 9.4% growth for the same period of the year 1999.

Interest Rate Risk

At December 31, 1999 and 2000, in consolidated terms, 62% and 54%, respectively of the Company's outstanding debt obligations generated interest at floating rates (mainly subject to dollar LIBOR and Chilean peso TAB).

The company administrates the interest rate risk focusing its debt structure towards an appropriate combination of debts with variable and fixed rates.

In order to achieve such targeted combination, the company conducts financial derivative operations, basically "swaps" to set forth interest rates and "collars" to constrain within a range the interest rate variations.

Foreign Currency Risk

The company's exchange rate risk exposure is derived from the assets and liabilities denominated to foreign currency, most of which are denominated in US.

At December 31, 2000 the liabilities denominated to dollars represented approximately 68% of the total obligations, and 69%, at December 31, 1999.

The denomination of US dollars of most of our debt is because an important part of our incomes are associated to the US, whether directly or indirectly. Thus, the tariffs in most of the countries in which the Company operates

are associated to the US dollar evolution, among which Argentina, Chile and Perú stand out in that respect. In countries where the US dollar indexing is lower, companies arrange their financing operations basically in the local currency.

Despite this cover, there is an exposure to the fluctuation between the Chilean peso and the dollar, which is regulated through the use of financial derivative instruments, chiefly dollar/UF forwards, with which the money exchange position is covered.

Since 1999, the Company's risk management policy has become more important due to the instability of the Chilean peso with respect to the US dollar and to the alternative to issue securities in the international market.

Currently, the risk to the money exchange exposure is administered on a consolidated basis, taking into account the part of those risks not covered by the Company's Chilean subsidiary companies. The company's policy has been set forth so that between 60% and 70% of the accounting exposure to exchange risk is covered.

The execution of such policy lies basically on keeping a dollar/UF forward contract position. At the end of the year 2000, in consolidated terms, there were US dollar/UF forwards to an amount of US\$902, as compared to an amount US\$1,433 at December 1999. This decrease is fundamentally explained by Enersis's lower accounting exposure to the US dollar, after the payment of debts in US dollars that were mainly effected through Transelec, Aguas Cordillera and Esval sales and the expansion of Enersis's capital.

As regards currencies other than the dollar, the US dollar-euro swap operation conducted by Endesa Chile Overseas, a subsidiary of Endesa Chile, stands out. Through said operation, it covered the risk in euros of the first eurobond issuance to an amount of 400 million euros.

Even though the actual risk of the exchange rate to which we are exposed depends on the exchange rate fluctuation in which company's assets are kept, for accounting purposes, our profits will be affected in accordance with the Technical Bulletin N° 64. Pursuant to this Chilean accounting standard, the debts in foreign currency that financed investments in "monetary unstable" countries are adjusted to their corresponding investments, not reflecting themselves in results the dollar variation with respect to the Chilean peso of said adjusted debts, but they are accounted in equity instead.

2. BALANCE SHEET ANALYSIS

The evolution of the main financial indicators has been as follows:

Assets (million Ch\$)	Years - ended December 31,		Variation	%Variation
	1999	2000		
Current Assets	1,108,522	918,005	(190,517)	(17.2%)
Fixed Assets	8,865,136	8,423,166	(441,970)	(5.0%)
Other Assets	1,672,996	1,717,292	44,296	2.6%
Total Assets	11,646,654	11,058,463	(588,191)	(5.1%)

The Company's total assets show a decrease of Ch\$ 588,191 million as compared to the period of the previous year, this is due mainly to the exclusion of the fixed assets of the companies Aguas Cordillera S.A., Esval S.A. and Transelec S.A., as a result of the disposal of the participation in said companies and to the fewer financial instruments held as time deposits and forwards.

Liabilities (million Ch\$)	Years ended December 31,		Variation	%Variation
	1999	2000		
Current Liabilities	1,332,480	1,487,244	154,764	11.6%
Long term Liabilities	5,810,888	4,957,464	(853,424)	(14.7%)
Minority Interest	3,771,786	3,513,115	(258,631)	(6.9%)
Shareholders Equity	731,500	1,100,600	369,100	50.5%
Total Liabilities	11,646.654	11,058,463	(588,191)	(5.1%)

The short and long term current liabilities decreased by Ch\$698,660 million, which reflects the management's efforts to strengthen its financial position, which explains the decrease of the obligations with banks and financial institutions in an amount of Ch\$652,372 million as a result of the debt prepayment.

The minority interest decreased by Ch\$258,631 million, due chiefly to the share purchase from the minority stockholders of Chilectra, Río Maipo, Cerj and Edesur during the year 2000, as well as to the effect of the disposal of participation in Aguas Puerto (Esval S.A.).

As regards equity, it is worth stating that it increased by Ch\$ 369,100 million with respect to December 1999. This variation is essentially explained by the capital increase of Ch\$ 292,794 million, the recognition of the profit for period of \$90,082 million. The above is partially offset by the recognition of negative reserves for equity variations of subsidiary companies to an amount of Ch\$17,123 million.

Key Indicators :

Indicator	Unit	Years ended December 31,		Variation	%Variation	
		1999	2000			
Liquidity	Current Liquidity	Times	0.83	0.62	(0.21)	(25.3%)
	Acid ratio test (1)	Times	0.83	0.62	(0.21)	(25.3%)
	Working Capital	MM\$	(223,958)	(569,239)	(345,281)	154.2%
Leverage	Razón de Endeudamiento	Times	1.59	1.40	(0.19)	(11.9%)
	Short term debt	%	18.65	23.08	4.42	23.7%
	Long term debt	%	81.35	76.92	(4.42)	(5.4%)
	Financing expenses coverage (2)	Times	1.71	2.02	0.32	18.5%
Return	Return on equity	%	(10.5%)	9.3%	19.8%	N/A
	Return on assets	%	(0.8%)	0.8%	1.6%	N/A

(1) Net current asset form anticipated

(2) I.B.I.T.D.A.E. divided by financial expenses

The liquidity index at December of 2000 was 0.62 which shows a 0.21 point decrease with respect to December 1999, this is due to the proximity of the bank liabilities maturity. The company is currently involved in the debt rescheduling phase.

The leverage ratio reflects a substantial improvement of 0.19 times, showing an index of 1.4 times at December 2000 as compared to December 31, 1999 when it showed a 1.59 time index.

3. MAJOR CASH FLOWS

Effective cash flow (million Ch\$)	Years ended December 31,		Variation	%Variation
	1999	2000		
Operating	582,569	507,275	(75,294)	(12.9%)
Financing	763,220	(766,802)	(1,530,022)	(200.5%)
Investment	(1,675,667)	166,316	1,841,983	(109.9%)
Net cash flow of the period	(329,878)	(93,211)	236,667	(71.7%)

The Company generated a negative net cash flow of Ch\$93,210 million during the period. It breaks down as follows:

The Operating activities generated a positive net flow in an amount of Ch\$507,275 million, which is explained by a profit of the period amounting to Ch\$90,082 million, less the results originated from the disposal of assets in an amount of Ch\$255,200, plus the net charges, which results do not represent a cash flow of Ch\$609,118 million. A negative variation in the assets affecting the operating flow in Ch\$131,545 million, which are offset by the positive variations of liabilities affecting it by Ch\$21,550 million, is associated to the above and the effect in the results due to the stake of the minority shareholders in Ch\$173,270 million is added to the above.

The Financing activities originated a negative flow by Ch\$766,802 million, due to: loan payments in an amount of Ch\$1,999,635 million, dividend payments in an amount of Ch\$141,546 million, payment of obligations with the public (bonds) in an amount of Ch\$110,533 million and others in an amount of Ch\$317,972 million, offset by the borrowings and the placement of cash shares of the parent company to an amount of Ch\$1,506,890 and to an amount of Ch\$295,994 million, respectively.

The Investment activities generated a positive net flow amounting to Ch\$166.316 million, which is fundamentally explained by the sale of permanent investments amounting to Ch\$488,629 million and other investment incomes amounting to Ch\$202,197 million, resulting from the sale of Transelec, a subsidiary company of Endesa Chile. The above was offset by the net incorporation of assets of Ch\$190,954 million and the growth of permanent investments in Chilectra amounting to Ch\$209,296 million, Cía. Eléctrica del Río Maipo amounting to Ch\$13,211 million, both associated to the share purchase offer launched in both companies, the additional purchase in Cerj amounting to Ch\$75,576 million, other investments through Endesa Chile amounting to Ch\$6,205 million and other disbursements equivalent of Ch\$29,268 million.

II. BOOK VALUE AND ECONOMIC VALUE OF ASSETS

As regards the most important assets, it is worth mentioning the following:

The values for fixed assets are adjusted pursuant to the accounting criteria established by the Superintendency of Securities and Insurance, in Circulars Nos. 550 and 566 of 1985. In the case of the foreign company, Inversiones Distrilima S.A., the values of the fixed assets were adjusted according to the exceptional criteria set forth in the Technical Bulletin N°45 of the Chilean Professional Association of Accountants, A.G., which was the standing rule at the time the investment was made and was not modified by the Technical Bulletin N°51 which replaced the former one.

Depreciation is calculated on the updated value of the assets in accordance with the remaining years of useful life of each asset.

Investments in related companies are appraised at their proportional equity value. In the case of foreign companies the application of this methodology has been made, as from the second quarter of 1998, on the basis of financial statements prepared pursuant to the guidelines set forth in the Technical Bulletin N°64 of the Chilean Professional Association of Accountants, A.G.

Intangible values are price-level corrected and are amortized according to the guidelines set forth in the Technical Bulletin N°55 of the Chilean Professional Association of Accountants, A.G.

Assets expressed in foreign currency, are presented at the exchange rate effective at year-end.

Investments in financial instruments with agreements are presented according to their purchase value plus the proportion of the corresponding interests in terms of the rate implicit for each transaction.

Accounts and notes receivable from related companies are classified according to their due dates in short and long term. The transactions are adjusted to conditions of equity similar to those which usually prevail in the market.

The assets shown are appraised in accordance with the generally accepted accounting principles in Chile and criteria as well as with the instructions issued by the Superintendency of Securities and Insurance set forth in Note 2 of the Financial Statements.

Consolidated Relevant Facts

RESOLUTION BY THE RESOLUTIVE COMMISSION

On March 27, 2000, Enersis S.A. was notified of Resolutive Commission Resolution N° 567 adopted on same date and, in virtue of which said Commission agreed on the following measures:

- 1.- Authorize Enersis S.A. to dispose of the shares it holds in Aguas Cordillera S.A., through a public and open bidding for same stock;
- 2.- Impose on whoever the successful bidder is in said process for disposing of the Aguas Cordillera S.A. stock held by Enersis S.A., the obligation to consult with the Resolutive Commission, and obtain its approval prior to the execution of any act or contract involving the disposal of said shares.

IIMV S.A. INVESTMENT STOCK

On March 27, 2000, all the shares of Empresa Nacional de Electricidad S.A. held by Inversiones IIMV S.A. that were kept in the Empresa Nacional de Electricidad Stock Registry were registered in the name of Enersis S.A.

The above is the result of the concentration of the holding of all Inversiones IIMV S.A.'s shares on Enersis S.A.'s capital stock equity which, as provided under Stock Corporation Law N° 18,046 article 103, was dissolved for the mere operation of law.

OPTION TO PARTICIPATE IN SMARTCOM S.A.

On June 27, 2000, Enersis S.A.'s Board of Directors unanimously agreed to accept the option offered by Endesa España (Endesa S.A.) to purchase shares representing 35% of the corporate equity of Smartcom S.A., the Chilean cellular mobile telephone company, under the following conditions:

- a) The option may be exercised by Enersis S.A. until December 27, 2000;
- b) The price to be paid by Enersis S.A. in Euros and in a single installment will be equivalent to (i) the proportional part of the price paid by Endesa S.A. plus (ii) the proportional part of capital disbursements which, accordingly, would have been made, plus (iii) tax costs and disbursements incurred for advisory services, brokerage, fees or any other incurred as a result of the purchase by Endesa S.A.'s and/or other companies of its group (in proportion to the stock offered) as well as from the transfer to Enersis S.A., and, accordingly, from the repatriation to Spain of the proceeds from the sale, including Income Tax, and plus (iv) interest on the aforementioned amounts, estimated at EURIBOR exchange rate for 3-month deposits plus 83 basis points, from the date of purchase by Endesa S.A. of the necessary currency to make each one of the appropriate payments or disbursements to Enersis S.A.'s payment date. In order to estimate the mentioned amounts in Euros, the rate of exchanged effectively withstood by Endesa S.A. will be applied.
- c) Should said option be exercised, Enersis S.A. shall become proportionately responsible for all guarantees, counter guarantees and financing which, at the share transfer date, would have been granted by Endesa S.A. in

connection with Smartcom S.A., as well as in the proportional part of the deferred price which payment would be outstanding at said date;

- d) Enersis S.A. and Endesa S.A. shall previously obtain all authorizations of a corporate, legal or similar nature necessary for the transfer to ENERSIS S.A. of all the mentioned shares; and
- e) Endesa S.A. may transfer its stock in SMARTCOM S.A. to Endesa Diversificación S.A. and/or to any company or companies within the Group or to third parties. In the former case, the purchasing company will automatically become responsible for the mentioned commitments; if assigned to third parties, Endesa S.A. may, unilaterally, resolve and declare, without subsequent value or effect, what is stated above.

ARBITRATION PROCEEDING

Subsidiary companies Empresa Nacional de Electricidad S.A., Chilectra S.A. and Enersis International Limited, have been notified, on June 12, 2000, of an arbitration proceeding filed at the International Chamber of Commerce Arbitration Court, seated in Paris, France, by Pérez Companc S.A. and PCI Power Edesur Holding Limited. The complaint petitions that the Court of Arbitration resolves on an alleged right of PCI Power Edesur Holding Limited to appoint a Regular Director and an Alternate Director in the Argentinean Company, Distrilec Inversora S.A., a company that holds Series "A" shares of Empresa Distribuidora Sur S.A. (Edesur S.A.) and, alternatively, in the event that said Court considers that PCI Power Edesur Holding Limited lacks said right, it resolve that Grupo Enersis S.A. and Pérez Companc Group should have equal number of Directors in Distrilec Inversora S.A.

ACQUISITION OF SHARES OF ITS OWN STOCK

On May 31, 2000, the Argentinean subsidiary Empresa Distribuidora Sur S.A. (Edesur), purchased 94,283,685 Series "C" shares of its own issuance from employees who have joined the Shares Ownership Program.

The credited quantity amounted to \$150,192,434.53 (Argentinean pesos).

The purpose of the operation is to pay for said shares through capital reduction to be implemented by the Director of Edesur S.A. in accordance with authorization granted by the respective Shareholders' Meeting.

RESULT OF THE BID FOR AGUAS CORDILLERA SHARES

On May 31, 2000, the Board of Directors of Enersis S.A. unanimously agreed to inform said Superintendency of the names of bidders who, as participants in the Public and Open Bid for the sale of Aguas Cordillera S.A. shares, would have submitted bids surpassing the minimum price set by Enersis S.A., and a detailed account of same, if any.

The names of the bidders who exceeded the minimum price, and the amount of each of their bids, are as follows:

- 1.- Empresa Metropolitana de Obras Sanitarias S.A.: 6,585,874.26 Unidades de Fomento.
- 2.- Inversiones Biwater S.A.: 6,100,000 Unidades de Fomento.

INTERIM DIVIDEND

The Board of Directors unanimously agreed not to distribute an interim dividend in May 2000, against results at March 2000, pursuant to the policy currently in effect on said matters, due to the absence of the conditions provided to said effect in the mentioned Company's Dividend Policy.

PUBLIC TENDER OFFR (OPA)

Endesa Internacional's invitation to Enersis S.A., to participate, directly or through Empresa Eléctrica de Panamá S.A., or any other local or foreign subsidiary, is accepted. Through this operation, a purchase option for the shares (the Option) of Compañía de Electricidade do Rio de Janeiro (CERJ), which Endesa Internacional will purchase as a result of a public tender offer (OPA) that has been presently started for all of CERJ's shares, is accepted.

The stock percentage, that is the object of the aforementioned option, will be that resulting from the following formula: a) same percentage as that currently owned by Enersis S.A. through its subsidiary Empresa Eléctrica de Panamá S.A., in Cerj, will be applied to the shares that Endesa Internacional will purchase in virtue of the OPA; and b) then, Enersis S.A.'s percentage, as that owned by Endesa Internacional and Chilectra S.A., shall be amplified on a prorated basis according to its participants, in order that the companies Endesa Internacional, Enersis S.A. and Chilectra S.A. jointly own one hundred percent of the shares purchased through the OPA.

The exercise of the Option purchased by Enersis S.A. will be the share purchase price in the OPA by Endesa Internacional increased in the financial cost, on the basis of Enersis S.A.'s alternative fund cost, plus other expenses that are inherent to this kind of operations, accrued from the date of the OPA to the effective exercise of Option, with said Option being able to be exercised until the last business day of the year 2000.

BID FOR THE DISPOSAL OF AGUAS CORDILLERA STOCK

On April 4, 2000, the Board of Directors of Enersis unanimously approved to resume the open, public bidding process for the shares in Aguas Cordillera S.A. owned by Enersis S.A., in the terms and conditions as set forth by the Resolutive Commission through Resolution N° 567, dated March 27, 2000.

DISPOSAL OF AGUAS PUERTO

On July 5, 2000, Enersis S.A. and Inversiones Anglian Water Chile Limitada, agreed on the sale price for Enersis S.A.'s shareholding in Aguas Puerto S.A. Enersis S.A.'s shareholding in Aguas Puerto S.A. amounts to 949,968 shares, representing 72% of Aguas Puerto S.A.'s capital, stock which will be sold by Enersis S.A. to Inversiones Anglian Water Chile Limitada, at the equivalent in Chilean pesos, legal tender, of UF 4,730,669. The disposal of the aforementioned shareholding will be carried out once the appropriate authorizations have been obtained to effect said purchase.

DISPOSAL OF AGUAS CORDILLERA

On July 20, 2000, Enersis S.A., with the previous authorization from the Resolutive Commission, sold to Empresa Metropolitana de Obras Sanitarias S.A. (EMOS) its total shareholding in Aguas Cordillera S.A., amounting to 137,999,999 shares, representing 99.9% of the latter company. This disposal has been carried out in accordance with the purchase option agreement, reported on May 31, 2000 as an essential event. The price of the aforementioned operation amounted to 6,585,874.21 Unidades de Fomento, transaction by which the Aguas Cordillera bidding process has been completed. The effects of said operation are reflected in the financial statements ended at December 31, 2000.

APPOINTMENT OF A NEW DIRECTOR

On July 25, 2000, Mr. Eugenio Tironi was appointed as director of the Company, office that was vacant due to the death of Mr. Carlos Vicuña.

DIVIDENDS

It was agreed, in August 2000, not to distribute any interim dividend, against results at June 2000, pursuant to the policy currently in effect on said matters, due to the absence of the conditions provided under said Company's Dividend Policy.

ENDESA MARKET PLACE S.A.

Enersis S.A., subscribes 210 shares, representing 15% of Endesa Market Place S.A.'s capital stock, company whose purpose is the development and operation of a business community through the Internet, in which purchasing and selling companies will participate, developing "business-to-business" e-commerce (B2B) in Latin America, Europe and Northern Africa.

The shareholders of this new company, called Endesa Market Place S.A., are as follows:

Endesa Servicios S.L., having a shareholding amounting to 63% of the corporate capital; Price Waterhouse Coopers Consulting, whose shareholding amounts to 12% of the corporate capital; Commerce One, having a shareholding amounting to 15% of the corporate capital.

The price to subscribe shares of Market Place S.A. amounts to 2,1 million one hundred thousand Euros, of which 50% was paid in by Enersis S.A. on July 12, 2000, and the reminder 50% will be paid in as of July 21, 2000.

TRANSFER OF STOCKHOLDING

Enersis S.A. transfers to Anglian Water Chile Limitada, on August 4, 2000, its shareholding in Aguas Puerto S.A., the latter being the controlling company of Empresa de Obras Sanitarias de Valparaíso S.A. (Esval S.A.).

Enersis S.A.'s shareholding in Aguas Puerto S.A. as transferred to Anglian Water Chile Limitada, amounts to 949,967 shares, representing 71.99% of Aguas Puerto S.A. capital stock.

The stock sold by Enersis S.A. to Inversiones Anglian Water Chile Limitada, was effected in compliance with the purchase agreement entered into between the parties thereto on June 30, 2000, which price amounted to UF 4,730,669 in the equivalent in Chilean, representing an approximate income of \$73,242 million for Enersis S.A.

The aforementioned operation involves earnings to Enersis S.A., after tax, for Ch\$19,500 million approximately, which will be reflected in the Company's financial statements corresponding to the third quarter of the present year.

FINANCIAL STATEMENTS AND MANAGEMENT'S ANALYSIS

The Superintendency of Securities and Insurance, through Official Letter N° 05145, dated August 11, 2000, asked Enersis S.A. to again submit to said supervisory entity and the Stock Exchanges, the individual financial statements and explanatory analysis at June 30, 2000, pursuant to Section II A1 of the General Norm N° 30, within a period no longer than four business days as of the aforementioned notice date. Likewise, within said period, Enersis S.A. shall send same information to every person or entity to which said financial statements have been submitted.

The reasons in which virtue Enersis S.A. has been instructed to do the above are as follows:

- i) The disposal of Enersis S.A.'s stockholding in Aguas Cordillera S.A. in favor of Empresa Metropolitana de Obras Sanitarias S.A. (EMOS), at June 30, 2000, had not been effected, according to the Colegio de Contadores de Chile AG's Technical Bulletin N° 1. Likewise, since the authorization granted by Resolutive Commission to EMOS, dated July 19, 2000, constitutes a judgement by said Superintendency, a subsequent event of the second kind, as stated in Colegio de Contadores de Chile A.G.'s Technical Bulletin N° 6. Consequently, this kind of events do not require adjustments to the financial statements, but they do recommend, in consideration of the effects, that they be disclosed in explanatory notes;
- ii) That, in virtue of the above, said Superintendency believes that the effects of the aforementioned transaction should not be included in the balance sheet, financial statements and cash flow statement effective at June 30, 2000, but be thoroughly disclosed in the financial statements as subsequent events, being able to include a pro forma balance sheet.

Due to the above, what has been informed as a relevant event on July 21 of this year will not have any effect, since the estimated earnings after tax, amounting to 45,000 million Chilean pesos, arising from the sale of shares of Aguas Cordillera S.A., shall be reflected, as instructed by the Superintendency of Securities and Insurance, in the financial statements ended at September 30, 2000. Consequently, the results at June 30, timely reported, will be affected by the unaccounting of the aforementioned operation.

ADDITIONAL REGISTRATION

As a result of Enersis S.A.'s process of capital increase, on September 7, 2000, the New York Stock Exchange (The New York Stock Exchange, Inc.) authorized the additional registration of 7,000,000 of American Depositary Shares (ADSs) representing Enersis S.A.'s common stock.

INTERIM DIVIDEND

On October 26, 2000, Enersis S.A.'s Board of Directors unanimously agreed not to distribute any interim dividend in November, 2000, against results at September 2000, due to the absence of the conditions provided to said effect in the Company's Dividend Policy.

PUBLIC SHARE PURCHASE OFFERS (OPAS)

At a Extraordinary Meeting, held on November 6, 2000, Enersis S.A.'s Board of Directors agree to make two Public Tender Purchase Offers (OPA) and a "Tender Offer" in the United States of America in order to purchase all of the shares of Chilectra S.A. and of Compañía Eléctrica del Río Maipo S.A. (Río Maipo) offered to be sold to the Company. The OPAs will be made in Chile by Enersis S.A., while the "Tender Offer" in the United States of America will be made by Enersis S.A.'s 100% owned subsidiary Electric Investments S.A.. The OPA on Chilectra S.A. and the OPA on Río Maipo, will be at a Ch\$ 2,200 price per each share of Chilectra S.A. and the OPA on Río Maipo will be at Ch\$250 per each share of Río Maipo; whereas, in the United States of America, the "Tender Offer" on Chilectra S.A. will amount to the equivalent of the price offered in dollars of the United States of America, based upon the rate of exchanged for the observed dollar published on the payment date.

The OPA and "Tender Offer" regarding Chilectra S.A. will contain a condition of success upon which Enersis S.A. and its above mentioned subsidiary must receive irrevocable sale offers for, at least, 20% additional to Enersis S.A.'s stockholding in said company (72.03%).

The OPA on Río Maipo will contain a condition of success upon which Enersis S.A. must receive irrevocable sale offers for, at least, 11.6% additional to what Enersis S.A. already has in said company (83.75%).

The Company's Board of Directors decided that Enersis S.A. intends to start the OPA's and the "Tender Offer" within the coming 30 days and that said OPAS's and "Tender Offer" will remain open to the public for, at least, thirty days as of the date of the respective notice. The details of the terms, conditions and modalities of the OPA's and of the "Tender Offer" will be informed by publishing respective notices in, at least, two newspapers of national circulation.

Finally, the Company's Board of Directors decided to state that it is Enersis S.A.'s intent to propose, before the appropriate entities and subject to timely applicable legal provisions, that the shares of Chilectra S.A. and those of Río Maipo be deleted from the registration in all domestic and foreign stock exchanges, as appropriate and as soon as applicable.

The total investment involved in the maximum purchase of shares, corresponding to the aforementioned OPA's and "Tender Offer" is approximately of US\$430 million.

CERJ STOCK CALL OPTION

On November 29, 2000, Enersis S.A.'s Board of Directors unanimously agreed to exercise, directly or through an instrumental subsidiary of the former, the call option on the shares (the Option) of Companhia de Electricidade do Rio de Janeiro (Cerj). The exercise of the Option will take place during December, 2000. It must be noted that said Option was offered to Enersis S.A. by Endesa Internacional S.A. within the scope of the Public Share Purchase Option (OPA) which, on May 31, 2000, was started by Endesa Internacional S.A. on all of Cerj's shares, situation which, on same date, was informed as an essential event, and which was ended on August 23, 2000.

The Option will be exercised with regard to 136,290,286,289 shares, representing 8% of Cerj's capital stock, while the price to be paid for said shares is approximately to US\$ 56,000,000.

SMARTCOM S.A.

On December 22, 2000, Enersis S.A.'s Board of Directors unanimously agreed not to exercise the option offered by Endesa España (Endesa S.A.) on June 22, 2000, to purchase shares representing 35% of the corporate capital of Smartcom S.A., the Chilean cellular mobile telephone company.

CHILECTRA S.A.

YEAR 2000 DIVIDEND, INVESTMENT AND FINANCING POLICY

1. Dividend Policy, 2000 period

The dividend policy Chilectra S.A.'s Board of Directors expects to put into practice against the year 2000 period, will be as follows:

Distribute in May, August and November, 2000 and February, 2001, interim dividends to be charged against earnings from the year 2000. In each one of these months, 85% of the earnings from the company's regular course of business during the quarters ending in March, June, September and December of said period, will be distributed. For purposes of the above calculation, the interim dividends corresponding to the year 2000 period, and already distributed at the distribution date, will be deducted from said 85% of the aggregate earnings within the quarter.

Income from the regular course of business will be understood as all those earnings obtained by the company during the year 2000 period, irrespective of those arising from the following events:

1. Due to accounting effects caused as a result of the valuation of equity contributions to subsidiaries.
2. Due to the accounting effects arising from the recognition of the premium in equity placement by subsidiaries of their own stock.
3. Due to earnings arising, directly or indirectly, from the participation in related companies organized in Chile as well as abroad.
4. Due to earnings generated by subsidiaries organized abroad or by related subsidiaries where the company's participation, directly or indirectly, is lower than 50% of the capital stock thereof.
5. Due to the recognition of higher and lower values associated with investments.

Should the total contribution of these events be negative, this value will be taken into account for purposes of calculating the earnings to be distributed.

Consequently, the Board of Directors will not distribute any interim dividends against earnings from these events, having the Regular Shareholders' Meeting to resolve to said respect when approving the final dividend.

The above is the Company's Board of Directors' intent, reason by which its performance will be subject to earnings actually obtained, as well as to the results indicated by the projections periodically set forth by the Company, or to the presence of certain conditions.

Regarding the final dividend policy, the Board of Directors intend that the total dividends to be distributed against the period be, at least, the already distributed interim dividends, or those minimum ones as established in the Chilean Stock Corporation Law, whichever turning out to be higher.

2. INVESTMENT AND FINANCING POLICY FOR THE YEAR 2000

Chilectra S.A.'s Board of Directors agreed to put into practice the following Investment and Financing Policy for the year 2000:

1. Investments

The Company will make investments, as set forth in its by-laws, in areas related to works intended to expand the supply capacity related to power demand, in equity contributions to its subsidiaries or related companies, and in contributions to invest in or to organized subsidiaries or related companies whose lines of business be similar, related or linked to power in anyone of its forms, to the supply of utilities or which main input be electric power.

The investments related to the company's expansion will be those necessary to meet, in an optimal way, the power demand from its area of concession. As for investments in its utilities, they will be necessary in order that these subsidiaries or related companies may reach its corporate objective and exercise their function as concession holders. As far as investments by subsidiaries or related companies are concerned, they will focus on projects maximizing the company's value, considering the risk associated to said investments and in accordance with the company's by-laws.

In order to control the investments, and as set forth in the company's corporate objective, the Shareholders' Meetings of the company's subsidiaries and related companies will be proposed the appointment of directors representing the company, having the appointees be mostly members of the board of directors or senior executives of the company, as well as of other related companies. In addition, the company will implement investment, financing and commercial

policies, as well as accounting systems and criteria to which these policies will be subject, and the subsidiaries' and related companies' management will be supervised and coordinated.

2. Financing

The resources required for the company's domestic and international expansion, in addition to the resources generated by the company's operation, are obtained in accordance with special financing plans. Alternatives of these, as required, are the issuance of shares, credits from suppliers, bank and syndicated loans, multinational credit agencies, bonds and convertible bonds, and others. Likewise, resources may be obtained from pension funds managing companies, insurance companies, local and foreign investors, and others.

SHAREHOLDERS' MEETINGS

On April 5, 2000, the Ordinary Extraordinary and the Special Shareholders' Meetings were held, where the following agreements were adopted:

Ordinary Shareholders' Meeting

1. Approval of Annual Report, Balance Sheet, Statement of Income and Report by the External Auditors for the year ended as of December 31, 1999.
2. Approval and distribution of earnings from the 1999 period, and information on the dividend policy for the year 2000 period.
3. Election of the Board of Directors and setting of the remuneration for the members of the Board.
4. Appointment of External Auditors.
5. Designation of Risk Rating Agencies.
6. Information on Operations that Law 18,046 Article 44 refers to.
7. Information on measures in place to address year 2000 risk.
8. Other issues of corporate interest.

Extraordinary Shareholders' Meeting

1. Approval of the increase in corporate capital through capitalization over the premium in the sale of shares of its own stock.
2. Adoption of all the agreements required to execute the appropriate reforms to the corporate by-laws.

ELECTION OF THE COMPANY'S BOARD OF DIRECTORS

At Ordinary Shareholders' Meeting held on April 5, 2000, the following persons were appointed as Directors of the Company:

1. Jorge Rosenblut
2. José Manuel Fernández
3. Pedro Buttazzoni
4. Juan Ignacio Domínguez
5. Hernán Felipe Errázuriz
6. Enrique García
7. Antoneja Molina

Likewise, at Extraordinary Meeting number 6, held on April 5, Mr. Jorge Rosenblut and Mr. José Fernández, were appointed as Chairman and Vice-Chairman of the Board of Directors, respectively.

RESIGNATIONS AND APPOINTMENTS

- a. At the Ordinary Meeting held on January 28, 2000, Chilectra S.A.'s Board of Directors agreed to accept the resignation of Mr. Alfredo Llorente as Director and Chairman of Chilectra S.A.'s Board of Directors, submitted on same date, proceeding to appoint Mr. Jorge Rosenblut as replacing Director and Chairman thereof.

Consequently, Chilectra S.A.'s Board of Directors is as follows:

Chairman	:	Jorge Rosenblut
Vice-Chairman	:	José Fernández
Directors	:	Hernán Errázuriz
	:	Enrique García
	:	Juan Domínguez
	:	Juan Salazar
	:	Antonio Pareja

- b. At the Ordinary Meeting held on October 5, 2000, Chilectra S.A.'s Board of Directors agreed to accept the resignation of Mr. Antonio Pareja as Director of Chilectra S.A.'s Board of Directors, submitted on same date, proceeding to appoint Mr. Alvaro Quiralte as replacing Director.

Consequently, Chilectra S.A.'s Board of Directors is as follows:

Chairman	:	Jorge Rosenblut
Vice-Chairman	:	José Fernández
Directors	:	Pedro Buttazzoni
	:	Juan Ignacio Domínguez
	:	Hernán Errázuriz
	:	Enrique García
	:	Alvaro Quiralte

ACCOUNTING ADJUSTMENTS

At the Extraordinary Meeting held on January 17, 2000, Chilectra S.A.'s Board of Directors unanimously agreed to approve the accounting adjustments and special charges to Chilectra S.A.'s Financial Statements at December 31, 1999, related to the Company's own operation as well as to those arising from investments or the operation of its related companies abroad, amounting approximately to the equivalent in Chilean pesos to US\$22 million.

These adjustments and special charges will have no relevant impact on the Company's cash flow, and will be reflected in Chilectra S.A.'s Financial Statements for the fourth quarter of 1999.

The aforementioned figures mainly related to situations of recent occurrence and which are listed below:

- Application of a new accounting criterion to the industry with regard to the provisioning of approximately US\$16 million to retirement and pension implementation plans.
- Accounting adjustments arising from a special audit to related companies, completed in December, last year, which produced a figure nearing US\$4 million.

- Accounting adjustments and special charges against non-collectable accounts, obsolete assets and network and client standardization projects, amounting approximately to US\$ 2 million.

The impact of these accounting adjustments and special charges on Chilectra S.A.'s Financial Statements will decrease the Company's results, being also worth mentioning that Chilectra S.A.'s Financial Statements during the fourth quarter of the 1999 period, would show a recovery in the operating results mainly as a result of the end of restrictions, better power sales and the implementation of definite measures within the scope of the Plan Génesis.

DIVIDENDS

- The Company's Board of Directors, at the meeting held on January 28, 2000, agreed to distribute, as of February 23, 2000, a \$5.1 interim dividend per share, chargeable against earnings from the 1999 period.
- At the Ordinary Meeting held on March 30, 2000, Chilectra S.A.'s Board of Directors unanimously agreed to propose to the Regular Shareholders' Meeting the following with respect to final dividend N° 57:

"It was agreed to propose to the Ordinary Shareholders' Meeting to be held on April 5, 2000, the distribution of the final dividend for a total amount of Ch\$11,222,972,980 to be paid on April 19, 2000. This amount consists of an additional dividend of \$11,080,632,379 and an eventual dividend amounting to \$142,340.601."

- The Company's Board of Directors, at a meeting held on May 9, 2000, agreed to distribute, as of May 30, 2000, a \$10,631,138,562 interim dividend, chargeable to earnings from the 2000 period.
- At the meeting held on July 25, 2000, the Company's Board of Directors agreed to distribute, as of August 30, 2000, a \$11.59 interim dividend per share, chargeable to the earnings from the 2000 period.
- At the meeting held on October 25, 2000, the Company's Board of Directors agreed to distribute, as of November 30, 2000, a \$25.24 interim dividend per share, chargeable against to earnings from the 2000 period.

CREATION OF THE REGIONAL DISTRIBUTION GENERAL MANAGEMENT OFFICE

The Company's Board of Directors, at the meeting held on May 3, 2000, approved the creation of this new corporate organizational structure.

Said structure will permit Chilectra S.A. to adequately focus on its two major business areas. On the one hand, support, coordinate and supervise Chilectra S.A.'s regional distribution management, including all those distribution companies in which Chilectra has a stake and, on the other one, maintain, and further strengthen Chilectra's service efficiency and quality standards achieved as a utility concession holder in the Metropolitan Region, in order to respond to all new market requirements.

As a result of this new administrative structure, the Regional Distribution General Management Office has been created and Mr. Marcelo Silva has been appointed as its Chief Executive Officer.

The offices below listed will report to this Management Office:

- a. The Economic Planning and Control Management, headed by Mrs. Ana Gete-Alonso.
- b. The Commercial Processes Management, headed by Mr. Fernando Urbina.
- c. The Technical Processes Management. Head yet to be appointed.

Likewise, Mr. Julio Valenzuela has been appointed as Chief Executive Officer of Chilectra S.A.

The following will report to the General Management Office: the Attorney's Office, headed by Mr. Gonzalo Vial; the Planning and Control Management Office, headed by Mr. Alfonso Prieto, the Sector Regulating Management Office, headed by Mr. Guillermo Pérez, the Human Resources and Organization Management Office, headed by Mr. Juan Carlos Mundaca, the Distribution Management Office, headed by Mr. Rolando Hechenleitner, the Commercial Management Office, headed by Mr. Juan Olavarría, the Finance Sub-Management Office, whose manager is yet to be appointed, and the Corporate Sub-Management Office, headed by Mr. Edgardo González.

Finally, the Communications Management Office, headed by Mr. Guillermo Amunátegui and the Audit Management Office, headed by Mr. Rolf Heller, will report to the Company's Board of Directors.

OPTION TO PURCHASE CERJ STOCK

- At Regular Meeting N° 09/2000, held on May 31, 2000, Chilectra's Board of Directors, with affirmative votes of four of the six attending members and the abstention of the two remaining ones, approved the following:

To accept the option (hereinafter "the option") offered by Endesa Internacional S.A. in order that Chilectra S.A., by acting directly or through Sociedad Panameña de Electricidad S.A. or any of its domestic or foreign subsidiaries, purchase a portion of those shares Endesa Internacional S.A. is to purchase as a result of a Public Tender Offer (OPA), started yesterday, for the total number of shares of Companhia de Electricidade do Rio de Janeiro (CERJ).

The maximum number of shares Chilectra S.A. or its subsidiaries may purchase from Endesa Internacional S.A. shall be such that it will cause no reduction in Endesa Internacional S.A.'s relative participation or subsidiaries thereof with respect to Enersis S.A.'s participation or subsidiaries thereof in Cerj capital prior to the OPA.

The price to be paid by Chilectra S.A for each share will be the collateral price in US\$ paid by Endesa Internacional S.A. at the time such event takes place, incremented by the financial and tax costs involved, as well as by those costs related to advisory services, brokerage, fees, etc., or of any other kind.

The granted option may be exercised by Chilectra S.A. or by its subsidiaries until December 31, 2000, through a written notice forwarded to and received by Endesa Internacional S.A. within said period.

- At the Ordinary Meeting held on November 30, 2000, Chilectra S.A.'s Board of Directors unanimously agreed to exercise, directly or through a subsidiary, the option (the Option) to purchase Companhia de Electricidade do Rio de Janeiro's (CERJ) shares as offered by Endesa Internacional S.A. in the context of the Public Tender Offer (OPA) which Endesa Internacional S.A. initiated on May 31, 2000, involving all of CERJ's shares, process which was completed on August 23, 2000.

The Superintendency was timely informed of this purchase option through an Essential Event dated June 1, 2000.

The exercise of the Option will be effected within the month of December, 2000.

The Option will be exercised for 178,873,940,249 shares, representing 10.5% of CERJ's capital stock, while the price to be paid for those said shares amounts to approximately US\$ 75 million.

ARBITRATION PROCEEDING

On June 12, 2000, Chilectra S.A. was notified of an arbitration proceeding at the International Chamber of Commerce Arbitration Court, seated in Paris, France, filed by Pérez Compac S.A. and PCI Power Edesur Holding Limited. The complaint intends that the Court of Arbitration resolves on an alleged right of PCI Power Edesur Holding Limited to appoint a Regular Director and an Alternate Director in the Argentinean Company, Distrilec Inversora S.A., a company that holds Series "A" shares of Empresa Distribuidora Sur S.A. (Edesur S.A.), and, alternatively, in the event that said Court resolves that PCI Power Holding lacks said right, it resolve that Grupo Enersis and Grupo Pérez Compac shall have the same number of directors in Distrilec S.A.

TARIFF FIXING

On November 15, 2000, Ministry of Economy, Development and Reconstruction Decree N° 632 was published in the Official Gazette, through which the new tariff formulas for power companies holding distribution concessions in the utility service sector, were established. Likewise, on same date, supplementary information from the National Energy Commission relating to sub-transmission prices was received.

Based on both antecedents, it is concluded that tariff fixing causes a reduction in Chilectra S.A.'s operating income of Ch\$10,500 million, which, in contrast to the 1999 period considered for the tariff fixing process, represents a 16.7% drop of the operating results.

COMPAÑIA ELECTRICA RIO MAIPO S.A.

SHAREHOLDERS' MEETING

Ordinary Meeting

The Ordinary Shareholders' Meeting was held on April 3, 2000, where the following agreements were reached:

- a) Approval of the Annual Report, Balance Sheet, Statement of Income and reports by the External Auditors on the 1999 period.
- b) Approval and distribution of earnings from the 1999 period, aggregated earnings and, in particular, approval of the final dividend as proposed by the said Meeting's Board of Directors.
- c) Election of the Company's Board of Directors, which final structure is as follows:
 1. Alberto López
 2. Ernesto Silva
 3. José Fernández
 4. Jorge Claro
 5. Julio Valenzuela
- d) The Board of Directors' remuneration was set.
- e) The Board of Directors proposed to appoint the company Arthur Andersen Langton Clarke as the external auditors, proposal that was approved by the Meeting.
- f) The Dividend Policy for the year 2000 was approved.

DIVIDENDS

At the Meeting held on January 28, 2000, the Board of Directors agreed to distribute an interim dividend of Ch\$5.34 per share, which was paid as of February 23, 2000.

The Ordinary Shareholders' Meeting held on April 3, 2000, agreed to distribute a final dividend of Ch\$1,267,598,767 and an eventual dividend of Ch\$12,346,670 chargeable against the earnings from the 1999 period, which will be paid as of April 13, 2000.

The Company's Board of Directors, at the meeting on April 28, 2000, agreed to distribute an interim dividend of Ch\$5.47 per share, which that was paid as of May 24, 2000.

The Company's Board of Directors, on the meeting held on July 25, 2000, agreed to allocate an interim dividend of Ch\$ 5.43 per share, paid as of August 30, 2000

At the meeting held on October 30, 2000, the Company's Board of Directors agreed to distribute an interim dividend of Ch\$5.82 per share, which was paid as of November 30, 2000.

CHANGES IN THE BOARD OF DIRECTORS

On April 4, 2000, Mr. Alberto López was appointed as Chairman at the Board Meeting.

At the Extraordinary Board of Directors Meeting held on April 6, 2000, the Chairman reported that on April 5 of this year, Mr. Ernesto Silva's resignation to his position as director was received. The Board of Directors acknowledged said letter of resignation but did not appoint a replacement from among its members on said occasion.

At the special held on April 28, 2000, the Board of Directors agreed to appoint Mr. Pantaleón Calvo, as Mr. Silva's replacement, appointment that was accepted and which will be held until the next Regular Shareholders' Meeting is held, pursuant to the provisions of the Stock Companies Act Article 32.

At the Ordinary Board of Directors Meeting held on June 29, 2000, the Chairman reported that, on June 27 of this year, he received Mr. José Fernández's letter of resignation to his position as director. The Board of Directors acknowledged this letter of resignation and agreed to appoint Mr. Rolando Hechenleiner as Mr. Fernández' replacement until the next shareholders' meeting, as provided in the Stock Companies Act Article 32.

NEW ELECTRIC TARIFFS

On November 15, 2000, Ministry of Economy, Development and Reconstruction Decree N° 632 establishing the new tariff fixing formulas to be applied to electric power companies holding concessions in power distribution utilities, was published in the Official Gazette. Likewise, Ministry of Economy, Development and Reconstruction Decree N° 645, modifying Decree N° 583 of same Ministry regarding node price fixing, was published in the Official Gazette on November 17 of same year.

Based on both antecedents, we have been able to conclude that tariff fixing causes Compañía Eléctrica del Río Maipo S.A. a decrease of Ch\$1,450 million in its operating margins, which, as compared to the 1999 period that is considered for price fixing, would have represented a 12.88% decrease.

1. On February 18, 2000, it was informed, as an essential event, that at Endesa Board of Directors' Meeting held on February 17 of this year, all attending directors unanimously agreed to cease the works at Ralco Hydroelectric Plant as of March 1, 2000, reason by which the contractors involved in the project will be subsequently informed accordingly, so that they may timely adopt the appropriate measures in order to carry out the agreed to stoppage on the aforesaid date.

The decision to shut-down this project is based on the fact that, to date, Endesa still has not been awarded the final concessions for the Ralco Hydroelectric Plant and its respective transmission lines, fact which, at the present degree of the project's progress, introduces an element that, if persisting, will affect the development of same. This situation justifies, by reasons of corporate prudence, the implementation of such a measure.

Endesa's Board of Directors will timely report any other decision that may be made in this regard.

2. On February 18, 2000, it was reported as an essential event that at the Endesa Board of Directors Meeting held on February 17 of this year, it was unanimously agreed to commence the process intended to dispose of a participation, which is to be defined in due course, of Endesa's stake in Compañía Nacional de Transmisión Eléctrica S.A. (Transelec).

In order to prepare this disposal process, prestigious investment banks will be soon invited to submit bids for their participation as advisory agents to this process.

The disposal of Transelec's stock will be carried out with strict respect to the appropriate decision-making instances upon its materialization.

3. On March 16, 2000, it was reported as an essential event that at Endesa's Board of Directors Meeting held on March 14 of this year, the directors became aware of the contents of Official Letter N° 08555, dated March 10, 2000 from the Republic's General Comptroller's Office which took into consideration Ministry of Economy, Development and Reconstruction Decrees N° 31 and 32 of the year 2000, whereby Endesa is granted the final concessions to set up Ralco Hydroelectric Plant between the Regions VIII of Bío Bío, and IX of the Araucanía, as well as the electric power transportation lines for the hydroelectric plant construction activities and a portion of the interconnection section between Ralco Plant and Charrúa sub-station, of the Central Interconnected System.

Based on these new antecedents that substantially modify the reasons considered at the time by the Company's Board of Directors to shut-down to stop the works of Ralco project on the past February 17, the Board of Directors, at the meeting held on March 14 of this year, unanimously agreed to resume works at the Ralco Hydroelectric Project as of April 1, 2000, reason by which all the contractors involved in the project will be advised in order to take the appropriate measures regarding staff hiring as well as machinery availability and others of similar nature, in order to resume activities on said date.

The Board of Directors finally agreed to empower the Chief Executive Officer and the Company's attorney to report on this agreement as an essential event once concession decrees N° 31 and N° 32 have been published in the Official Gazette.

4. On June 28, 2000, it was informed as an essential event that at the Endesa Board of Directors Meeting held on same date, a public bidding process, including bidding conditions, was approved, for the disposal of up to 100% of the stock held by Endesa in its subsidiary Compañía Nacional de Transmisión Eléctrica S.A. (Transelec).

The aforementioned public bid for Transelec's stock will be called for within the next weeks through publications in national and international newspapers as part of a process that is to be led by Banco HSBC, and which will be executed during the third quarter in the current year.

Within said process and in view of the controlling percentage of shares to be bid on, the board of directors agreed to call for an extraordinary shareholders meeting to be held in August of this year, with the purpose of applying for the necessary authorizations to proceed with said disposal of assets, as provided under the Corporate By-Laws, Article 28 bis.

5. On July 4, 2000, it was reported as an essential event that Endesa's foreign subsidiary, Chile Overseas Co., backed by Endesa's, on same date, had completed the first bonus issuance within the scope of so-called "European Medium Term Note Programme" amounting to 1,000 million Euros, which were recently listed in the London Stock Exchange.

This issuance is a 400-million-Euro nominal value operation, on a 3-year at a variable Euro interest rate; interest will be payable on a quarterly basis at a Euribor rate + 0.80%.

6. On July 25, 2000, it was informed, as an essential event, that at the company's Board of Directors Meeting held on same date, Mr. Francisco García Sánchez submitted his resignation to his position as the company's General Manager, to be effective as of September 1, 2000.
7. On August 4, 2000, it was informed that Endesa's Special Shareholders' Meeting will be held on August 29, 2000, on which occasion the following issues will be dealt with:
 1. Submit to the Extraordinary Shareholders' Meeting the disposal of 100% of the stock owned held by Endesa in Compañía Nacional de Transmisión Eléctrica S.A. (Transelec), through an international public bidding process.
 2. Adopt all necessary agreements in order to comply with and implement the aforementioned disposal of stock, including the board of directors' powers to proceed with the stock disposal within the international public bidding process.
8. On August 24, 2000, it was informed as an essential event that, at the board of directors meeting held on this same date, it was agreed to appoint Mr. Héctor López as Chief Executive Officer of Empresa Nacional de Electricidad S.A., appointment which will become effective on September 1, 2000.

Mr. López then submitted his resignation as Director and Vice-Chairman of the Company, to become effective as of the aforementioned date.

9. On October 5, 2000, it was informed that at the Board of Directors Meeting held on said date, Mr. Antonio Pareja was appointed Director and Vice-Chairman of the Company.
10. On October 12, 2000, it was reported as an essential event that, at the Company's Extraordinary Board of Directors Meeting held on October 11, 2000, the Board of Directors proceeded, in accordance with the provisions contained in the Bidding Conditions for the sale of 100% of Transelec's stock, and pursuant to the agreement adopted at Endesa's Extraordinary Shareholders' Meeting held on August 28, 2000, to set the minimum price of the transaction value in the amount of US\$ 1,073,000,000 (one thousand seventy-three million dollars of the United States of America).

The Board of Directors further agreed to disclose to the public said minimum price prior to the reception of bids.

11. On October 12, 2000, it was informed as an essential event that Endesa, as of this date, has announced that the Chilean subsidiaries of Hydro Quebec International Inc., Inversiones HQI Chile Holding Limitada and Inversiones HQI Transelec Limitada, as the successful bidders in the International Bidding Process for the sale of 100% of Compañía Nacional de Transmisión Eléctrica S.A.'s stock, in the amount of US\$1,076 million corresponding to the tender submitted by said companies.

The effect on results is expected to amount to approximately US\$205 million, after tax.

12. On October 23, 2000, it was informed as an essential event that Empresa Nacional de Electricidad S.A. and its subsidiary, Enigesa, have closed a transaction involving the sale of 100% of Compañía Nacional de Transmisión Eléctrica S.A.'s (Transelec) stock to HQI Holding Ltda. and Inversiones HQI Transelec Ltda. These companies were the successful bidders in the international public bidding process for the sale of 100% of Transelec's stock.

The above mentioned successful bidders, subsidiaries of Hydro Quebec International Inc., on this date, have paid the price offered for the Transaction Value, as defined in the Bidding Conditions, which amounts to US\$1,076 million, at a consolidated level.

The aforementioned price comprises the disposal of power transmission assets disposal by Endesa to Transelec for an amount of US\$188,633,678, with the assignments of assets of same nature from Pangue and Pehuenche to Transelec amounting to US\$24,389,789, through purchase call agreements entered into between said subsidiaries and Transelec, on this date, and the purchase of easements between Celta and Transelec in the amount of US\$133,590. The transaction value also includes US\$325,488,918 for the payment of Transelec's debts to Endesa for previous sales of assets.

As informed in the essential event forwarded by Endesa on October 12 of the current year, the effect on the Company's results due to this operation are US\$205 million, after tax.

EMPRESA ELECTRICA PANGUE S.A.

1. On January 28, 2000, it was informed as an essential event that, at the Board of Directors Meeting held on this date, the resignation of Mr. Ignacio Lazcano as Director was accepted, and Mr. Claudio Inglesis was appointed as his replacement.
2. On April 12, 2000, it was informed, as an essential event, the list of directors elected by the Ordinary Shareholders' Meeting held on April 4, 2000, in view that in the communication sent to the Superintendency, dated April 6, 2000, the name of one of the directors was involuntarily omitted

Therefore, the Company's Board of Directors is composed of the following persons:

1. Mr. Pablo Iarrázaval
2. Mr. Claudio Inglesis
3. Mr. Gastón Aigner
4. Mr. Sergio Segovia
5. Mr. Enrique Bordiú
6. Mr. Alejandro Wendling
7. Mr. Julio Montero
8. Mr. Carlos Parada

3. On June 1, 2000, it was informed that, at the Board of Directors meeting held on May 31, 2000, Mr. Alan Fischer had submitted his resignation as the Company's Chief Executive Officer. Consequently, Mr. Rodrigo Naranjo was appointed the Chief Executive Officer of same.
4. On June 2, 2000, it was informed that, at the Board of Directors Meeting held on May 31, 2000, the resignations of Mr. Gastón Aigner and Mr. Julio Montero as Company Directors were accepted.
5. On July 28, 2000 it was informed that, at the Extraordinary Shareholders' Meeting held on July 25, 2000, the modification to the number of the Company's Directors from eight (8) to five (5) was implemented, as approved at the Extraordinary Shareholders' Meeting held on April 4, 2000, for which the Board of Directors was revoked and a new Board comprising five (5) members was elected, which members and titles are as follows:

- Mr. Pablo Irarrázaval	- Chairman
- Mr. Claudio Iglesias	- Vice-Chairman
- Mr. Enrique Bordiú	- Director
- Mr. Alejandro Wendling	- Director
- Mr. Sergio Segovia	- Director
6. On October 24, 2000, it was informed, as an essential event, that the Company, on October 23 of this year, executed the definite public sale deed through which it has sold the Pangué-Santa Barbara 220 kV transmission line and the 220 kV Trupan extension to Compañía Nacional de Transmisión Eléctrica. The sale price amounted to US\$7,701,000, paid in one installment, in the equivalent to Chilean pesos, corresponding to the valuation price of same, carried out by the consulting company "ESEDEI Ingenieros S.A."

The aforementioned transaction is expected to have a positive effect on our company's results, in the amount of Ch\$974,713,000.

EMPRESA ELECTRICA PEHUENCHE S.A.

1. On April 6, 2000, it was informed, as an essential event that, at the Ordinary Shareholders' Meeting held on April 4, 2000, it was agreed to appoint Messrs. Leonidas Vial, Claudio Iglesias, Jaime Bauzá, Enrique Bordiú, José Venegas, Carlos Parada, Tulio Carrillo and Alejandro Wendling as Directors.
2. On April 28, 2000, it was informed that, at the Board of Directors meeting held on April 27, 2000, Mr. Leonidas Vial was appointed as Chairman of the Board of Directors, while Mr. Claudio Iglesias was appointed as Vice-Chairman. Likewise, it was informed that Messrs. Carlos Parada and Tulio Carrillo submitted their resignations, which were accepted, to their respective capacities as Directors.
3. On June 1, 2000, it was informed that Mr. José Venegas's resignation as Director was accepted at the Board of Directors Meeting held on May 31, 2000. Mr. Alan Fischer was appointed in lieu of Mr. Venegas.
4. On October 24, 2000, it was informed, as an essential event, that within the scope of the international public bidding process for the disposal of all the shares held by in Compañía Nacional de Transmisión Eléctrica S.A., at yesterday's date, Empresa Eléctrica Pehuenche S.A. executed the definite public sale deed through which it has sold all its power transmission assets to Compañía Nacional de Transmisión Eléctrica S.A. The price amounted to US\$ 16,472,000, paid in one installment, in the equivalent to Chilean pesos, corresponding to the valuation price of same, carried out by the consulting company "ESEDEI Ingenieros S.A."

The aforementioned transaction is expected to have a positive effect on our company's results, in the amount of Ch\$910 million.

AUTOPISTA DEL SOL S.A.

1. On June 16, 2000, it was informed, as an essential event, that, at the Board of Directors Meeting held on June 14, 2000, Mr. Ignacio Swett Lazcano submitted his resignation as Director and Chairman. The Board of Directors appointed Mr. Manuel Macaya García to fill the position of Director, and appointed Mr. Mario Valcarce Durán as the new Chairman.

In accordance with the foregoing, the Company's Board of Directors is now made up as follows:

- Mr. Mario Valcarce Durán - Chairman
- Mr. Víctor Bezanilla Saavedra - Vice-Chairman
- Mr. Emilio García Díez - Director
- Mr. Manuel Macaya García - Director
- Mr. Sergio Weinstein Aranda - Director

AUTOPISTA LOS LIBERTADORES S.A.

1. On June 16, 2000, it was informed, as an essential event, that, at the Board of Directors Meeting held on June 14, 2000, Mr. Ignacio Swett submitted his resignation as Director and Chairman. The Board of Directors appointed Mr. Manuel Macaya to fill the position of Director, and appointed Mr. Mario Valcarce as the new Chairman.

In accordance with the foregoing, the Company's Board of Directors is now made up as follows:

- Mr. Mario Valcarce - Chairman
- Mr. Víctor Bezanilla - Vice-Chairman
- Mr. Emilio García - Director
- Mr. Manuel Macaya - Director
- Mr. Sergio Weinstein - Director

INFRAESTRUCTURA DOS MIL S.A.

1. On June 16, 2000, it was informed, as an essential event, that, at the Board of Directors Meeting held on June 14, 2000, the resignation of Mr. Ignacio Swett as Director and Chairman and that of Mr Alejandro Amenábar, were submitted. The Board of Directors appointed Mr. Manuel Macaya and Maximiliano Ruiz as Directors, as Mr. Mario Valcarce as the new Chairman.

In accordance with the foregoing, the Company's Board of Directors is now made up as follows:

- Mr. Mario Valcarce - Chairman
- Mr. Víctor Bezanilla - Vice-Chairman
- Mr. Emilio García - Director
- Mr. Manuel Macaya - Director
- Mr. Sergio Weinstein - Director
- Mr. Fernando Larraín - Director
- Mr. Maximiliano Ruiz - Director
- Mr. Gonzalo Benavente - Director
- Mr. Horacio Peña - Director

Energis S.A. Audited Unconsolidated Financial Statements

For the years ended December 31, 1999 and 2000

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Application of Constant Chilean Pesos

The financial statements included herein have been restated for general price-level changes and expressed in constant Chilean pesos of December 31, 2000 purchasing power.

Accounts Inspector's Report

Pursuant to the provisions in Law No. 18,046 on Limited Liability Stock Companies and in compliance with the mandate granted by the Ordinary Shareholders' Meeting held on April 06, 2000, we have examined the Unconsolidated Financial Statements of Enersis S.A. for period between January 1 and December 31, 2000.

Our assignment was focused on verifying, on a selective basis, the coincidence of the figures presented in the Financial Statements with the official records of the Company and to such and end we compared the figures presented in the ledger with the grouping and classification worksheets. To subsequently ascertain if these amounts which are the balances of accounts of the same nature match with those included in the Financial Statements, a revision which entailed no objections.



Marcela Araya
Accounts Inspector



Marco Acevedo
Accounts Inspector

Santiago, January 19, 2001

Report of Independent Accountants

(Translation of a report originally issued in Spanish – See Note 2 to the financial statements)



To the Shareholders of Enersis S.A.:

We have audited the accompanying balance sheets of Enersis S.A. (the "Company") as of December 31, 1999 and 2000, and the related statements of income, shareholders' equity and cash flows for the years then ended. These financial statements 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 of the subsidiary Endesa – Chile S.A., whose total assets and revenues constitute 30 percent and 18 percent, respectively, of the related consolidated totals but were furnished with the report of other accountants of their audit of those statements.

We conducted our audits in accordance with generally accepted auditing standards in the United States. 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 report of other auditors provide a reasonable basis for our opinion.

The financial statements referred to above have been prepared to reflect the individual financial position of Enersis S.A. based on the criteria described in Note 2, before proceeding to the line-by-line consolidation of the subsidiaries detailed in Note 8. Therefore, for adequate interpretation, these financial statements should be read and analyzed in conjunction with the consolidated financial statements of Enersis S.A. and its subsidiaries which are required by generally accepted accounting principles in Chile.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Enersis S.A. as of December 31, 1999 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in Chile.

A handwritten signature in black ink, appearing to be "Cristián Bastián E.", written over a grid of lines.

Cristián Bastián E.

ARTHUR ANDERSEN-LANGTON CLARKE

Santiago (Chile) January 30, 2001

Audited Unconsolidated Balance Sheets

Translation of financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

ASSETS	As of December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Current assets:			
Cash	336,809	35,170	61
Time deposits	12,745,690	-	-
Marketable securities	-	62	-
Notes receivable	10,310	737	1
Miscellaneous receivables	4,809,260	14,738,949	25,693
Amounts due from related companies	281,469,126	25,000,900	43,582
Income taxes recoverable	8,103,884	7,700,126	13,423
Prepaid expenses and other current assets	44,692	14,917	27
Deferred taxes	-	16,328,782	28,465
Other current assets	170,039,892	117,470,683	204,778
Total current assets	477,559,663	181,290,326	316,030
Property, plant and equipment, net	12,918,104	13,266,597	23,127
Other assets:			
Investments in related companies	1,726,442,050	2,308,101,791	4,023,536
Goodwill, net	782,468,158	827,922,108	1,443,253
Negative goodwill, net	(176,673)	(1,010,409)	(1,761)
Amounts due from related companies	792,588,320	455,658,350	794,314
Intangibles	1,277,643	1,340,664	2,337
Accumulated amortization	(127,764)	(193,485)	(337)
Others	8,487,346	3,144,941	5,482
Total other assets	3,310,959,080	3,594,963,960	6,266,824
Total assets	3,801,436,847	3,789,520,883	6,605,981

The accompanying notes are integral part of these consolidated financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Current liabilities:			
Due to banks and financial institutions current portion	19,384,261	17,697,064	30,850
Current portion of bonds payable	6,025,277	2,610,904	4,552
Dividends payable	890,169	624,713	1,089
Accounts payable and accrued expenses	2,892,143	409,761	715
Notes payable and other accounts payable	17,083,292	2,466,594	4,300
Amounts payable to related companies	300,871,135	249,305,903	434,596
Accrued expenses	1,378,678	2,030,404	3,539
Withholdings	239,186	71,962	125
Income taxes payable	-	11,641,245	20,293
Deferred income	213,224	1,376,736	2,400
Deferred taxes	97,444	731,083	1,274
Other current liabilities	151,729,133	110,046,576	191,836
Total current liabilities	500,803,942	399,012,945	695,569
Long-term liabilities:			
Due to banks and financial institutions	843,763,295	581,876,141	1,014,340
Bonds payable	447,367,007	458,920,000	800,000
Amounts payable to related companies	1,274,787,143	1,245,752,041	2,171,623
Accrued expenses	1,341,894	1,525,133	2,659
Other long-term liabilities	1,874,024	1,834,393	3,198
Total long-term liabilities	2,569,133,363	2,289,907,708	3,991,820
Commitments and Contingencies			
Shareholders' equity:			
Paid-in capital	417,359,942	707,398,979	1,233,154
Additional paid-in capital – share premium	25,321,471	31,423,970	54,779
Other reserves	24,390,158	7,266,721	12,668
Retained earnings	346,260,160	264,427,970	460,957
Net income (loss) for the year	(81,832,189)	90,082,590	139,602
Total shareholders' equity	731,499,542	1,100,600,230	1,918,592
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,801,436,847	3,789,520,883	6,605,981

Audited Unconsolidated Statements of Income

Translation of financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

	Years-ended December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Operating income:			
Sales	4,036,536	4,034,806	7,034
Cost of sales	(805,698)	(821,634)	(1,433)
Gross profit	3,230,838	3,213,172	5,601
Administrative and selling expenses	(12,978,990)	(18,843,671)	(32,850)
Operating income	(9,748,152)	(15,630,499)	(27,247)
Non-operating income:			
Interest income	56,138,304	61,405,291	107,043
Equity in income of related companies	114,243,909	219,391,073	382,448
Other non-operating income	111,721,580	102,388,511	178,486
Equity in loss of related companies	(100,674,661)	(11,912,512)	(20,766)
Amortization of goodwill	(29,279,902)	(41,890,978)	(73,025)
Interest expense	(139,850,523)	(194,206,153)	(338,545)
Other non-operating expenses	(10,926,928)	(9,997,969)	(17,429)
Price-level restatement	(73,387,337)	(23,559,782)	(41,070)
Non-operating income	(72,015,558)	101,617,481	177,142
Income before income taxes and amortization of negative goodwill	(81,763,710)	85,986,982	149,895
Income tax recovery (expense)	(82,901)	4,081,186	7,114
Income before amortization of negative goodwill	(81,846,611)	90,068,168	157,009
Amortization of negative goodwill	14,422	14,422	25
NET INCOME (LOSS) FOR THE YEAR	(81,832,189)	90,082,590	157,034

Audited Unconsolidated Statements of Changes in Shareholders' Equity

Expressed in thousands of historical Chilean pesos, except as stated)

	Number of Shares (Thousands)	Paid-in Capital ThCh\$	Additional paid-in Capital ThCh\$	Other Reserves ThCh\$	Retained Earnings ThCh\$	Net Income (loss) for the Year ThCh\$	Total ThCh\$
As of January 1, 1999	6,800,000	388,522,988	23,571,916	22,570,979	259,203,984	90,093,175	783,963,042
Transfer of prior year income to retained earnings	-	-	-	-	90,093,175	(90,093,175)	-
Dividends	-	-	-	-	(27,200,000)	-	(27,200,000)
Price-level restatement	-	10,101,598	612,870	586,845	8,619,326	-	19,920,639
Changes in equity of affiliates	-	-	-	(2,633,340)	-	-	(2,633,340)
Cumulative translation adjustment	-	-	-	2,770,796	-	-	2,770,796
Net loss for the year	-	-	-	-	-	(78,158,729)	(78,158,729)
As of December 31, 1999	6,800,000	398,624,586	24,184,786	23,295,280	330,716,485	(78,158,729)	698,662,408
Price-level restatement	-	18,735,356	1,136,685	1,094,878	15,543,675	(3,673,460)	32,837,134
Restated as of December 31, 1999 (1)	6,800,000	417,359,942	25,321,471	24,390,158	346,260,160	(81,832,189)	731,499,542
As of January 1, 2000	6,800,000	398,624,586	24,184,786	23,295,280	330,716,485	(78,158,729)	698,662,408
Transfer of prior year income to retained earnings	-	-	-	-	(78,158,729)	78,158,729	-
Price-level restatement	-	22,015,443	1,203,739	1,094,879	11,870,214	-	36,184,275
Changes in equity of affiliates	-	-	-	(18,382,462)	-	-	(18,382,462)
Cumulative translation adjustment	-	-	-	1,259,024	-	-	1,259,024
Issuance of shares	1,491,020	286,758,950	6,035,445	-	-	-	292,794,395
Net income for the year	-	-	-	-	-	90,082,590	90,082,590
As of December 31, 2000	8,291,020	707,398,979	31,423,970	7,266,721	264,427,970	90,082,590	1,100,600,230

(1) Restated in thousands of constant pesos as of December 31, 2000.

Notes to the Audited Financial Statements

Translation of financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, and thousands of US dollars)

	Years-ended December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Cash flows from operating activities:			
Net income (loss) for the year	(81,832,189)	90,082,590	157,034
Gains on sales of investments	-	(81,147,227)	(141,458)
Charges (credits) to income which do not represent cash flows:			
Depreciation	741,816	762,461	1,329
Amortization of intangibles	63,883	65,720	115
Equity in income of related companies	(114,243,909)	(219,391,073)	(382,448)
Equity in loss of related companies	100,674,661	11,912,512	20,766
Amortization of goodwill	29,279,902	41,890,978	73,025
Amortization of negative goodwill	(14,422)	(14,422)	(25)
Price-level restatement	73,387,337	23,559,782	41,070
Changes in assets which affect cash flows:			
	-	-	-
Decrease (increase) in trade receivables	387,420	(415,395)	(724)
Decrease (increase) in other assets	68,081,672	40,674,887	70,905
Changes in liabilities which affect cash flows:			
	-	-	-
Increase (decrease) in accounts payable associated with operating results	(12,295,582)	(11,041,249)	(19,247)
Increase in interest payable	62,748,417	6,970,188	12,151
Increase (decrease) in income tax payable	3,890,340	(4,081,186)	(7,114)
Increase (decrease) in other accounts payable associated with non-operating results	2,982,359	(1,549,121)	(2,700)
Net increase (decrease) in value added tax and other similar taxes payable	2,558	(1,754,636)	(3,059)
Net cash flows provided by (used in) operating activities	133,854,263	(103,475,191)	(180,380)

	Years ended December 31,		
	1999 ThCh\$	2000 ThCh\$	2000 ThUS\$
Cash flows from financing activities:			
Issuance of shares	-	295,993,584	515,983
Proceeds from loans	885,191,138	21,426,021	37,350
Other loans from related parties	124,566,732	143,091,566	249,441
Proceeds from other loans obtained from related companies	1,113,857,013	-	-
Dividends paid	(29,143,355)	(231,092)	(403)
Payment of debt	(422,474,445)	(315,347,381)	(549,721)
Bond redemption	(3,376,312)	(6,722,400)	(11,719)
Payment of loans obtained from related companies	(4,064,306)	(119,705,177)	(208,673)
Payment of other loans obtained from related companies	-	(4,490,935)	(7,829)
Other disbursements for financing	(14,756)	-	-
Net cash provided by financing activities	1,664,541,709	14,014,186	24,429
Cash flow from investing activities:			
Sale of permanent investments	-	233,855,002	407,661
Proceeds of loans from related parties	11,564,217	316,967,324	552,545
Other investment income	-	9,174,209	15,993
Additions to property, plant and equipment	(147,690)	(621,274)	(1,083)
Long-term investments	(1,184,282,538)	(288,956,274)	(503,715)
Loans provided to related companies	(479,550,732)	(108,098,116)	(188,439)
Other Loans provided to related companies	(132,681,573)	(83,341,320)	(145,283)
Other investment disbursements	(4,847,557)	-	-
Net cash provided by (used in) investing activities	(1,789,945,873)	78,979,551	137,679
Positive (negative) net cash flow for the year	8,450,099	(10,481,454)	(18,272)
Effect of price-level restatement on cash and cash equivalents	(40,920)	2,069,612	3,608
Net increase (decrease) in cash and cash equivalents	8,409,179	(8,411,842)	(14,664)
Cash and cash equivalents, beginning of year	37,833	8,447,012	14,725
CASH AND CASH EQUIVALENTS, END OF YEAR	8,447,012	35,170	61

Notes to the Audited Unconsolidated Financial Statements

Translation of notes to financial statements originally issued in Spanish – See Note 2

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2000, except as stated)

NOTE 1 DESCRIPTION OF BUSINESS:

Enersis S.A. (the “Company”) is registered in the Securities Register under No. 0175 and is regulated by the Chilean Superintendency of Securities and Insurance (the “SVS”). The Company issued publicly-registered American Depositary Receipts in 1993 and 1996. Enersis S.A. also reports to United States Securities and Exchange Commission of the United States.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) General:

The financial statements of the Company 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 investments in related companies which are reported on a single line in the balance sheet at their equity value, and therefore, have not been consolidated line-by-line. This treatment does not modify the net income or equity of the Company for the year. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Chile do not conform with generally accepted accounting principles in the United States (“US GAAP”).

The preparation of financial statements in conformity with Chilean GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unconsolidated financial statements reflect the financial position and results of operations of the agency formed by the Company in the Grand Cayman Islands in 1996.

(b) Constant currency restatement:

The cumulative inflation rate in Chile as measured by the Chilean Consumer Price Index (“CPI”) for the two-year period ended December 31, 2000 was approximately 7.42%.

Chilean GAAP requires that the financial statements be restated to reflect the full effects of loss in the purchasing power of the Chilean peso on the financial position and results of operations of reporting entities. The method described below is based on a model that enables calculation of net inflation gains or losses caused by monetary assets and liabilities exposed to changes in the purchasing power of local currency. The model prescribes that the historical cost of all non-monetary accounts be restated for general price-level changes between the date of origin of each item and the year-end.

The financial statements of the Company have been price-level restated in order to reflect the effects of the changes in the purchasing power of the Chilean currency during each year. All non-monetary assets and liabilities, all equity accounts and income statement accounts have been restated to reflect the changes in the CPI from the date they were acquired or incurred to year-end (see also Note 4).

The purchasing power gain or loss included in net income reflects the effects of Chilean inflation on the monetary assets and liabilities held by the Company.

The restatements were calculated using the official consumer price index of the National Institute of Statistics and based on the "prior month rule," in which the inflation adjustments are based on the CPI at the close of the month preceding the close of the respective period or transaction. This index is considered by the business community, the accounting profession and the Chilean government to be the index that most closely complies with the technical requirement to reflect the variation in the general level of prices in Chile, and consequently it is widely used for financial reporting purposes.

The values of the Chilean consumer price indices used to reflect the effects of the changes in the purchasing power of the Chilean peso ("price-level restatement") are as follows:

	Previous Index	November 30
November 30, 1999	102.04	2.6%
November 30, 2000	106.82	4.7%

By way of comparison, the actual values of the Chilean consumer price indices as of the balance sheet date are as follows:

	Index	Change over previous December 31
December 31, 1999	102.31	2.3%
December 31, 2000	106.94	4.5%

The above-mentioned price-level restatements do not purport to represent appraisal or replacement values and are only intended to restate all non-monetary financial statement components in terms of local currency of a single purchasing power and to include in net results for each year the gain or loss in purchasing power arising from the holding of monetary assets and liabilities exposed to the effects of inflation.

Index-linked assets and liabilities

Assets and liabilities that are denominated in index-linked units of account are stated at the year-end values of the respective units of account. The principal index-linked unit used in Chile is the Unidad de Fomento ("UF"), which is adjusted daily to reflect the changes in Chile's CPI. Certain of the Company's investments are linked to the UF. As the Company's indexed liabilities exceed its indexed assets, the increase in the index results in a net loss on indexation. Values for the UF are as follows (historical Chilean pesos per UF):

	Ch\$
December 31, 1999	15,066.96
December 31, 2000	15,769.92

Comparative financial statements

For comparative purposes, the historical December 31, 1999 and 2000 consolidated financial statements and their accompanying notes have been presented in constant Chilean pesos as of December 31, 2000. Amounts previously presented in constant Chilean pesos as of each balance sheet date have been adjusted by the percentage changes in the CPI to December 31, 2000, as follows:

Year	Change in Index
2000	4.7% (1)

(1) Equivalent to the amounts for 1999 multiplied by the change in the CPI for 2000.

This updating does not change the prior periods' statements or information in any way except to update the amounts to constant Chilean pesos of similar purchasing power.

Convenience translation to U.S. dollars

The financial statements are stated in Chilean pesos. The translations of Chilean pesos into US dollars are included solely for the convenience of the reader, using the observed exchange rate reported by the Chilean Central Bank as of December 31, 2000 of Ch\$ 573.65 to US\$ 1.00. The convenience translations should not be construed as representations that the Chilean peso amounts have been, could have been, or could in the future be, converted into US dollars at this or any other rate of exchange.

(d) Assets and liabilities in foreign currency:

Assets and liabilities denominated in foreign currency are detailed in Note 16. These amounts have been stated at the observed exchange rates reported by the Central Bank of Chile as follows:

	Ch\$ per US\$ 1.00
December 31, 1999	530.07
December 31, 2000	573.65

(e) Property, plant and equipment:

Property, plant and equipment are recorded at contributed amounts or cost, as appropriate, plus price-level restatement. The charge to income by depreciation of the period as amount to ThCh\$741,816 and ThCh\$762,461 for the years ended December 31, 1999 and 2000.

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. 4.790, dated December 11, 1985.

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets.

(f) Investments in related companies:

Investments in related companies are included in Other non-current assets using the equity method. This valuation method recognizes in income the Company's equity in the net income or loss of each investee on the accrual basis (Note 8).

Investment in foreign affiliates are recorded in accordance with Technical Bulletin No. 64 of the Chilean Institute of Accounting.

(g) Intangibles, other than goodwill:

Intangibles other than goodwill, correspond mainly to easements and are amortized according to the standards defined in Technical Bulletin No. 55 of the Chilean Institute of Accountants.

(h) Severance indemnity:

The severance indemnity that the Company is obliged to pay to its employees under the collective bargaining agreements is stated at the present value of the benefit under the vested cost method, discounted at 9.5% for the years ended December 31, 1999 and 2000, and assuming an average employment span which varies based upon years of services with the Company.

(i) Deferred income taxes:

In accordance with circular No. 986 issued in 1991 by the SVS and Technical Bulletin No. 41 issued by the Chilean Association of Accountants, the Company records the effects of deferred taxes resulting from significant timing differences that will not be fully offset when they reverse by similar new differences.

In accordance with circular No. 1466 issued in 2000 by the SVS, deferred taxes are presented in accordance with BT's No.'s 60 and 68 of the Chilean Institute of Accountants, which is effective as of January 1, 2000.

(j) Cash equivalents:

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 agreement classified as other current assets, and other balances classified as other accounts receivable with maturities of less than 90 days.

For classification purposes, cash flows from operations include collections from clients and payments to suppliers, payroll and taxes.

(k) Forward contracts:

Forward contracts are recorded in accordance with Technical Bulletin No. 57 of the Chilean Association of Accountants, and are held with related companies for investment purposes.

(l) Goodwill and negative goodwill:

Goodwill and negative goodwill are determined according to Circular No. 368 of the SVS. Amortization is determined 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.

(m) Time deposits:

Time deposits are presented at cost plus accrued interest and indexation adjustments, as applicable.

(n) 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.

(o) Bonds payable :

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.

(p) Accrued vacation expense:

In accordance with Technical Bulletin No. 47 issued by the Chilean Association of Accountants, employee vacation expenses are recorded on the accrual basis.

NOTE 3 CHANGE IN ACCOUNTING PRINCIPLES:

Deferred taxes

In accordance with Technical Bulletin's No. 60 and 68 issued by the Chilean Association of Accountants and Circular No. 1,466 issued by the SVS, the Company has recorded the tax effects of temporary differences on a prospective basis beginning January 1, 2000. The amortization of the unrecorded opening deferred income tax balance as of January 1, 2000 produced a charge to income for the period of ThCh\$1,545,204. In addition, the charge to earnings for new temporary differences generated during the period amounted to ThCh\$2,202,342 (See Note 13 d.), which has been recorded in the Statement of Income under the item "Income taxes".

NOTE 4 PRICE-LEVEL RESTATEMENT:

The (charge) credit to income for price-level restatement as of each year-end is as follows:

	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Credits (charges) to income for the restatement of:		
Shareholders' equity	(20,856,909)	(36,184,275)
Property, plant and equipment	350,168	635,963
Other assets	50,158,610	139,266,832
Current and Non-current liabilities	-	(55,796,426)
Foreign exchange	(91,510,704)	(21,905,841)
Indexation	(12,294,689)	(50,840,544)
Net credit (charges) for price-level restatement of balance sheet accounts	(74,153,524)	(24,824,291)
Price-level restatement of the income statement	766,187	1,264,509
Net charge to income	(73,387,337)	(23,559,782)

NOTE 5 TIME DEPOSITS:

Time deposits as of each year-end are as follows:

Institution	As of December 31	
	1999 ThCh\$	2000 ThCh\$
American Express	12,255,167	-
Banco Chile New York	490,523	-
Total	12,745,690	-

NOTE 6 OTHER CURRENT ASSETS:

Other current assets as of each year-end are as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Bond discount	613,788	326,872
Deferred expenses	7,953,162	4,542,657
Deferred expenses for post-retirement benefits	39,238	34,338
Forward contracts (1)	161,412,692	112,435,400
Special deposits	19,824	-
Other	1,188	131,416
Total	170,039,892	117,470,683

(1) As of December 31, 2000, the nominal values of the forward contracts are the following:

Rights	Obligations
US\$196,000,000	UF6,978,258

NOTE 7 PROPERTY, PLANT AND EQUIPMENT:

The composition of property, plant and equipment at each year-end is as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Distribution and transmission lines	19,005,963	19,391,545
Machinery and equipment	1,633,626	1,378,731
Other fixed assets	68,588	979,943
Technical appraisal	30,979	30,979
Total	20,739,156	21,781,198
Less: accumulated depreciation	(7,821,052)	(8,514,601)
Property, plant and equipment, net	12,918,104	13,266,597

NOTE 8 INVESTMENT IN RELATED COMPANIES

a. Investments are summarized as follows:

Related companies	Percentage Owned	Number of shares	Equity of the company ThCh\$	Carrying value of investments		Equity in net earnings	
				1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$
Chilectra S.A.	95.91%	351,091,747	429,022,627	296,146,466	411,496,233	54,121,777	45,999,817
Río Maipo S.A.	98.39%	354,798,667	21,103,472	17,573,146	20,763,180	7,411,877	8,152,143
Inmobiliaria Manso de Velasco S.A.	99.99%	29,462,253	43,661,353	42,244,453	43,661,338	1,153,114	7,543,595
Diprel S.A.	99.93%	4,359,440	2,253,022	1,759,396	2,251,473	1,455,106	2,191,743
Synapsis S.A.	99.99%	10,569,721	4,876,962	4,476,234	4,876,475	3,469,141	4,846,352
Endesa S.A.	59.98%	4,919,488,794	1,296,598,865	712,408,251	777,712,077	(90,738,232)	64,912,961
Constructora El Gobernador Ltda.	0.00%	-	16,520,213	24	25	-	2
Inversiones Distrilima S.A.	14.79%	58,311,641	138,431,884	19,213,245	20,474,076	2,697,126	1,104,740
Distrilec Inversora S.A. (2)	20.43%	101,684,374	312,716,472	60,938,443	63,901,950	1,433,248	6,332,228
Energis International Ltd.	100.00%	360,557,687	249,243,974	28,457,136	249,243,974	5,228,719	37,308,141
Energis de Argentina S.A.	99.99%	119,999	96,988	102,181	96,988	3,947,430	5,423,803
Empresa Distribuidora Sur S.A. (1)	16.02%	143,996,758	554,867,213	84,807,388	88,916,549	1,995,344	8,827,727
Aguas Cordillera S.A.	-	-	-	37,229,083	-	1,476,799	-
Electromen S.A.	0.00%	1	1,844	-	-	(1)	-
Energis Investment S.A.	100.00%	501	349,312,716	322,673,704	349,312,716	22,793,485	22,201,527
Empresa Eléctrica de Panamá S.A. (3)	80.99%	186,081,623	124,201,449	16,910,208	100,603,066	7,060,743	(10,528,218)
Interocean Developments Inc.	100.00%	502	115,560,041	24,691,898	115,560,041	(2,633,834)	(1,088,118)
Electric Corporation S.A.	-	-	-	1,184	-	(2,907)	-
Panaguide Corporation Inc.	-	-	-	47	-	(2,958)	-
Energis de Buenos Aires S.A.	-	-	-	804	-	(9,940)	-
Aguas Puerto S.A.	-	-	-	49,517,924	-	(1,058,325)	-
Endesa Market Place S.A.	15.00%	210	5,241,390	-	786,223	-	(294,033)
Electric Investment S.A.	100.00%	100	16,496,747	-	16,496,747	-	(2,143)
Cerj S.A. (1)	7.99%	136,290,186,189	419,234,179	-	33,530,899	-	-
Cía Americana de Multiservicios S.A. (4)	99.99%	29,462,253	8,417,764	7,290,835	8,417,761	(6,228,464)	4,546,294
Total				1,726,442,050	2,308,101,791	13,569,248	207,478,561

(1) By way of the Company's agency

(2) By way of the Company's agency in the amount of 19.80%

(3) By way of the Company's agency in the amount of 80.99%

(4) Previously Ingenieria e Inmobiliaria Manso de Velasco S.A.

- b. The income and losses recorded by the Company correspond to the participation in the equity of the income of related companies amounting to ThCh\$114,243,909 and ThCh\$219,391,073 for the years ended December 31, 1999 and 2000, respectively, and the equity of the losses of related companies amounting to ThCh\$ 100,674,661 and ThCh\$ 11,912,512 for the years ended December 31, 1999 and 2000, respectively.

The dividends received by the Company amounted to ThCh\$60,679,222 and ThCh\$50,992,073 for the years ended December 31, 1999 and 2000, respectively.

- c. Investments year 2000:

The investments made by Energis during the period ended as of December 31, 2000, amounted to US\$419 million. Of this amount, US\$361 million was used to the purchase of the remaining shares of Chilectra and Río Maipo in Chile and the United States, and US\$56 million was used to buy an additional 8% of "Companhia de Electricidades do Rio de Janeiro (Cerj), which are described as follows :

	%	Amount ThUS\$
Acquisitions		
Additional shares of Chilectra	24%	338
Additional shares of Rio Maipo	15%	23
Additional shares of Cerj S.A.	8%	56
Endesa Market Place	15%	2
Total		361

- d. In accordance with current standards, recognition has been given to the excess of the equity in the net assets acquired over the purchase price (negative goodwill) in the purchase of shares as of December 31, 1999 and 2000 as follows:

Company	As of January 1, <u>2000</u> ThCh\$	Period Activity ThCh\$	Amortization for the period ThCh\$	As of December 31, <u>2000</u> ThCh\$
Synapsis S.A.	(176,673)	-	14,422	(162,251)
Cerj	-	(848,158)	-	(848,158)
Total	(176,673)	(848,158)	14,422	(1,010,409)

- e. Following current standards, recognition has been given to the excess of the purchase price over the equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 1999 and 2000 as follows

Company	As of January 1, <u>2000</u> ThCh\$	Reserve ThCh\$	Period activity ThCh\$	Amortization for the period ThCh\$	As of December 31, <u>2000</u> ThCh\$
Endesa S.A.	750,065,818	-	-	(40,453,024)	709,612,794
Distrilec Inversora S.A.	3,960,494	133,208	-	(218,669)	3,875,033
Chilectra S.A.	12,283,325	-	89,230,189	(947,371)	100,566,143
Inversiones Distrilima	17,377	586	-	(1,198)	16,765
Cerj S.A.	372,501	-	9,974,801	(33,557)	10,313,745
Aguas Cordillera S.A.	12,116,688	-	(12,116,688)	-	-
Edesur S.A.	3,651,955	122,832	-	(237,159)	3,537,628
Total	782,468,158	256,626	87,088,302	(41,890,978)	827,922,108

- f. In accordance with current standards, the Company has credited income for ThCh\$8,420,986 and ThCh\$2,342,385 for the year ended December 31, 1999 and 2000, respectively, for the premium obtained on the placement of shares by the subsidiaries Chilectra S.A. which are reported in "Other non-operating income" as adjustments to investments in related companies.
- g. The Company's agency purchased the shares of Edesur S.A. without the right to receive dividends until December 22, 2001.
- h. The Company's agency purchased 19.8% of the investment in Distrilec Inversora S.A. without the right to receive dividends until December 29, 2002.

- i. Under Technical Bulletin No. 64 of the Chilean Institute of Accountants, as of 1998, the Company recorded in the cumulative translation adjustment in shareholders' equity the net exchange difference on liabilities that are denominated in the same currency used to control the investment, and, in this way, act as a hedge of the exchange risk affecting the same investment. As of December 31, 2000 the amounts are as follows

Company	Reporting Country of origin	Investment ThCh\$	Currency	Liability ThCh\$
Edesur S.A.	Argentina	160,231,160	US\$	149,262,093
Edelnor S.A.	Perú	20,490,841	US\$	10,676,760
Cerj	Brasil	173,774,791	US\$	102,297,745
Coelce	Brasil	74,155,951	US\$	78,168,658
Codensa S.A.	Colombia	143,039,536	US\$	185,556,051
		571,692,279		525,961,307

NOTE 9 INTANGIBLES:

Intangibles as of each year-end are as follows:

Description	As of January 1, 2000	Period Activity ThCh\$	Amortization for the period ThCh\$	As of December 31, 2000
	ThCh\$			ThCh\$
Easements	1,149,879	63,020	(65,720)	1,147,179
Total	1,149,879	63,020	(65,720)	1,147,179

NOTE 10 OTHER ASSETS:

Other assets as of each year-end are as follows:

Description	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Bond discount	3,454,647	2,914,612
Deferred expenses	4,542,658	-
Pension and post-retirement benefits	168,620	110,176
Others	321,421	43,998
Total	8,487,346	3,068,786

NOTE 11 DUE TO BANKS AND FINANCIAL INSTITUTIONS:

a. Long –term debt:

Financial Institution	Currency	As of December 31, 1999		As of December 31, 2000						Average annual interest rate %
		Short-term portion ThCh\$	Long-term portion ThCh\$	Short-term portion ThCh\$	Years to maturity			Total long and short-term portion ThCh\$		
					After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but with 5 years			
					ThCh\$	ThCh\$	ThCh\$			
Argentaria Bank	US\$ (*)	324,942	14,429,565	26,980	4,015,550	-	-	4,042,530	7.08%	
Bank of América	US\$ (*)	1,420,939	84,856,945	1,012,046	79,679,985	-	-	80,692,031	7.38%	
Bco. Negocios Argentaria	US\$ (*)	5,400,737	207,563,750	3,838,675	126,203,000	-	-	130,041,675	7.50%	
BNP España	US\$ (*)	2,175,210	83,247,494	3,359,717	48,760,250	-	-	52,119,967	7.56%	
Citibank	US\$ (*)	332,812	56,380,752	399,202	33,036,504	-	-	33,435,706	7.39%	
Dresdner Bank	US\$ (*)	4,153,427	190,831,005	1,194,858	168,567,052	-	-	169,761,910	7.48%	
Midland Bank	US\$ (*)	362,086	13,874,582	96,803	8,604,750	-	-	8,701,553	7.50%	
Santander Central Hispano	US\$	5,214,108	192,579,202	7,768,783	113,009,050	-	-	120,777,833	7.39%	
Total		19,384,261	843,763,295	17,697,064	581,876,141	-	-	599,573,205		
		1999	2000							
Percentage of debt in foreign currency:		100.00%	100.00%							
Percentage of debt in local currency:		0.00%	0.00%							

(*) Corresponds to debt acquired by the agency Island Grand Cayman of Enersis as a consequence of the renegotiation of the liabilities of Enersis S.A. Group.

To develop the Company's investment plans, financing was obtained with banks and financial institutions or through the issuance of financial instruments in domestic and foreign markets, which contain financial and non-financial covenants.

The costs related to the loan received on December 11, 1998 and refinanced in August of 1999, and also, the costs of interest rate swap hedges included under the heading Other current assets, amount to ThCh\$ 4,542,657 as of December 31, 2000. The costs are charged to earnings as Financing expenses over the life of the related loan.

NOTE 12 MISCELLANEOUS SHORT AND LONG-TERM LIABILITIES

a. The obligations included in current liabilities as of each year-end are as follows:

Items	Currency									
	US\$		Other		UF		Ch\$		Total	
	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$	1999 ThCh\$	2000 ThCh\$
Bond issues	2,525,944	2,610,904	-	-	3,499,333	-	-	-	6,025,277	2,610,904
Notes and accounts payable to related parties	135,438,312	44,566,173	-	-	58,756,946	24,036,673	106,675,877	180,703,057	300,871,135	249,305,903
Other current liabilities	-	-	-	-	151,729,134	110,046,576	22,794,135	19,352,498	174,523,269	129,399,074
Total	137,964,256	47,177,077	-	-	213,985,413	134,083,249	129,470,012	200,055,555	481,419,681	381,315,881
Total principal due	132,647,601	42,157,929	-	-	188,458,270	122,414,209	101,368,606	173,876,869	422,474,477	338,449,007
Weighted average annual interest rate	5.95%	5.93%	-	-	3.46%	5.64%	11.31%	9.67%	6.13%	11.31%
		1999		2000						
Percentage of debt in foreign currency :		28.66%		12.37%						
Percentage of debt in local currency :		71.34%		87.63%						
		100.00%		100.00%						

b. The long-term obligations as of each year-end are as follows:

Currency	Readjustment Index	1999 Long-term portion ThCh\$	Years to maturity				Average 2000 Long-term Portion ThCh\$	Annual Interest Rate %	Principal due as of 2000 ThCh\$
			Greater than 1 Up to 2 ThCh\$	Greater than 2 Up to 5 ThCh\$	Greater than 5 Up to 8 ThCh\$	More than 8 years ThCh\$			
Bond issues	US\$	443,986,632	-	-	172,095,000	286,825,000	458,920,000	7.10	458,920,000
	U.F.	3,380,375	-	-	-	-	-	-	-
Notes and accounts payable to related parties	U.F.	1,176,449,766	1,002,260,880	30,035,306	-	-	1,032,296,186	6.02	1,032,296,186
	US\$	98,337,377	213,455,855	-	-	-	213,455,855	7.75	213,455,855
Accrued expenses	\$	1,341,894	-	-	-	1,525,133	1,525,133	-	-
Other long-term liabilities	\$	1,874,024	-	-	-	1,834,393	1,834,393	-	-
Total		1,725,370,068	1,215,716,735	30,035,306	172,095,000	290,184,526	1,708,031,567		1,704,672,041
			1999	2000					
Percentage of debt in foreign currency :			31.43%	39.37%					
Percentage of debt in local currency :			68.57%	60.63%					
			100.00%	100.00%					

NOTE 13 INCOME TAXES:

a. Income taxes

Income taxes recoverable as of each year-end are as follows:

	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Income taxes recoverable	7,851,064	7,525,398
Installments, donations, and credits for training expenses	252,820	174,728
Total taxes recoverable	8,103,884	7,700,126

Deferred tax charge and credit to income amounted to ThCh\$1,609, and ThCh\$ 17,267,635 and ThCh\$ 1,545,204 for the years ended December 31, 1999 and 2000, respectively, as described in Note 13c.

Taxable losses amounted to ThCh\$52,340,425 and ThCh\$107,115,475 for the years ended December 31, 1999 and 2000.

Taxable retained earnings amounted to ThCh\$ 51,736,942 and ThCh\$ 0 with associated credits of ThCh\$ 8,980,817 and ThCh\$ 0 as of December 31, 1999 and 2000, respectively.

b. Deferred taxes

As of December 31, 2000, balances of deferred taxes are as follows:

	As of December 31, 2000			
	Assets		Liabilities	
	Current ThCh\$	Non-Current ThCh\$	Current ThCh\$	Non-Current ThCh\$
Deferred income	206,510	-	-	-
Deferred charges	-	-	730,429	437,192
Depreciation	-	-	-	1,444,738
Staff vacations	51,528	-	-	-
Severance indemnity	-	-	-	60,066
Other events	16,088,526	76,155	5,151	(29,352)
Sub-Total	16,346,564	76,155	735,580	1,912,644
Complementary accounts net of accumulated amortization	(17,782)	-	(4,497)	(78,251)
Total	16,328,782	76,155	731,083	1,834,393

The detail of the accumulated balances at the beginning of the period of assets and liabilities, caused by deferred taxes and the corresponding complementary accounts, are as follows :

	Assets		Liabilities		Period of reversal Years	Weighted average period of reversal Years
	Short-term	Long-term	Short-term	Long-term		
	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
Provision for deferred income	30,548	-	-	-	1	0.44
Complementary liability	(30,548)	-	-	-		
Provision for vacations	53,348	-	-	-	1.5	0.53
Complementary liability	(53,348)	-	-	-		
Provision for employees	30,196	84,700	-	-		
Complementary liability	(30,196)	(84,700)	-	-		
Depreciation of Property, plant and equipment	-	-	-	1,323,692	17	11.64
Complementary asset	-	-	-	(168,345)		
Provision severance indemnity	-	-	-	42,622	11	0.11
Complementary asset	-	-	-	27,762		
Deferred financial expenses	-	-	1,133,800	650,811		
Complementary asset	-	-	(1,133,800)	(650,811)		
Bond discount – long-term	-	-	46,830	464,396	4	1.37
Complementary asset	-	-	46,240	(99,772)		
Provision other events	-	-	5,622	24,158		
Complementary asset	-	-	(5,622)	(24,158)		
Total	-	-	93,070	1,590,355		

Estimated time and weight average period of reversal of the complementary accounts are as follows:

Complementary accounts net of accumulated amortization	Complementary Liabilities		Complementary Assets		Period of Reversal Years
	Short-term	Long-term	Short-term	Long-term	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Deferred income	-	-	-	(158,992)	1.0
Staff vacation	(17,782)	-	-	-	2.0
Expenses accrual	-	-	-	74,829	1.0
Severance indemnity	-	-	-	25,238	11.0
Other Events	-	-	(4,497)	(19,326)	6.0
Total	(17,782)	-	(4,497)	(78,251)	

The effect in results, caused by income tax as of each year end are as follows :

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Tax expense		
Provision for income tax	-	(11,641,245)
Deferred taxes		
Variation for the period	(84,510)	1,202,342
Benefits for tax losses	-	16,065,293
Amortization of assets and liabilities complementary accounts (net)	1,609	(1,545,204)
Total	(82,901)	4,081,186

NOTE 14 ACCRUED EXPENSES:

The accrued expenses included in current liabilities as of each year-end are as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Bonus and other fringe benefits	1,180,170	1,481,416
Accrued expenses	198,508	548,988
Total	1,378,678	2,030,404

No write-offs with respect to uncollectible accounts receivable were effected for the years ended December 31, 1999 and 2000.

NOTE 15 OTHER CURRENT LIABILITIES:

Other current liabilities as of each year-end comprise forward contracts.

NOTE 16 FOREIGN CURRENCY:

As of December 31, 1999 and 2000, foreign currency denominated assets and liabilities are as follows:

Assets	As of December 31, 1999			As of December 31, 2000		
	Foreign	Exchange	Total	Foreign	Exchange	Total
	Currency	Rate	ThCh\$	Currency	Rate	ThCh\$
Cash	US\$ 61,876	530.07	34,340	-	-	-
Time deposits	US\$ 883,851	530.07	490,522	-	-	-
Amounts due from related companies						
Short-term	US\$ 338,044,866	530.07	187,609,252	2,901,572	573.65	1,664,487
Long-term	US\$ 1,419,192,393	530.07	787,628,064	784,181,805	573.65	449,845,893
Investments in related companies	US\$ 297,232,510	530.07	164,959,077	360,539,482	573.65	206,823,474
Goodwill	US\$ 13,747,846	530.07	7,629,826	12,951,147	573.65	7,429,425
Other Assets Short-term	US\$ 290,842,435	530.07	161,412,692	196,000,000	573.65	112,435,400
Total assets			1,309,763,773			778,198,679
Liabilities						
Due to banks and financial institutions						
Short-term	US\$ 34,927,647	530.07	19,384,261	30,849,933	573.65	17,697,064
Long-term	US\$ 1,520,340,000	530.07	843,763,295	1,014,340,000	573.65	581,876,141
Bond Payables						
Short-term	US\$ 4,551,389	530.07	2,525,944	4,551,389	573.65	2,610,904
Long-term	US\$ 1,520,340,000	530.07	843,763,295	800,000,000	573.65	458,920,000
Accounts payable to related companies						
Short-term	US\$ 244,040,339	530.07	135,438,312	77,688,787	573.65	44,566,173
Long-term	US\$ 177,189,797	530.07	98,337,377	372,101,202	573.65	213,455,855
Total liabilities			1,543,435,821			1,319,126,137

NOTE 17 BONDS PAYABLE:

Bonds payable are comprised of the following:

a. Yankee Bonds:

On November 21, 1996, the Company, acting through its agency in the Cayman Islands, issued corporate notes (Yankee Bonds) for US\$800 million in three series, as follows:

Series	Total amount US\$	Years to maturity	Nominal 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 at maturity. Notes in series three have a put option which can be freely exercised by the holder in the seventh year.

b. Series A:

On September 10, 1999, under regulation No. 213 of the Securities Register, registered the bearer bond issue made by Enersis S.A., as of June 7, 1999, for a maximum amount of UF 7,000,000, as follows:

Series	No. of bonds per series	Face value in UF	Total amount in UF
A	700	10,000	7,000,000

The maturity of the bonds is 30 years, interest is payable semi-annually and repayment is due in one installment on June 15, 2029. Annual interest is 5.8%, compounded semi-annually.

c. Classification in the balance sheet:

Debt related to bond issuances are included under the heading Bonds payable as follows:

	1999 ThCh\$	2000 ThCh\$
Short-term:		
Capital	3,386,579	-
Accrued interest	2,638,698	2,610,904
Total short-term	6,025,277	2,610,904
Long-term:		
Capital	447,367,007	458,920,000
Total long-term	447,367,007	458,920,000

The bond discount related to the domestic bonds has been deferred over the life of the respective bonds. The discount amounted to ThCh\$500,078 and ThCh\$0 as of December 31, 1999 and 2000, respectively. ThCh\$286,916 and ThCh\$0 of the discount is included under the heading "Other current assets" and ThCh\$213,162 and ThCh\$0 is included under the heading "Other assets" as of December 31, 1999 and 2000, respectively.

Under the same headings, discounts and costs with respect to the Yankee Bonds have been deferred over 14 years, the average life of the bonds. The discounts and costs amounted to ThCh\$3,568,357 and ThCh\$3,241,484 as of December 31, 1999 and 2000, respectively. ThCh\$326,872 and ThCh\$326,872 of the discount and costs are included under the heading "Other current assets", and ThCh\$3,241,485 and ThCh\$2,914,612 are included under the heading "Other assets" as of December 31, 1999 and 2000, respectively.

NOTE 18 LONG-TERM ACCRUALS:

Long-term accruals include severance indemnities to personnel, calculated in accordance with the policy described in Note 2. An analysis of the changes in the accruals in each year are as follows:

	As of December 31,	
	1999 ThCh\$	2000 ThCh\$
Opening balance as of January 1	649,962	716,988
Increase in accrual	252,979	1,411,096
Payments during the period	(152,253)	(1,110,653)
Sub-total severance indemnity	750,688	1,017,431
Pension and post-retirement benefits	591,206	507,702
Total	1,341,894	1,525,133

NOTE 19 OTHER LONG-TERM LIABILITIES

The detail of other long-term liabilities as of each year-end is as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
Deferred income taxes	1,874,024	1,834,393
Total	1,874,024	1,834,393

NOTE 20 TRANSACTIONS WITH RELATED COMPANIES:

a. Related companies and the nature of the relationship are as follows:

Company name	Taxpayer Identification No.	Relationship
Elesur S.A.	96.800.570-7	Parent
Chilectra S.A.	96.524.320-8	Subsidiary
Agencia Caymán de Chilectra S.A.	Foreign Company	Agency
Compañía Eléctrica del Río Maipo S.A.	96.557.330-5	Subsidiary
Synapsis S.A.	96.529.420-1	Subsidiary
Inmobiliaria Manso de Velasco S.A.	96.909.280-8	Subsidiary
Compañía Americana de Multiservicios S.A.	96.530.650-1	Subsidiary
Distribuidora de Productos Eléctricos S.A.	96.543.670-7	Subsidiary
Endesa S.A. (Chile)	91.081.000-6	Subsidiary
Enersis International Ltd.	Foreign Company	Subsidiary
Chilectra International Ltd.	Foreign Company	Related to Subsidiary
Empresa Eléctrica de Panamá S.A.	Foreign Company	Subsidiary
Enersis Argentina S.A.	Foreign Company	Subsidiary
Edelnor S.A.	Foreign Company	Related to Subsidiary
Aguas Cordillera S.A.	80.311.300-9	Subsidiary
Sociedad Panameña de Electricidad S.A.	Foreign Company	Related to Subsidiary
Cerj	Foreign Company	Subsidiary
Enersis Investment S.A.	Foreign Company	Subsidiary
Interocean Developments Inc.	Foreign Company	Subsidiary
Enersis de Buenos Aires S.A.	Foreign Company	Subsidiary
Empresa Distribuidora Sur S.A.	Foreign Company	Subsidiary
Coelce	Foreign Company	Related to Subsidiary
Aguas Puerto S.A.	96.874.360-0	Subsidiary
Cerj Overseas	Foreign Company	Related to Subsidiary
Empresa Eléctrica Cono Sur S.A.	Foreign Company	Related to Subsidiary
Endesa Chile Overseas Co.	Foreign Company	Related to Subsidiary
Chilectra Argentina S.A.	Foreign Company	Related to Subsidiary
Atacama Finance Co.	Foreign Company	Related to Subsidiary
Infraestructura 2000	96.722.580-0	Related to Subsidiary
Túnel El Melon S.A.	96.671.360-7	Related to Subsidiary
Smartcom S.A.	96.799.250-K	Related to Parent
Empresa Eléctrica de Colina S.A.	96.783.910-8	Related to Subsidiary
Luz de Panamá S.A.	Foreign Company	Related to Subsidiary

- b. The balances of accounts receivable and payable classified according to the nature of the transaction are as follows as of December 31, 1999 and 2000:

Accounts receivable short-term	Nature of Transaction	As of December 31, 1999 ThCh\$	As of December 31, 2000		
			Operating ThCh\$	Other ThCh\$	Total ThCh\$
Chilectra S.A.	Miscellaneous services	9,486,327	-	2,007,797	2,007,797
	Intercompany account	-	798,315	-	798,315
Synapsis S.A.	Miscellaneous services	42,173	-	37,116	37,116
	Intercompany account	-	135,862	-	135,862
Inmobiliaria Manso de Velasco S.A.	Intercompany account	24,338,866	15,010,606	-	15,010,606
	Miscellaneous services	30,720	-	-	-
Distribuidora de Productos Eléctricos S.A.	Intercompany account	2,977,827	3,904,718	-	3,904,718
	Miscellaneous services	85,599	-	37,116	37,116
Compañía Eléctrica del Río Maipo S.A.	Intercompany account	-	212,730	212,730	-
	Miscellaneous services	162,909	-	74,451	74,451
Enersis International Ltd.	Intercompany account	14,990,810	107,096	-	107,096
	Miscellaneous services	20,499	-	-	-
Agencia Caymán de Chilectra S.A.	Intercompany account	76,688,979	3,528	-	3,528
Enersis Argentina S.A.	Intercompany account	913	990	-	990
Empresa Eléctrica de Panamá S.A.	Intercompany account	26,002,881	22,570	-	22,570
	Miscellaneous services	17,958	-	-	-
Edelnor S.A.	Intercompany account	56,310	54,589	-	54,589
Soc. Panameña de Electricidad S.A.	Intercompany account	14,358	307	-	307
Chilectra International Ltd.	Intercompany account	3,172,136	-	-	-
	Miscellaneous services	7	-	-	-
Aguas Cordillera S.A.	Intercompany account	1,477,201	-	-	-
	Miscellaneous services	13,510	-	-	-
Inversiones Distrilima S.A.	Intercompany account	-	488	-	488
Cerj	Intercompany account	16,639	17,198	-	17,198
Enersis Investment S.A.	Intercompany account	14,960,052	56	-	56
	Miscellaneous services	7,045	-	-	-
Interocean Developments Inc.	Intercompany account	13,046,708	176	-	176
	Miscellaneous services	31,445	-	-	-
Electric Corporation S.A.	Miscellaneous services	238	-	-	-
Bertran Investments Ltd.	Miscellaneous services	180	-	-	-
Panaguide Corporation, Inc.	Miscellaneous services	419	-	-	-
Luz de Bogotá S.A.	Intercompany account	19,264	19,912	-	19,912
Enersis de Buenos Aires S.A.	Miscellaneous services	1,518	-	-	-
Luz de Mendoza S.A.	Miscellaneous services	1,518	-	-	-
Edesur S.A.	Intercompany account	45,742	49,300	-	49,300
Luz de Río Ltda.	Intercompany account	13,298	13,745	-	13,745
Cerj Overseas	Intercompany account	1,452	15,111	-	15,111
	Intercompany account	7,720,559	-	-	-
Chilectra Panamá S.A.	Miscellaneous services	10	-	-	-
Codensa S.A.	Intercompany account	31,628	11,733	-	11,733
Empresa Eléctrica de Colina S.A.	Intercompany account	552	146	-	146
Endesa Chile	Intercompany account	68,832,841	536,491	-	536,491
	Miscellaneous services	5,778	-	-	-
Endesa Chile Overseas Co.	Intercompany account	17,888	-	-	-
Cía Americana de Multiservicios S.A.	Intercompany account	16,553,646	1,803,863	-	1,803,863
	Miscellaneous services	88,111	-	37,116	37,116
Elesur S.A.	Intercompany account	17	303	-	303
Aguas Puerto S.A.	Miscellaneous services	41,271	-	-	-
Empresa Eléctrica Cono Sur S.A.	Intercompany account	63,146	-	-	-
Luz de Panamá	Intercompany account	388,178	-	-	-
Ingendesa S.A.	Intercompany account	-	36,928	-	36,928
Infraestructura 2000	Intercompany account	-	45,193	-	45,193
Túnel El Melón S.A.	Intercompany account	-	5,350	-	5,350
Total short-term		281,469,126	22,807,304	2,193,596	25,000,900

Accounts receivable long-term	Nature of Transaction	As of December 31, 1999 ThCh\$	As of December 31, 2000		
			Operating	Other	Total
			ThCh\$	ThCh\$	ThCh\$
Chilectra S.A.	Intercompany account	-	210,495,877	-	210,495,877
Chilectra Agencia Caymán	Intercompany account	196,342,750	206,685,816	-	206,685,816
Empresa Eléctrica de Panamá S.A.	Intercompany account	98,968,951	-	-	-
Enersis International Ltd.	Intercompany account	150,288,245	32,664,200	-	32,664,200
Endesa Chile Overseas Co.	Intercompany account	6,414,652	-	-	-
Coelce	Intercompany account	-	-	-	-
Cerj Overseas	Intercompany account	134,305,956	-	-	-
Cía. Eléctrica Conosur S.A.	Intercompany account	40,766,117	-	-	-
Interocean Developments Inc.	Intercompany account	126,509,320	-	-	-
Luz de Panamá	Intercompany account	34,032,073	-	-	-
Cía Eléctrica del Río Maipo S.A.	Intercompany account	4,960,256	5,812,457	-	5,812,457
Total long-term		792,588,320	455,658,350	-	455,658,350

Accounts payable short-term	Nature of Transaction	As of December 31, 1999 ThCh\$	As of December 31, 2000		
			Operating	Other	Total
			ThCh\$	ThCh\$	ThCh\$
Chilectra S.A.	Intercompany account	164,710,862	113,191,854	-	113,191,854
	Miscellaneous services	179,596	-	352,178	352,178
Synapsis S.A.	Intercompany account	4,665,920	5,350,115	-	5,350,115
	Miscellaneous services	82,745	-	583,461	583,461
Inmobiliaria Manso de Velasco S.A.	Intercompany account	34,604	-	-	-
	Miscellaneous services	70,186	-	176,951	176,951
Distribuidora de Prod. Eléctricos S.A.	Miscellaneous services	144,806	-	248,344	248,344
	Intercompany account	-	15,502	-	15,502
Compañía Eléctrica del Río Maipo S.A.	Intercompany account	-	25,076,611	-	25,076,611
	Miscellaneous services	74,568	-	8,388	8,388
Enersis International Ltd.	Intercompany account	42,997,016	13,017	-	13,017
Chilectra International Ltd.	Intercompany account	8,635,270	-	-	-
Endesa Chile	Intercompany account	2,735,522	51,345,672	-	51,345,672
	Miscellaneous services	-	-	4,224	4,224
Aguas Cordillera S.A.	Miscellaneous services	23,106	-	-	-
Edelnor S.A.	Miscellaneous services	13,026	-	13,464	13,464
Cía. Americana de Multiervicios S.A.	Intercompany account	5,386,834	6,016,150	-	6,016,150
	Miscellaneous services	1,921,039	-	1,869,106	1,869,106
Enersis Argentina S.A.	Miscellaneous services	17,204	-	19,274	19,274
Enersis Investments	Intercompany account	39,401,132	33,629,870	-	33,629,870
Enersis de Buenos Aires S.A.	Miscellaneous services	1,620	-	-	-
Edesur S.A.	Miscellaneous services	15,083	-	12,813	12,813
Elesur S.A.	Intercompany account	22,566,557	11,345,534	-	11,345,534
	Miscellaneous services	-	-	13,978	13,978
Smartcom S.A.	Miscellaneous services	-	-	19,397	19,397
Chilectra Agencia Caymán	Miscellaneous services	64,058	-	-	-
Empresa Eléctrica del Panamá S.A.	Intercompany account	7,130,381	-	-	-
Total short-term		300,871,135	245,984,325	3,321,578	249,305,903

Accounts payable long-term	Nature of Transaction	As of December 31, 1999 ThCh\$	As of December 31, 2000		
			Operating ThCh\$	Other ThCh\$	Total ThCh\$
Chilectra S.A.	Intercompany account	60,377,281	30,035,306	-	30,035,306
Enersis International Ltd.	Intercompany account	66,309,126	57,339,046	-	57,339,046
Elesur S.A.	Intercompany account	1,148,100,736	1,002,260,880	-	1,002,260,880
Enersis Investment	Intercompany account	-	156,116,809	-	156,116,809
Total long-term		1,274,787,143	1,245,752,041	-	1,245,752,041

Miscellaneous services represent billings with 30 days terms.

The transfer of short-term funds between related companies, which are not for collection or payment of services, 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.

The payment terms and conditions with respect to long-term accounts receivable and payable with related companies are as follows:

Company name	Account	Maturity	Capital	Currency	Interest Rate
Cía. Eléctrica del Río Maipo S.A.	Accounts receivable	Dec. 2002	4,132,903	M\$	0.83% (1)
	Accounts receivable	Dec. 2001	106,503	UF	8.50%
Chilectra S.A.	Accounts receivable	Sep. 2003	366,941,300	US\$	7.56%
	Accounts payable	Dec. 2003	643,826	UF	6.50%
	Accounts payable	Dec. 2003	1,260,768	UF	5.70%
Elesur S.A.	Accounts payable	May. 2002	50,276,367	UF	6.03%
	Accounts payable	May. 2002	9,801,958	UF	6.03%
	Accounts payable	Nov. 2002	1,269,310	UF	5.52%
	Accounts payable	Nov. 2002	1,317,226	UF	5.52%
	Accounts payable	Dec. 2002	890,365	UF	7.20%
Enersis International Ltd.	Accounts payable	Dec. 2002	56,940,992	US\$	7.20%
	Accounts receivable	Dec. 2002	56,940,992	US\$	7.20%
	Accounts payable	Dec. 2002	43,013,764	US\$	7.20%
Enersis Investments S.A.	Accounts payable	Oct. 2002	64,382,821	US\$	7.76%
	Accounts payable	Oct. 2002	40,632,964	US\$	7.76%
	Accounts payable	Oct. 2002	167,130,659	US\$	7.76%
Agencia Caymán de Chilectra S.A.	Accounts receivable	Dec. 2002	10,529,292	US\$	7.12%
	Accounts receivable	Dec. 2002	13,232,283	US\$	7.65%
	Accounts receivable	Dec. 2002	5,111,833	US\$	6.92%
	Accounts receivable	Dec. 2002	71,342,573	US\$	7.12%
	Accounts receivable	Dec. 2006	35,572,453	US\$	6.92%
	Accounts receivable	Dec. 2016	69,384,521	US\$	7.12%
	Accounts receivable	Dec. 2026	55,137,195	US\$	7.65%
	Accounts receivable	Dec. 2006	34,618,862	US\$	6.92%
	Accounts receivable	Dec. 2002	5,796,338	US\$	5.47%
	Accounts receivable	Dec. 2002	39,066,157	US\$	7.68%
	Accounts receivable	Dec. 2002	20,508,001	US\$	7.36%

(1) Corresponds to the monthly nominal interest rate

c. Effects on income for each year-end are as follows:

2000	Interest expense (income) ThCh\$	Lease expense (income) ThCh\$	Usufruct dividend loss ThCh\$	Services and other expenses (income) ThCh\$	Material purchases (sales) ThCh\$	Total net effect ThCh\$
Chilectra S.A.	(13,588,032)	4,031,330	-	4,368,822	(801)	(5,188,681)
Inmobiliaria Manso de Velasco S.A.	2,712,240	(793,731)	-	1,387	-	1,919,896
Distribuidora de Productos Eléctricos S.A.	284,152	-	-	392,231	(470,127)	206,256
Synapsis S.A.	(618,449)	-	-	(520,779)	-	(1,139,228)
Compañía Eléctrica del Río Maipo S.A.	216,545	-	-	570,029	-	786,574
Enersis International Ltd.	1,654,474	-	-	-	-	1,654,474
Empresa Distribuidora Sur S.A.	-	-	-	3,946,951	-	3,946,951
Elesur S.A.	(69,216,082)	-	-	-	-	(69,216,082)
Endesa Chile Compañía Americana	10,218,120	-	-	-	-	10,218,120
Multiservicios S.A.	1,496,175	(688,511)	-	392,907	-	1,200,571
Atacama Finance Co.	501,990	-	-	-	-	501,990
Compañía Eléctrica Colina S.A.	-	-	-	818	-	818
By means of the Company's Agency: Luz de Panamá	1,412,041	-	-	-	-	1,412,041
Compañía Eléctrica Cono Sur S.A.	843,036	-	-	-	843,036	-
Agencia Caymán de Chilectra S.A.	18,116,383	-	-	-	-	18,116,383
Endesa Chile Overseas Co. Empresa Eléctrica	175,689	-	-	-	-	175,689
de Panamá S.A.	5,387,439	-	-	-	-	5,387,439
Enersis Investment S.A.	(4,134,401)	-	-	-	-	(4,134,401)
Chilectra Argentina S.A.	-	-	(5,439,456)	-	-	(5,439,456)
Chilectra International Ltd. Soc. Panameña	(181,994)	-	-	-	-	(181,994)
de Electricidad S.A.	293	-	-	-	-	293
Interocean Developments Inc.	5,036,125	-	-	-	-	5,036,125
Cerj Overseas	5,510,020	-	-	-	-	5,510,020
Total	(34,174,236)	2,549,088	(5,439,456)	9,152,366	(470,928)	(28,383,166)

1999	Interest expense (income) ThCh\$	Lease expense (income) ThCh\$	Usufruct dividend loss ThCh\$	Services and other expenses (income) ThCh\$	Material purchases (sales) ThCh\$	Total net effect ThCh\$
Chilectra S.A.	18,159,466	(4,004,778)	-	(4,579,142)	44,513	9,620,059
Inmobiliaria Manso de Velasco S.A.	(793,859)	151,663	-	-	-	(642,196)
Distribuidora de Productos Eléctricos S.A.	(178,479)	-	-	(289,125)	-	(467,604)
Synapsis S.A.	569,149	-	-	(75,906)	-	493,243
Compañía Eléctrica del Río Maipo S.A.	(186,380)	-	-	(654,712)	-	(841,092)
Energis International Ltd.	(479,797)	-	-	-	-	(479,797)
Empresa Distribuidora Sur S.A.	-	-	-	(4,036,132)	-	(4,036,132)
Elesur S.A.	(32,796,718)	-	-	-	-	(32,796,718)
Aguas Cordillera S.A.	(312,528)	-	-	(56,800)	-	(369,328)
Endesa Chile	(2,956,376)	-	-	-	-	(2,956,376)
Compañía Americana Multiservicios S.A.	(4,680,501)	475,599	-	(377,785)	-	(4,582,687)
By means of the Company's Agency: Agencia Caymán de Chilectra S.A.	(16,890,935)	-	3,942,464	-	-	(12,948,471)
Empresa Eléctrica de Panamá S.A.	(7,729,947)	-	-	-	-	(7,729,947)
Energis Investment S.A.	(1,245,864)	-	-	-	-	(1,245,864)
Chilectra International Ltd. Sociedad Panameña de Electricidad S.A.	241,627	-	-	-	-	241,627
Interocean Developments Inc.	(725)	-	-	-	-	(725)
Aguas Puerto S.A.	(3,258,143)	-	-	-	-	(3,258,143)
Cerj	(108)	-	-	-	-	(108)
Coelce	(7,830,690)	-	-	-	-	(7,830,690)
	(1,993,917)	-	-	-	-	(1,993,917)
Total	(62,364,725)	(3,377,516)	3,942,464	(10,069,602)	44,513	(71,824,866)

NOTE 21 SHAREHOLDERS' EQUITY:

a. Shares issued:

At the General Extraordinary Shareholders' Meeting held on April 30, 1999, the shareholders agreed to increase the capital of the Company by US\$1,000 million through the issue of shares in foreign capital markets, which will occur within a period of 3 years.

The Company issued 1,491,020,100 shares for total proceeds of ThCh\$292,794,395 during the year ended December 31, 2000.

b. Dividends:

There are no restrictions on the payment of dividends. The following dividends were paid:

Dividend Number	Payment date	Historical value Ch\$ per share	Type of dividend	Related to
70	May 1999	4.0	Definitive	1998

c. Cumulative translation adjustment:

The change in the cumulative translation adjustment for the year ended December 31, 2000 is as follows:

	As of January 1, 2000 ThCh\$	Assets ThCh\$	Liabilities ThCh\$	As of December 31, 2000 ThCh\$
Cumulative translation adjustment	3,670,181	34,551,687	(33,292,663)	4,929,205
Total	3,670,181	34,551,687	(33,292,663)	4,929,205

The balance of the cumulative translation adjustment is comprised as follows:

	As of December 31, 2000 ThCh\$
Distrilec Inversora S.A.	286,131
Inversiones Distrilima S.A.	796,636
Cía. Peruana de Electricidad S.A.	1,745,328
Edesur S.A.	1,164,387
Investluz	56,095
Cerj S.A.	880,628
Total	4,929,205

NOTE 22 OTHER INCOME AND EXPENSES:

a. The detail of other non-operating income in each year is as follows:

	Year ended December 31,	
	1999 ThCh\$	2000 ThCh\$
Reversal of allowance for negative equity of related companies	3,061,197	-
Adjustments to investments in related companies	10,472,546	5,540,906
Project administration and construction	10,587,464	10,187,567
Gain on investment sale(*)	-	81,147,227
Gain on forward contracts	79,683,712	5,154,976
Income taxes recoverable	7,851,064	-
Miscellaneous	65,597	357,835
Total	111,721,580	102,388,511

(*) before taxes

b. Other non-operating expense in each year is as follows:

	Year ended December 31,	
	1999	2000
	ThCh\$	ThCh\$
Adjustment in investment related parties	-	155,455
Adjustments to investments in related companies	6,030,066	-
Loss in forward contract	-	3,064,821
Project expenses	84,510	424,575
Usufruct contract	3,942,464	5,439,456
Other	869,888	913,662
Total	10,926,928	9,997,969

NOTE 23 CONTINGENCIES AND COMMITMENTS:

a) Direct and indirect guarantees:

Enersis S.A. does not have guarantees.

b) Lawsuit and other legal actions

- i. Court : Honorable resolutive commission
 - Process number : 577-99
 - Cause : Requirements of the "Fiscal Nacional Economico" against Enersis S.A. for the increase of ownership in Endesa-Chile S.A.
 - Process status : The discussion period has terminated. The following process period could be the receipt of the test phase, in which case the resolutive commission must establish the facts to test, but this has not occurred yet.
 - Amounts involved : Indetermined.
- ii. Court : International court of the International Chamber of Commerce, París, France
 - Process number : 11046/KGA
 - Cause : The Arbitration Court of the International Commerce, notified Enersis S.A., Empresa Nacional de Electricidad ("Endesa"), Chilectra S.A. and Enersis International Limited of a claim filed by Pérez Compac S.A. and PCI Power Edesur Holding Limited (the "Plaintiffs"). The Plaintiffs asked the Arbitration Court to declare PCI Power Edesur Holding Limited the right to elect the chairman of the board of directors and one normal director of Distrilec Inversora S.A., an Argentine company, which controls the Class A shares of Empresa Distribuidora del Sur (Edesur S.A.), and if the Arbitration Court determine that PCI Power Holding Edesur Holding Limited does not have this right, and declared that Enersis holding and Pérez Compac Holding will have the same number of directors over Distrilec Inversora S.A.
 - Process status : Discussion period, first instance.
 - Amounts involved : Indetermined.
- iii. Court : 21st Civil Court of Santiago
 - Process number : C-2437-1999
 - Cause : Lawsuit in summary process interposed by the lawyer Mr. Eduardo Rodriguez Guarachi. The lawyer has represented to the court that Enersis pay him US\$250,000 for profesional services rendered.
 - Process status : Testing period.
 - Amounts involved : US\$250,000.

c) Other contingences

With the exception of a pending review of the Chilean Internal Revenue Service affecting the years 1999 and 2000, the Company has no knowledge of other contingences that could affect the financial statements presented herein.

Deposit, bill, mortgage and other deposits received as guarantees amounted to ThCh\$403,595 and ThCh\$1,118, in 1999 and 2000, respectively.

NOTA 24 DIRECTORS' FEES:

Directors fees for the years ended December 31, 1999 and 2000 are as follows:

	As of December 31,	
	1999	2000
	ThCh\$	ThCh\$
José Antonio Guzmán Matta	30,706	-
Rodolfo Martín Villa	34,778	-
Juan Eduardo Errázuriz Ossa	15,353	-
Héctor López Vilaseco	21,236	-
Alfredo Llorente Legaz	56,640	49,824
Miguel Angel Poduje Sapiain	15,353	-
Ernesto Silva Ballafuy	36,584	24,912
Rafael Miranda Robredo	18,882	33,216
Luis Rivera Novo	14,163	22,144
Carlos Vicuña Fuentes	18,878	10,239
José Fesser Anton	14,163	24,912
Hernán Somerville Senn	11,801	24,912
Eugenio Tironi Barrios	-	7,338
Total	288,537	197,497

NOTE 25 SHAREHOLDER TRANSACTIONS:

During 1999 and 2000 the principal shareholders, members of the Board of Directors, general managers and other individuals or related parties carried out the following share transactions:

Shareholder	Relationship	Number of shares			
		As of December 31, 1999		As of December 31, 2000	
		Purchase	Sale	Purchase	Sale
Inversiones y Turismo el Vellochino S.A.	Company related to Enersis manager	493,168	1,000,000	-	-
Rolando Hechenleitner K.	Management of a Subsidiary	231,863	597,833	-	-
Inmob. Inv. Ass. Quantum Ltda.	Company related Subsidiary to manager	210,800	482,800	-	-
José Luis Peña Forbes	Management of a Subsidiary	80,291	51,805	-	-
Asesorías e Inv. El Alarife Ltda.	Company related to Enersis manager	59,180	120,000	-	-
Aglæe Ossandón Alvarez	Spouse of management of a Subsidiary	54,681	110,869	-	-
Inv. Rentas Vallor Ltda.	Company related Subsidiary to manager	54,523	698,956	-	-
Inmob. Inv. Centinela Ltda.	Company related Subsidiary to manager	42,888	86,957	-	-
Juan Pablo Spoerer Hurtado	Management	-	8,621	-	-
Carmen Paz Urbina Sateler	Management of a Subsidiary	-	13,000	-	-
Ernesto Silva Bafalluy (*)	Parent company Director	-	200,000	136,056	-
Empresa de Serv. Empresarial Ltda.	Company related to Subsidiary Director	-	213,870	-	-
María L. Fourcade Magofke	Spouse of management of a Subsidiary	-	17,430	-	-
Gloria Errázuriz Abad	Spouse of management of a Subsidiary	-	3,440	-	-
Juan Carlos Mundaca Alvarez	Management of a Subsidiary	-	1,740	-	-
Pedro Miguel Durán	Management of a Subsidiary	-	75,050	-	-
Patricia Otárola Monardes	Spouse of management of a Subsidiary	-	6,000	-	-
Elesur S.A	Mayor shareholder	1,841,808,811	-	1,044,296,957	-
Rogelio Toro Avila	Management of a Subsidiary	-	24,000	-	-
Andres Vial Infante	Company related management	99,235	201,220	-	-
Jorge Hormazábal Rodríguez	Subsidiarie ex-manager	1,399,499	2,837,770	-	-
Ana María Figueroa Guzmán	Spouse of management of a Subsidiary	-	7,690	-	-
Bernardita Zuñiga Oliva	Spouse of management of a Subsidiary	2,666	5,406	-	-
Elvira Cardenasso Sanchez	Ex-Management of a Subsidiary	-	91,838	-	-
Endesa International S.A.	Major Shareholder	694,591,189	-	-	-
Enrique Fernández Pérez	Management of a Subsidiary	-	3,240	-	-
Eugenia Cruzat Amunátegui	Spouse of management of a Subsidiary	-	693,275	-	-
Fernando Gastión Urbina Soto	Management of a Subsidiary	3,028	6,140	-	3,028
Francisco Valdebenito Vallejos	Management of a Subsidiary	9,405	19,070	-	-
Guillermo Gacitúa Sepúlveda	Ex-Management of a Subsidiary	1,194,580	2,302,453	-	-
Guillermo Perez del Rio	Management of a Subsidiary	117,998	357,264	-	-
Invers. Inmob. Y Autom. Canibus Ltda.	Company related to Management of Subs.	-	1,000,000	-	-
Invers. Asesorías Consolidada Ltda.	Company related to Management of Subs	13,988	42,351	-	-
Jaime Lerner Plischuk	Ex-Management of a Subsidiary	18,659	57,098	-	-
Jorge Omar Alé Yavard	Management	-	43,000	-	-
Juan Eduardo Errázuriz Ossa	Ex-Management of a Subsidiary	-	11,700	-	-
Luis Gonzalo Martínez Albazábal	Management of a Subsidiary	-	34,471	-	-
Luis Mauricio Avendaño Guerra	Management of a Subsidiary	10,135	20,550	-	-
Manuel González Duran	Management of a Subsidiary	10,971	22,245	-	-
María Letelier Reyes	Management of a Subsidiary	12,077	24,488	-	-
María Luisa Lorca Aceval	Spouse of management of a Subsidiary	43,879	88,973	-	-
Pablo Fernando Escribano Esteban	Management of a Subsidiary	-	21,700	10,702	-
Patricia J. León Morales	Spouse of management of a Subsidiary	-	4,331	-	-
Patricio Camilo Coll Mori	Management of a Subsidiary	-	2,000	-	-
Pedro Sotomayor Carvallo	Spouse of ex-management of a Subsidiary	-	176,200	-	-
Raúl Hernán Moya Revecó	Spouse of management of a Subsidiary	175,917	532,624	-	-
Rolf Heller Inhle	Management of a Subsidiary	-	219,347	-	-
Soc. Invers. Huallico Ltda.	Company related to Ex-Enersis manager	-	97,716	-	-
Guillermo Amunátegui Monckeberg	Management of a Subsidiary	-	-	-	66,622
Beatriz García-Huidobro Urrutia	Spouse of management of a Subsidiary	-	-	2,166	-
Compañía Inversiones Chispa Dos S.A.	Major Shareholder	-	-	-	445,061,585
Compañía Inversiones Chispa Uno S.A.	Major Shareholder	-	-	1,335,184,755	-
Compañía Inversiones Los Almendros S.A.	Major Shareholder	-	-	-	445,021,585
Compañía Inversiones Luz y Fuerza S.A.	Major Shareholder	-	-	-	445,061,585
Pamela de Vos Calderón	Spouse of management of a Subsidiary	-	700	-	-

(*) Transferred shares to broker for the sale effects of the IPO offered by Elesur S.A.

NOTE 26 SHAREHOLDER PARTICIPATION:

The shareholders of the Company as of each year-end are as follows:

Type of Shareholder	As of December 31, 1999		As of December 31, 2000	
	Percentage Participation %	Number of Shareholders	Percentage Participation %	Number of Shareholders
10% or greater participation	50.27	3	69.29	3
Less than 10% participation with investment equal or greater than 200 UF	48.91	1,743	30.14	1,945
Less than 10% participation with investment less than 200 UF	0.82	8,832	0.57	8,193
Total	100.00	10,578	100.00	10,141
Controlling shareholders	63.90%	6	65.00%	3

As of December 31, 1999 the following companies are considered controlling shareholders as defined in the Securities Law 18,045 - articles 96 to 99 and Circular No. 1,162 of June 27, 1994 issued by the SVS.:

- Compañía de Inversiones Chispa Uno S.A.
- Elesur S.A.
- Endesa Internacional

NOTE 27 RESEARCH AND DEVELOPMENT EXPENDITURES:

In accordance with Circular No. 981 dated December 28, 1990 of the SVS, the Company did not incur research and development expenditures for the years ended December 31, 1999 and 2000.

NOTE 28 SUBSEQUENT EVENTS:


Management is not aware of any other important events that occurred subsequent to the closing date of these financial statements, which could significantly affect their presentation.



Juan C. Wiczreck
General Account



Enrique Garcia
Chief Executive Officer



Juan I. Dominguez
Adjunct Chief Executive Officer

Unconsolidated Management's Analysis

Financial Statements for the years ended December 31, 1999 and 2000

RELEVANT FACTS

At December 31, 2000 the Company shows a profit of Ch\$90,082 million pesos, which as compared to the loss obtained during the year 1999, which amounted to Ch\$ 81,832 million, represents an increase of Ch\$171,913 million.

During the year, Enersis has continued to optimize the businesses in which it participates, improving the competitive position of its companies and preparing the Group for future growth, mainly in the Latin American energetic sector. The above stated may be summarized as follows:

- The acquisition of additional stakes in distribution companies, like Chilectra, Cerj and Río Maipo.
- Strengthening the Group's equity position, as a result of the funds obtained from the capital increase and the disinvestments carried out during the year.
- Important improvement of the Company's financial position, as a result of the debt prepayment and the rescheduling of liabilities. This has improved the Company's leverage position.
- Important increase in the company's operating indexes, among which, the following ones are worth mentioning:
 - A 2,348 GWh growth in the sales of distribution subsidiaries, equivalent to 5.1%.
 - The number of customers grew in 630,000, having Enersis Group over 10.1 million customers.
 - The number of customer per employee grew from 995 customer/employee in 1999 to 1,277 customer/employee in the year 2000.
 - The generation physical sales grew 11.2%, or the equivalent to 56,482 GWh.

What follows is a complete and detailed analysis of the relevant facts that occurred during year 2000 in Chile and the rest of the Latin American countries where Enersis Group operates:

The year 2000 was very active in Chile in terms of investments. The company launched a Purchasing Power for the third party interests at its subsidiaries Chilectra and Río Maipo. Both bids have been successful, acquiring as of December 31, an additional 25.4% of Chilectra and 14.7% of Río Maipo, reaching an equity interest of 98.0% and 98.4%, respectively. The total investment made was Ch\$ 222,810.2 million.

Enersis exercised the option bid offered by its parent company Endesa España for an additional 18.5% in its Brazilian subsidiary Cerj, increasing its direct and indirect participation to 57.4%. The amount of this investment is US\$132 million.

The Group's investments to maintain the operating capacity of the generation, distribution and related businesses amounted to Ch\$152,154 million. In turn, these investments are intended to provide a better quality service.

As outline in the Genesis Project, and to focus the corporate resources towards business areas, where clear synergies can be developed. Enersis divested its interest in water utilities as follows:

- Aguas Cordillera was sold to Emos on July 20, 2000 for a total amount of Ch\$101,866 million, yielding a profit of Ch\$44,933 million after taxes.
- Esval was sold to Anglian Water on August 4, 2000 for a total amount of Ch\$73,242 million, yielding a profit of Ch\$19,500 million after taxes.
- Further, Endesa Chile also in within the bounds of this new corporate goal sold its transmission company Transelec for a total amount of Ch\$614,837 million, yielding a profit of Ch\$160,566 million before taxes.
- In May, 2000, Edesur bought from its workers 10% of the corporate capital they owned, in a total amount of US\$150 million.

Another relevant issue that contributes to better explain Enersis's financial position in the market at the end of the year 2000, is related to the equity issuance by US\$520 million, completed last October. The new capital contribution helped the company afford the major investments in Chilectra and Río Maipo, and also made it possible to prepay some outstanding debts.

In order to develop synergies from Enersis and subsidiaries' great purchasing ability throughout the region, the Company acquired in the amount of US\$1,98 million, 15% of Endesa Market Place.com. This investment will allow Enersis to reduce intermediation costs over its procurement process generating additional savings.

MARKET IN WHICH THE COMPANY PARTICIPATES

Enersis's entrepreneurial activities are conducted through subsidiary companies operating the different businesses in the countries in which the company is active. Enersis's core business is the distribution of electric energy. The following tables show the evolution of key indicators in the different countries.

Company	Concesion area (Km2)	Energy sales (GWh)		Energy loses (%)		Customers (miles)		Customers Employee (miles)	
		1999	2000	1999	2000	1999	2000	1999	2000
Chilectra (*)	2,118	7,319	7,623	5.3%	5.2%	1,239	1,262	896	1,455
Río Maipo	1,500	1,050	1,191	5.8%	5.4%	274	287	1,512	3,121
Edesur	3,309	12,325	12,597	9.4%	10.3%	2,105	2,108	801	886
Edelnor	2,440	3,423	3,583	9.8%	9.9%	838	852	1,158	1,379
Cerj	31,741	7,694	7,656	16.5%	19.7%	1,559	1,581	875	1,128
Codensa	14,000	8,502	8,776	13.5%	10.5%	1,746	1,802	1,440	1,860
Coelce	147,000	5,709	5,894	13.0%	13.3%	1,652	1,796	844	1,128
E. Energía de Colombia	-	25	1,075	-	5.0%	88	443	-	-
Total		46,047	48,395	11,3%	11,5%	9,501	10,131	995	1,277

(*) Considers the elimination of energy sales to Río Maipo.

I. FINANCIAL STATEMENTS ANALYSIS

1. INCOME STATEMENT ANALYSIS

The results for the years ended at December 31, 2000 and 1999, show the indicators as follows:

Income Statement (million Ch\$)	years - ended December 31,		Variation	% Variation
	1999	2000		
Operating revenues	4,037	4,035	(2)	(0.05%)
Operating costs	(806)	(822)	(16)	(1.99%)
Gross profit	3,231	3,213	(18)	(0.56%)
Adm. and selling expenses	(12,979)	(18,843)	(5,864)	45.18%
Variable costs %	47.4	59.7	12	25.91%
Fixed costs %	52.6	40.3	(12)	(23.35%)
Operarating income	(9,748)	(15,630)	(5,882)	60.34%
Profit (loss) investment in related Co's.	13,568	207,479	193,911	1.429.18%
Other net non-operating income (expense)	100,795	92,391	(8,404)	(8.34%)
Net financial margin	(83,712)	(132,801)	(49,089)	58.64%
Goodwill amortization	(29,280)	(41,891)	(12,611)	43.07%
Price-level restatement	(73,386)	(23,560)	49,826	(67.90%)
Non-operating income	(72,015)	101,618	173,633	(241.11%)
Income taxes	(83)	4,081	4,164	5,016.87%
Negative goodwill amortization	14	14	-	-
Net income	(81,832)	90,083	171,915	210.08%
I.B.I.T.D.A.E. (*)	(12,686)	230,454	243,140	1,916.60%
Earning per share (Ch\$)	(12.03)	12.31	24.34	202.28%

(*) *Income before taxes, interest, depreciation, amortization and extraordinary items*

The accumulated profit at December of 2000 amounts to Ch\$90,083 million, as compared to the loss at the same period of last year it shows a Ch\$171,915 increase. This variation is chiefly explained by the increase in the non-operating results to an amount of Ch\$173,633.

The variation in the non-operating results is chiefly explained by:

- 1) Net Financial margin:** records a negative variation of Ch\$49,089 million, as a consequence of increase in financial expenses of Ch\$54,356 million associated to the increase of liabilities used to finance investments occurred in May of 1999.

Interest Rate Risk

At December 31, 1999 and 2000, Enersis had 81% and 71% of outstanding financial debt with exposure to floating rates, respectively (mainly subject to dollar LIBOR and Chilean peso TAB).

Taking into account the status of all its subsidiary companies' debts, this structure would be 62% and 54% for the years ended in December 1999 and 2000, respectively.

- 2) **Non-operating income and expenses:** show a net negative variation of Ch\$8,404 million, which is explained principally by the forward effect of Ch\$71,464 million offset by the recognition of profit from the disposal of Aguas Cordillera and Aguas Puerto in an amount of Ch\$81,147 million.
- 3) **Goodwill amortization in investments:** increased by Ch\$12,611 million which is basically explained by the increase in goodwill amortization of originated from the increase in Endesa S.A. investment in May of 1999.
- 4) **Income from investments in related companies:** it increased by Ch\$193,907 million which is chiefly explained by:
 - a) Recognition of profit for investment in Endesa S.A. as of December 2000 of Ch\$64,913 million.
 - b) Recognition of profit for investment in Edesur S.A. and Distrilec Inversora S.A. and Enersis International Ltd. as of December 2000 of Ch\$52,468 million.
- 5) **Price-level Restatement:** shows a positive variation of Ch\$ 49,826 million, which is chiefly explained by the lower recognition of exchange differences for debt denominated in the Euro of Ch\$ 69,605 million.

Foreign Currency Risk

The exchange rate risk exposure of Enersis is mainly derived from the liabilities that are denominated to foreign currency, most of which are denominated to US dollars.

At December 31, 2000 the liabilities denominated to US dollars represented approximately 51% of the total obligations, and 53% at December 31, 1999.

The denomination of US dollars of most of our debt, is because an important part of the Company's revenues are associated to the US dollar, whether directly or indirectly.

Despite this cover, there is an exposure to the fluctuation between the Chilean peso and the US dollar, which is regulated through the use of financial derivative instruments, mainly US dollar/UF forwards, with which the money exchange position is covered.

Since 1999, the Company's risk management policy has become more important due to the instability of the Chilean peso with respect to the US dollar.

Currently, the exchange risk exposure managed on a consolidated basis, taking into account the unhedge risk at Enersis Chilean subsidiaries. The company's policy has been set forth so that between 60% and 70% of the accounting exposure to exchange risk is covered.

The execution of such policy lies basically on keeping a position of US dollar/UF forward contract position. At the end of 2000, Enersis had US dollar/UF forwards of US\$196 million, compared to US\$291 million at December 31 of 1999. This decrease is fundamentally explained by Enersis's lower accounting exposure to the US dollar, after the payment of debts in US dollars of Aguas Cordillera and Esval and with Enersis's capital increase.

2. ANALYSIS OF BALANCE SHEET

The evolution of key financial indicators has been as follows:

Assets (million Ch\$)	Years - ended December 31,		Variation	%Variation
	1999	2000		
Current Assets	477,560	181,290	(296,270)	(62.0%)
Fixed Assets	12,918	13,267	349	2.7%
Other Assets	3,310,959	3,594,964	284,005	8.6%
Total Assets	3,801,437	3,789,521	(11,916)	(3.0%)

Total assets of the Company show a decrease of Ch\$11,916, which represents a 3.0% negative variation. This variation is due basically to a decrease of the other current assets as a result from the forward settlement that were operative at December 31, 1999, which is offset by an increase in the other debtors, investments in related companies and lower investment value.

Liabilities (million Ch\$)	Years - ended December 31,		Variation	%Variation
	1999	2000		
Current Liabilities	500,804	399,013	(101,791)	(20.3%)
Long term Liabilities	2,569,133	2,289,908	(279,225)	(10.9%)
Equity	731,500	1,100,600	369,100	50.5%
Total Liabilities	3,801,437	3,789,521	(11,916)	(3.0%)

The short – term and long term current liabilities decreased by Ch\$381,016 million, which is chiefly explained by the decrease of other current liabilities as a result from the forward settlement and the decrease of obligations with banks and financial institutions.

As regards equity, it is worth stating that it increased by Ch\$369,100 million with respect to December of 1999. This variation is explained mainly by the capital increase of Ch\$292,794 million, recognition of the profit for the period of Ch\$90,082 million. The above is partially offset by the decrease in the accumulated profits of Ch\$81,832 million and the recognition of negative reserves from subsidiaries' equity changes to an amount of Ch\$417,123 million.

Key Indicators :

Indicator	Unit	Years - ended December 31,		Variation	%Variation	
		1999	2000			
Liquidity	Current Liquidity	Times	0.95	0.45	(0.50)	(52.6%)
	Acid ratio test (1)	Times	0.95	0.45	(0.50)	(52.6%)
	Working Capital	MM\$	(23,244)	(217,723)	(194,479)	154.2%
Leverage	Leverage ratio	Times	4.20	2.44	(1.76)	(41.9%)
	Short-term debt	%	16.31	14.84	(1.47)	(9.0%)
	Long-term debt	%	83.69	85.16	1.47	1.8%
	Financing expenses coverage (2)	Times	(0.09)	1.19	1.28	(1,408.2%)
Return	Return on equity	%	(4.1%)	2.8%	0.07	N/A
	Return on assets	%	(1.3%)	0.6%	0.02	N/A

(1) Net current asset from anticipated expenses

(2) I.B.I.T.D.A.E. divided by financial expenses

The 0.45 liquidity index shows the regularity observed in the period, reflecting an adequate composition of current assets and liabilities, in terms of their due dates and Enersis's ability to pay. The variation in the indexes for the composition of the debt are related to variations in the balances of the accounts receivable from and payable to national subsidiaries, for the normal operation of their business activities, financed with long-term resources, which is also observed in the changes shown by working capital.

3. PRINCIPAL SOURCES

The cash flow and cash equivalent that the company generated for the period amount to Ch\$(10,481) million, which breaks down as follows:

Cash Flow (million Ch\$)	Years - ended December 31,		Variation	%Variation
	1999	2000		
Operating	133,854	(103,475)	(237,329)	(177.30%)
Financing	1,664,542	14,014	(1,650,528)	(99.16%)
Investment	(1,789,946)	78,980	1,868,926	(104.41%)
Net cash flow of the period	8,450	(10,481)	(18,931)	(224.04%)

The flows are as follows:

- a) **The Operating activities** generated a negative net cash flow of Ch\$103,475 million, which is explained by a profit in from the disposal of investments amounting to Ch\$81,147 and net credits that do not represent cash flows to an amount of Ch\$142,042 million, offset by the profit of the period of Ch\$90,083 million and other positive variations of assets and liabilities that affect the operating flow for Ch\$28,804 million.
- b) **The Financing activities**, originated a positive net cash flow of Ch\$14,014 million, which is explained by the placement of paid-in shares of Ch\$295,994 million, the payment of secured loans to related companies of Ch\$315,347 and secured loans obtained to related companies of Ch\$143,092 million.
- c) **Investment activities** generated a positive net cash flow of Ch\$ 78,980 million, made up primarily by the disposal of permanent investments to an amount of Ch\$ 233,855 million and by the collection of secured loans to related companies of Ch\$ 316,967 million, offset by the loans to related companies to an amount of Ch\$ 288,956 million.

II. BOOK VALUE AND ECONOMIC VALUE OF ASSETS

As regards the most important assets, it is worth mentioning the following:

The values for fixed assets are adjusted pursuant to the accounting criteria established by the Superintendency of Securities and Insurance, in Circulars Nos. 550 and 566 of 1985. In the case of the foreign company, Inversiones Ditrilima S.A., the values of the fixed assets were adjusted according to the exceptional criteria set forth in the Technical Bulletin N°45 of the Chilean Professional Association of Accountants, A.G., which was the standing rule at the time the investment was made and was not modified by the Technical Bulletin N°51 which replaced the former one.

Depreciation is calculated on the updated value of the assets in accordance with the remaining years of useful life of each asset.

Investments in related companies are appraised at their proportional equity value. In the case of foreign companies the application of this methodology has been made, as from the second quarter of 1998, on the basis of financial statements prepared pursuant to the guidelines set forth in the Technical Bulletin N°64 of the Chilean Professional Association of Accountants, A.G.

Intangible values are price-level corrected and are amortized according to the guidelines set forth in the Technical Bulletin N°55 of the Chilean Professional Association of Accountants, A.G.

Assets expressed in foreign currency, are presented at the exchange rate effective at year-end.

Investments in financial instruments with agreements are presented according to their purchase value plus the proportion of the corresponding interests in terms of the rate implicit for each transaction.

Accounts and notes receivable from related companies are classified according to their due dates in short and long term. The transactions are adjusted to conditions of equity similar to those which usually prevail in the market.

Summing up, the assets shown are appraised in accordance with the generally accepted accounting principles in Chile and criteria as well as with the instructions issued by the Superintendency of Securities and Insurance set forth in Note 2 of the Financial Statements.

Subsidiaries Financial Statements



Comparative Balance Sheets

For the years ended 1999 & 2000 (thousand Ch\$ as of December 2000)

	LUZ DE BOGOTÁ (*)		CERJ (*)		INVESTLUZ (*)	
	1999	2000	1999	2000	1999	2000
ASSETS						
Current assets	174,980,680	131,061,814	106,871,464	113,244,393	74,993,433	83,373,743
Fixed assets	850,648,850	861,301,327	546,425,174	582,057,242	586,677,761	599,017,183
Other assets	115,745,633	141,042,863	185,773,129	197,526,266	201,722,298	205,404,130
Total Assets	1,141,375,163	1,133,406,004	839,069,767	892,827,901	863,393,492	887,795,056
LIABILITIES AND EQUITY						
Short term liabilities	115,798,372	76,522,042	88,261,944	148,930,033	65,306,887	84,217,682
Long term liabilities	-	30,113,183	369,159,664	324,663,691	77,448,890	79,006,229
Minority interest	484,214,068	483,319,440	-	-	248,874,808	252,915,777
Equity and reserves	495,050,687	513,366,884	585,989,969	635,231,030	483,944,359	501,053,157
Subsidiary's organization cost	-	-	-	-	-	-
Accumulated profits (losses)	36,468,189	31,244,559	(296,464,528)	(211,214,790)	(3,984,663)	(17,740,173)
Net income	9,843,848	9,921,865	92,122,718	(4,782,063)	(4,975,926)	(6,852,497)
Interim dividends	-	(11,081,969)	-	-	(3,220,862)	(4,805,119)
Total Liabilities and Equity	1,141,375,163	1,133,406,004	839,069,767	892,827,901	863,393,492	887,795,056

Comparative Income Statements

For the years ended 1999 & 2000 (thousand Ch\$ as of December 2000)

	LUZ DE BOGOTÁ (*)		CERJ (*)		INVESTLUZ (*)	
	1999	2000	1999	2000	1999	2000
OPERATING INCOME						
Operating revenues	260,887,100	287,956,238	259,310,656	335,008,068	175,361,024	215,299,518
Operating costs	(226,383,723)	(236,030,661)	(192,680,827)	(251,901,808)	(108,781,637)	(139,379,753)
Operating margin	34,503,377	51,925,577	66,629,830	83,106,260	66,579,386	75,919,765
S&A expenses	(28,146,723)	(32,094,923)	(28,424,398)	(72,342,734)	(39,353,711)	(46,846,556)
Operating Income	6,356,654	19,830,654	38,205,432	10,763,526	27,225,675	29,073,209
NON - OPERATING INCOME						
Non - Operating income	48,180,652	21,201,167	148,734,898	39,667,507	13,969,951	11,309,635
Non - Operating expenses	(15,197,188)	(2,464,464)	(94,817,612)	(66,521,737)	(27,576,050)	(36,621,615)
Price level restatement	-	-	-	-	-	-
Non - Operating Income	32,983,464	18,736,703	53,917,286	(26,854,230)	(13,606,099)	(25,311,980)
Income tax	(19,434,405)	(17,056,909)	-	11,308,641	(4,651,892)	(3,294,629)
Minority interest	(10,061,866)	(11,588,583)	-	-	(14,077,336)	(7,733,767)
Negative goodwill amortization	-	-	-	-	133,726	414,670
Net Income	9,843,848	9,921,865	92,122,718	(4,782,063)	(4,975,926)	(6,852,497)

Comparative Cash Flows

For the years ended 1999 & 2000 (thousand Ch\$ as of December 2000)

	LUZ DE BOGOTÁ (*)		CERJ (*)		INVESTLUZ (*)	
	1999	2000	1999	2000	1999	2000
Net cash flows from operating activities	72,875,490	40,839,371	(1,930,631)	290,357	33,311,127	33,022,354
Net cash provided by (used in) financing activities	(279,644,749)	(46,791,870)	32,173,638	65,765,121	(19,148,729)	(5,677,390)
Net cash used in investing activities	(49,955,356)	(35,364,037)	(32,423,786)	(67,710,433)	(29,669,896)	(27,655,981)
Positive (negative) net cash flow for the year	(256,724,616)	(41,316,536)	(2,180,780)	(1,654,955)	(15,507,498)	(311,017)
Effect of price level restatement on cash and cash equivalents	(18,604,816)	(4,629,387)	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(275,329,432)	(45,945,923)	(2,180,780)	(1,654,955)	(15,507,498)	(311,017)
Cash and cash equivalents beginning of year	357,840,460	85,286,266	6,131,951	3,773,803	22,627,402	6,800,290
Cash and cash equivalents end of year	82,511,028	39,340,343	3,951,172	2,118,848	7,119,904	6,489,273

(*) These companies were consolidated considering that Enersis appoints the majority of Board members.

NOTE : Complete financial statements of the subsidiaries shown above are available for the public in Enersis and in the Superintendency of Securities and Insurance (SVS).