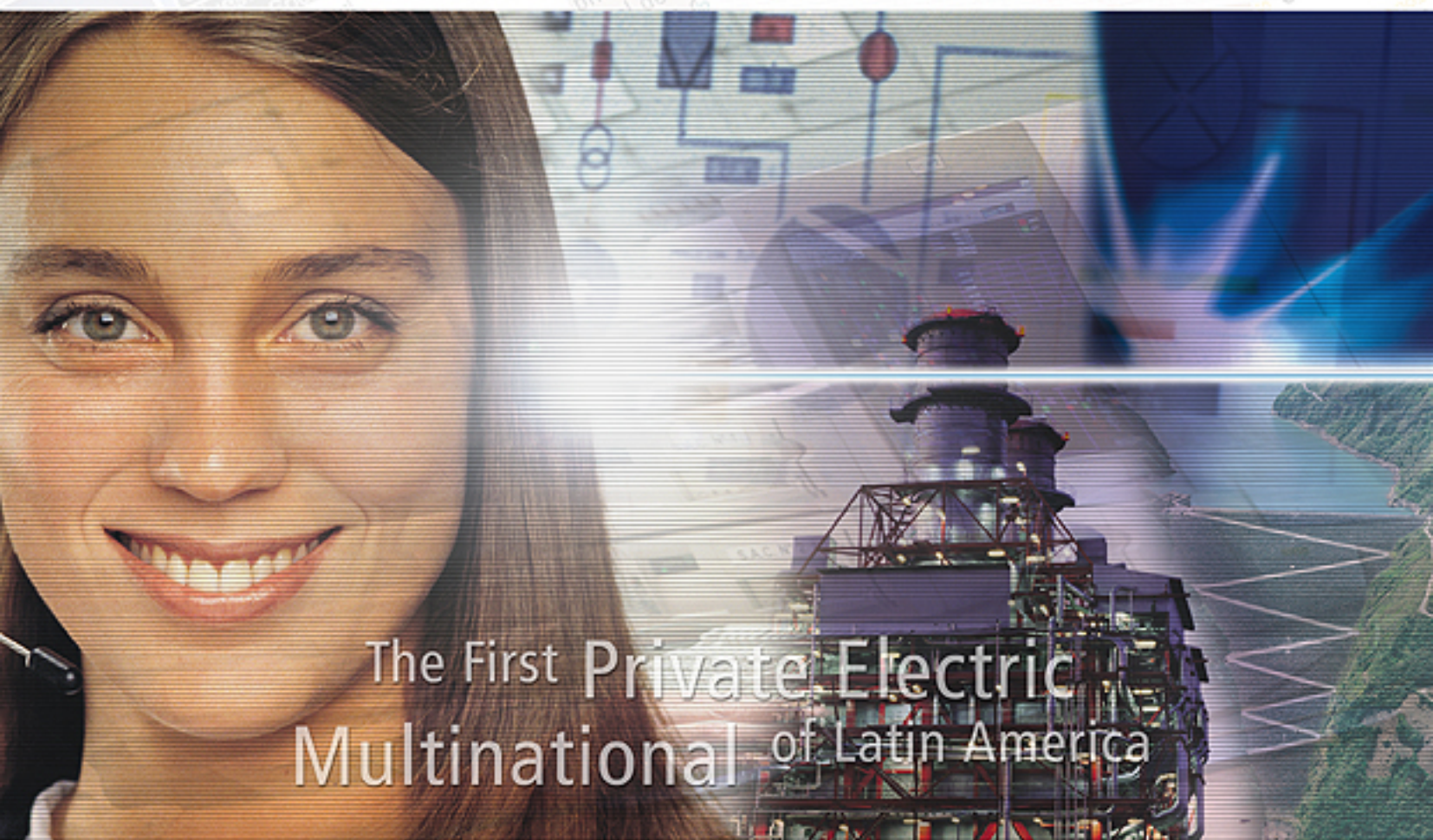


ANNUAL REPORT 2001

ENERISIS,  
LA PRIMERA  
MULTINACIONAL  
ELECTRICA PRIVADA  
DE AMERICA LATINA



The First Private Electric  
Multinational of Latin America



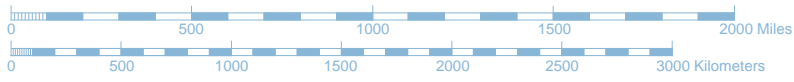
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 **ENERSIS**



# Letter from the Chairman of the Board

Dear Shareholder:

I am pleased to submit the 2001 Annual Report on the management and operations of the Enersis Group for your consideration.

Before starting the summary of the activity of the Group that I am honored to preside, I deem it essential to refer to the global context in which our activity was developed.

Towards the end of the year 2000 in late second millennium, the expectations were quite optimistic, and most of the analysts thought that 2001 would set the starting of reactivation, both in developed and emerging economies. Shortly after, though, a series of macro-unbalances in Asia, the deepening of the Middle East crisis, the permanent fall in the activity in the United States and the dramatic slow down of the Latin American economies made the hopes for better days to become blurry.

This worrying context turned into anguish in the moments following the execrable attacks on the New York Twin Towers and the Pentagon in Washington, where thousands of innocents lost their lives among unforgettable scenes of pathetic pain.

In a stunned world, the economic activity shrank even more and forced most of the countries to concentrate on the existing problems inside their own frontiers.

The negative feelings that already were around our industry, particularly after the energetic crisis of California and Brazil, were reinforced when international giants of the energy markets started to collapse, like Enron, AES, and some others which, in their own time, were considered paradigms of the industry growth in the region as well.

In such particularly polluted environment, our Latin America watched how the signs of growth started to weaken, even how the recession ghost started showing up, with its sequels of social and political instability.

On the other hand, it is worth remembering that between the Rio Grande and Cape Horn there are 24 countries, with a different history and potential. This might partially explain why different situations of recession and instability have been noticed in the region, with diverse degrees and depths. In average, though, the region was once again considered a high-risk area and the capital flows started their search for an exit door.

In a close synthesis, this can be considered the social, political and economical scenario in mid of which we have performed.

Nevertheless, the instability and slow down of the economic activity taught us one of the great lessons of 2001: that energy in all its forms, particularly electricity, has reinforced itself as one of the most important pillars to sustain the development of peoples. This is evidenced by the strict correlation between product growth and increase in demand for energy, as noticed in the most diverse locations.

In fact, the more people increase their purchasing power, the more they need higher sophisticated goods or products that demand intense use of energy, particularly electricity.

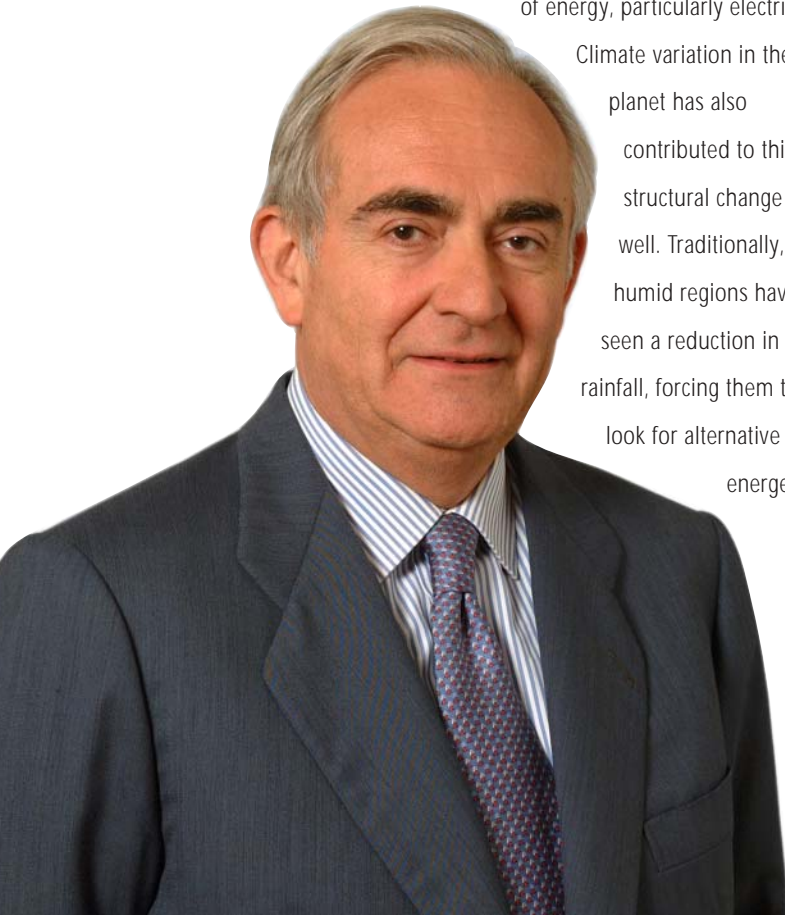
Climate variation in the planet has also contributed to this structural change as well. Traditionally, humid regions have seen a reduction in their rainfall, forcing them to look for alternative energetic

solutions; other areas, usually warm, have had to make use of collective and individual solutions of climatization, intensive in electric consumption. The former has made the per capita electric energy consumption grow at higher rates than the variation in the product, a circumstance that has contributed to the stability of industry flows.

This positive antecedent, however, has been establishing true challenges. As a way of example, to count with a reliable energetic park enough to face this sustained growth on demand. In the region, as a result from the energetic unbalances, the process of electrical interconnection has become a real need. This, however, lies on reliable and stable supplying markets. In this sense, it is worth mentioning that one of the essential conditions for the operation and projection of the regional interconnection is the reliability in supplies to customers located outside the frontiers, without considering the internal difficulties of each country.

The Enersis Group, as the main actor in the regional energetic area, has chosen to face this messy business environment with the caution and serenity that the circumstances demand.

One of the first decisions was to strengthen the financial situation of the company. It is worth mentioning the execution of two syndicated loans (one for Enersis, and the other for Endesa Chile) for a total amount of US\$1,000 million, one of



the most important transactions done in the last years in the private sector of Latin America.

These credits and the higher financial flexibility that it meant for the Enersis Group are a true demonstration of the trust that the Company generates in the international capital markets.

Another relevant financial operation done during 2001 was the successful issuing of bonds in UF (Unidades de Fomento), done in the Chilean market, with a total placement (between Enersis and Endesa Chile) equal to US\$326 million, as part of the objective of giving better coverage to assets and liabilities in a single currency, in order to reduce the exposition to variations in the price of the dollar.

Additionally, in the field of the main financial operations, it is worth remembering the re-purchase of Yankee bonds done both by Enersis and its subsidiary Endesa Chile. Both operations, registered within the framework of the debt restructuring policy in the Group, took advantage of the lower relevant interest rates and represented a consolidated profit of approximately US\$ 24 million.

Another concrete example of the better financial situation is the growth by 24% of EBITDA, higher by US\$ 337 million compared to the 2000 figure, which has increased another key indicator of solvency, the interest coverage, from 2,1 times (Dec. 2000) to 2,7 times (Dec. 2001).

Another main task for 2001 was to concentrate in operational improvements. A demonstration of the former can be found in the better operational result of 37%, equivalent to US\$ 299 million, a reduction by 10% of the S&A expenses with respect to 2000; increase in labor productivity, from 1,223 customers per employee in Dec. 2000 to 1,379 customers per employee in Dec. 2001. It is worth recognizing, though, a low damage of the energy loss index, mainly related to the Brazilian distribution companies, due to the rationing applied by the authority to constrain the effects of the drought suffered by that country.

In the commercial environment, it is worth mentioning the inclusion of 317,000 new customers, the improvement in energy purchase, the diversification in customers' portfolio and the keeping of the quality service levels.

Regarding investments, these were addressed preferentially to maintain and reinforce the operational assets in order to keep the service liability levels. The investments reached a global amount of US\$ 716 million, 72% of which were destined to the distribution business, while 28% was destined to generation, mainly in the continuation of the works of Central Ralco in southern Chile.

It is also worth mentioning the sound investment in the State of Ceará, in northern Brazil, where

Enersis and its parent company Endesa will build a combined cycle power station, with a capacity of 310 MW, to mainly supply the needs for power and energy required by our subsidiary Coelce.

At the same time, it must be remembered that, during 2002, the second line of electric interconnection of the CIEN project, transporting energy between Argentina and Brazil, should start its operations. This supposes a quantitative and qualitative improvement of the Argentinean generation subsidiary companies' flows.

Due to the previously mentioned measures, and in spite of the unfavorable environment described at the beginning of this annual report, the Enersis Group was able to strengthen its key business fundamentals, which allow it to be alert to the best investment opportunities that may result in the region. Of course, the eventual investments shall be analyzed from a very selective perspective, so that they contribute in a certain way to create value for the investors, a central element to the company growth policy.

Then, while some relevant actors of this sector are leaving the region, the Enersis Group is renewing its commitment to be the regional energetic leader. To fulfill these expectations, we count with a select human group, to which I dedicate my special appreciation for their great contribution and commitment with their work in a difficult 2001. I trust all of the

Enersis employees will continue contributing their professionalism and enthusiasm to achieve the objectives we have all set upon ourselves.

Dear Shareholders, 2001 is already past and we shall rescue its lessons, but the entrepreneurial mentality forces us to look ahead, hope for a better future and fight to achieve it. That is our challenge, and we adhere to it with trust, determination, and bravery.

You can be certain that, once again, all the capabilities of the Enersis Group will be addressed to keep the leadership in a region that, instead of being considered as difficult, we prefer to think of it as a region plenty of opportunities.

Kind regards,



Alfredo Llorente  
Chairman  
Enersis S.A.

# Company identification

## 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 Zaldivar, 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 Superintendence 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° 7,269 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 Zaldivar. The abstract was recorded in the Official Commerce Register of Santiago on page 12,533, No 10,005 and published in the Official Gazette on June 8, 1999.

## Historical overview

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

In 1985, as a 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 upon 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.

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, under resolution adopted by the Shareholders' Meeting held on April 12, 1988, the Company changed its corporate name to Enersis S.A.

Furthermore, to the effects of providing 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 semi-urban 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 of June 1, 1994.

### Corporate purpose

The purpose of the company is to undertake both in Chile or abroad, the exploitation, development, operation, 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.
- 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 kinds of securities and equity contributions to companies.

Rio de Janeiro, Brazil

### COMPANY IDENTIFICATION

Corporate name  
ENERSIS S.A.

Type of company  
Public by held limited liability company

Tax register number  
94,271,000 - 3

Address  
Avda. Kennedy N° 5454  
Vitacura, Santiago

Telephone  
(56-2) 353 4400

Fax  
(56-2) 378 4768

P.O. Box  
1557, Santiago

Web site  
www.enersis.com

E-mail  
comunicacion@e.enersis.cl

Securities register number  
N° 175

External Auditors  
Arthur Andersen - Langton Clarke

Subscribed and paid in capital (ThCh\$)  
729.328.347

Chilean stock exchange ticker symbol  
ENERSIS

New York stock exchange ticker symbol  
ENI

Madrid stock exchange ticker symbol  
XENI

ADR's Program custodian bank  
Banco de Chile

ADR's Program depositary bank  
Citibank N.A.

Latibex custodian bank  
Banco Santander

Latibex depositary bank  
Santander Central Hispano  
Investment S.A

National risk rating companies  
Feller Rate  
Fitch

International risk rating companies  
Fitch  
Moody's  
Standard & Poor's

# Ownership and control

## Ownership structure

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

At December 31, 2001, a total of 8,291,020,100 shares of common stock were subscribed and paid in, with the following breakdown:

Shareholders	Number of Shareholders	Number of shares	%
Endesa S.A.	3	5,389,163,065	65.00%
A.F.P	7	1,164,868,741	14.05%
Citibank N.A.	1	744,587,100	8.98%
Stockbrokers, Mutual Funds and Insurance Co's	88	448,850,206	5.41%
Foreign Investment Funds	8	83,630,103	1.01%
Other Shareholders	9,716	459,920,885	5.55%
<b>Total</b>	<b>9,823</b>	<b>8,291,020,100</b>	<b>100.00%</b>

## Controllers identification

Pursuant to Title XV of Law N° 18,045, the controller of the company, Endesa S.A. of Spain, has an ownership interest in Enersis of 65% that derives from the controlling stake it has in the ownership of Compañía de Inversiones Chispa Uno S.A. (21.5%) and Endesa Internacional S.A. (8.4%) plus the 35.1% direct interest in the ownership through Elesur S.A.

## List of twelve largest shareholders of the company

At December 31, 2001, Enersis was owned by 9,823 shareholders. The twelve largest were:

Name	RUT	Number of Shares	%
Elesur S.A.	96,800,570-7	2,914,325,536	35.1504%
Compañía de Inversiones Chispa Uno S.A.	96,641,060-4	1,780,246,340	21.4720%
Citibank N.A. (According Circ. 1,375 S.V.S.)	97,008,000-7	744,587,100	8.9806%
Endesa Internacional S.A.	59,072,610-9	694,591,189	8.3776%
A.F.P. Provida S.A. (Pension Fund Type 1)	98,000,400-7	354,857,654	4.2800%
A.F.P. Habitat S.A. (Pension Fund Type 1)	98,000,100-8	246,829,975	2.9771%
A.F.P. Cuprum S.A. (Pension Fund Type 1)	98,001,000-7	213,592,328	2.5762%
A.F.P. Santa María S.A. (Pension Fund Type 1)	98,000,000-1	156,254,454	1.8846%
A.F.P. Summa Bansander S.A. (Pension Fund Type 1)	98,000,600-K	129,094,720	1.5570%
Cia. Seg. Vida Consorcio Nacional de Seguros S.A.	99,012,000-5	48,752,062	0.5880%
Banchile Corredores de Bolsa S.A.	96,571,220-8	43,915,204	0.5297%
The Chile Fund Inc. (Bea Adm. Fdos Inv.)	59,028,400-9	33,745,009	0.4070%
<b>Subtotal: 12 shareholders</b>		<b>7,360,791,571</b>	<b>88.7803%</b>
Others : 9,811 Shareholders		930,228,529	11.2197%
<b>Total : 9,823 Shareholders</b>		<b>8,291,020,100</b>	<b>100.000%</b>

## Changes in ownership

During 2001, the most important changes in the ownership of Enersis were:

Name	RUT	Number of Shares 2000	Number of Shares 2001	Variation
Citibank N.A. (According Circ. 1,375 S.V.S.)	97,008,000-7	1,050,933,600	744,587,100	(29.15)%
A.F.P. Cuprum S.A. (Pension Fund Type 1)	98,001,000-7	171,798,610	213,592,328	24.33%
The Chile Fund Inc. (Bea adm. Investment Fund)	59,028,400-9	37,427,265	33,745,009	(9.84)%
The Chile Emerging Markets (Index Common Trust Fund)	59,056,230-0	34,366,184	14,865,078	(56.75)%
Cia. Seg. Vida Consorcio Nacional de Seguros S.A.	99,012,000-5	12,629,998	48,752,062	286.00%
Banchile Corredores de Bolsa S.A.	96,571,220-8	15,736,474	43,915,204	179.07%

## Stock exchange trading

During 2001, Enersis' shares transactions made by directors and principal executives of the company, were as follows:

Shareholders	RUT	Number of Shares Traded	Transaction price	Relation with the Company
Inmobiliaria e Inversiones Los Robles Ltda.	78,312,910-8	4,932	\$195.98	Company related with Andrés Salas Estrades, executive of Enersis.

## Santiago Stock Exchange, Chilean Electronic Stock Exchange and Valparaiso Stock Exchange

The number of shares traded in the stock exchange where Enersis shares are traded, both in Chile, through the Santiago Stock Exchange, the Chilean Electronic Stock Exchange, and the Valparaiso Stock Exchange, and in the United States and Spain, through the New York Stock Exchange (NYSE), Latin American Stock Exchange of Madrid (Latibex) correspondingly, are detailed below.

### QUARTERLY STOCK EXCHANGE INFORMATION OF THE LAST THREE YEARS

Santiago Stock Exchange	Units	Amount (\$)	Average Price
1st Quarter 1999	137,995,213	35,192,825,361	254.35
2nd Quarter 1999	1,718,475,400	525,233,029,516	210.14
3rd Quarter 1999	147,166,710	35,449,847,785	238.43
4th Quarter 1999	144,932,714	35,221,568,865	239.46
1st Quarter 2000	190,988,277	40,078,550,323	216.22
2nd Quarter 2000	110,101,006	23,513,620,910	213.51
3rd Quarter 2000	88,658,193	18,383,256,232	209.79
4th Quarter 2000	198,483,727	39,102,614,613	200.73
1st Quarter 2001	217,618,425	44,437,043,299	205.94
2nd Quarter 2001	292,388,256	57,663,194,013	197.59
3rd Quarter 2001	226,195,786	41,936,113,910	185.74
4th Quarter 2001	393,051,599	73,344,332,507	183.26

During 2001, 1,129 million shares were traded, equivalent to Ch\$217,381 million. The share price closed at year-end with at Ch\$177.

Chile Electronic Stock Exchange	Units	Amount (\$)	Average Price
1st Quarter 1999	70,762,422	18,039,564,862	254.93
2nd Quarter 1999	86,176,190	18,253,304,394	211.81
3rd Quarter 1999	46,885,302	11,077,897,779	236.28
4th Quarter 1999	47,937,017	11,229,140,678	234.08
1st Quarter 2000	73,157,401	15,149,830,280	207.17
2nd Quarter 2000	61,091,600	13,142,859,608	213.97
3rd Quarter 2000	50,955,676	10,684,550,675	207.78
4th Quarter 2000	72,312,976	14,105,017,267	195.78
1st Quarter 2001	83,608,430	17,152,644,402	205.77
2nd Quarter 2001	158,055,600	31,321,294,251	197.13
3rd Quarter 2001	109,886,421	20,354,381,577	186.42
4th Quarter 2001	169,896,292	31,038,862,776	182.94

In 2001, 521 million shares were traded, equivalent to Ch\$99,867 million. The share price closed at year-end at Ch\$180.

Valparaiso Stock Exchange	Units	Amount (\$)	Average Price
1st Quarter 1999	6,520,657	1,686,163,410	258.58
2nd Quarter 1999	11,217,506	2,454,206,061	218.78
3rd Quarter 1999	4,480,228	1,096,735,736	244.79
4th Quarter 1999	1,222,160	301,453,662	246.65
1st Quarter 2000	4,651,539	966,141,613	207.70
2nd Quarter 2000	3,320,362	694,944,396	209.29
3rd Quarter 2000	743,378	155,761,788	209.53
4th Quarter 2000	812,885	164,792,985	202.72
1st Quarter 2001	1,170,182	241,026,099	205.97
2nd Quarter 2001	2,746,772	532,712,377	193.94
3rd Quarter 2001	2,071,416	389,093,093	187.83
4th Quarter 2001	4,724,089	856,465,194	181.29

In 2001, 11 million shares were traded, equivalent to Ch\$2,019 million. The share closed at year-end with a price of \$178.1

#### NEW YORK STOCK EXCHANGE ( NYSE)

In the United States of America, 24 million ADR's (1 ADR = 50 shares), equivalent to US\$ 363 million were traded. The price of the ADR closed at US\$ 13.3.

#### LATIN AMERICAN STOCK EXCHANGE OF MADRID STOCK EXCHANGE (LATIBEX)

The shares of Enersis started trading in the Latin American Stock Exchange (Latibex) on December 17, 2001. The contract unit for the company is 50 shares and its stock exchange ticker symbol is XENI. The Santander Central Hispano Bolsa S.A. S.V.B. will perform as the Company's specialist intermediary.

In Latibex, 91 thousands titles were traded in December (1 title = 50 shares), equivalent to 1 million euros. The price of the share closed at 15.5 euros.

#### Dividend policy for the year 2002

All present members of the Board of Directors unanimously agreed to submit to the Shareholders' Meeting, scheduled for April 11, 2002, the following Dividend Policy they expect to enforce during 2002:

In the months of May, August and November of the year 2002, and in the month of February 2003, an interim dividend to be charged to the net income of the year 2002, amounting to 85% of the income before amortization of negative goodwill 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 2002 already distributed on such distribution date will be deducted from 85% of the cumulative income before amortization of negative goodwill.



Dividends established in pursuance of this policy will be applied to the income originated from normal company operations, understanding as such the income before amortization of negative goodwill obtained by the Company in the period 2002, without considering those resulting 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 the income before amortization of negative goodwill that arise from the above events and the Ordinary Shareholders' Meeting shall 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 fulfillment will be subject to the actual income before amortization of negative goodwill 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 are as a minimum the interim dividends already distributed or the minimum stated by the Chilean Law on Stock Companies, whichever of the two is 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 (\$ at each year)	Accrued in
64	Interim	22.05.97	28.05.97	1.500000	1997
65	Interim	22.08.97	28.08.97	2.000000	1997
66	Interim	21.11.97	27.11.97	2.400000	1997
67	Interim	20.02.98	26.02.98	0.800000	1997
68	Definitive	07.05.98	13.05.98	4.500000	1997
69	Interim	20.11.98	26.11.98	1.600000	1998
70	Definitive	11.05.99	17.05.99	4.000000	1998
71	Definitive	19.04.01	25.04.01	1.806391	2000

#### **Distributable profits (ThCh\$ at dec 2001)**

Net income of the period	40,926,246
Less: higher amortization, investment value	46,069,614
Net income before amortization of negative goodwill	(5,143,368)
Percentage distributed as a dividend upon distributable net income before amortization of negative goodwill	0%

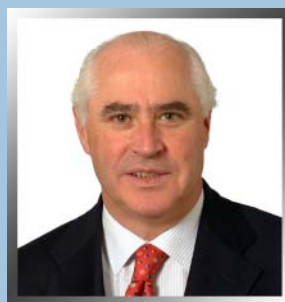
#### **Synthesis of shareholders' comments and proposals**

No comments were submitted to Enersis regarding businesses carried out from January 1st to December 31st, 2001, either from senior partners or group of shareholders that total 10% or more of the shares issued with voting right, pursuant to the provisions of Article 74 of Law No. 18,046 and the Articles 82 and 83 of the Regulation on Stock Companies.

# Board of directors



Alfredo Llorente



Rafael Miranda



Luis Rivera

Enersis is managed by a Board of Directors made up by seven members who serve a three-year term and may be reelected.

The Board of Directors elected in the Ordinary Shareholders' Meeting on April 2, 2001, at December 31, 2001 was composed as follows:

#### CHAIRMAN:

**Alfredo Llorente**  
*Tax register number: 48,062,400-9*  
*Profession: Industrial Engineer*  
*Escuela Técnica Superior de Ingenieros Industriales de Madrid*

#### VICECHAIRMAN:

**Rafael Miranda**  
*Tax register number: 48,070,966-7*  
*Profession: Industrial Engineer*  
*Instituto Católico de Artes e Industrias (ICAI) de Madrid*

#### DIRECTORS:

**José Fesser**  
*Tax register number: 48,064,839-0*  
*Profession: Lawyer*  
*Universidad de Sevilla*

**Luis Rivera**  
*Tax register number: 48,071,010-K*  
*Profession: Road, Channels, and Ports Engineer*  
*Universidad Politécnica de Madrid*

**Ernesto Silva**  
*Tax register number: 5,126,588-2*  
*Profession: Commercial Engineer*  
*Pontificia Universidad Católica de Chile*

**Hernán Somerville**  
*Tax register number: 4,132,185-7*  
*Profession: Lawyer*  
*Universidad de Chile*

**Eugenio Tironi**  
*Tax register number: 5,715,860-3*  
*Profession: Sociologist*  
*Escuela de Altos Estudios en Ciencias Sociales, París, Francia*

#### SECRETARY OF THE BOARD OF DIRECTORS:

**Domingo Valdés**  
*Tax register number: 6,973,465-0*  
*Profession: Lawyer*  
*Universidad de Chile*



José Fesser



Ernesto Silva



Hernán Somerville



Eugenio Tironi

### Remuneration of the Board of Directors

Pursuant to the provisions of article 33, Law No. 18,046 on Joint Stock Companies, the Ordinary Shareholders' Meeting held on April 2, 2001, agreed upon the remuneration that corresponds to the Board of Directors for the accounting period 2001.

Details on amounts paid to the Board of Directors of Enersis, and those who were Directors of this company and performed as subsidiary directors as well, are shown below:

Director	At December 31, 2000			At December 31, 2001			
	Board of Directors			Board of Directors	Committee of Enersis	Board of Directors	
	Enersis ThCh\$	Other subsidiaries ThCh\$	Total ThCh\$	Enersis ThCh\$	ThCh\$	Other subsidiaries ThCh\$	Total ThCh\$
Alfredo Llorente	51,369	3,894	55,263	49,323	2,340	-	51,663
Ernesto Silva	25,684	29,641	55,325	24,601	2,332	8,539	35,472
Rafael Miranda	34,246	-	34,246	35,183	-	-	35,183
Luis Rivera	22,830	-	22,830	24,006	-	-	24,006
Carlos Vicuña	10,556	-	10,556	-	-	-	-
Jose Fesser	25,684	-	25,684	24,597	-	-	24,597
Hernán Somerville	25,684	-	25,684	24,601	2,332	-	26,933
Eugenio Tironi	7,565	-	7,565	24,599	-	-	24,599
Enrique García	-	14,195	14,195	-	-	-	-
Héctor López	-	18,780	18,780	-	-	-	-
Leonidas Vial	-	56,316	56,316	-	-	-	-
<b>Total</b>	<b>203,618</b>	<b>122,826</b>	<b>326,444</b>	<b>206,910</b>	<b>7,004</b>	<b>8,539</b>	<b>222,453</b>

### **Board of Directors' expenses**

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During 2001, the Board of Directors' relevant expenses added up to \$15 million , aproximately.

### **Committee of Directors**

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Pursuant to the provisions of Article 50 bis of Law No. 19,705, Enersis has a Committee of Directors made up of three members, with the powers and duties provided in such article.

At December 31, 2001, the Committee of Directors of Enersis was made up as follows:

#### **CHAIRMAN:**

**Alfredo Llorente**

*Tax register number: 48,062,400-9*

*Profession: Industrial Engineer*

*Escuela Técnica Superior de Ingenieros Industriales de Madrid*

#### **MEMBERS:**

**Ernesto Silva**

*Tax register number: 5,126,588-2*

*Profession: Commercial Engineer*

*Pontificia Universidad Católica de Chile*

**Hernán Somerville**

*Tax register number: 4,132,185-7*

*Profession: Lawyer*

*Universidad de Chile*

#### **SECRETARY OF THE COMMITTEE:**

**Domingo Valdés**

*Tax register number: 6,973,465-0*

*Profession: Lawyer*

*Universidad de Chile*

On January 29, 2001, the Board of Directors, in Ordinary Meeting No. 01/2001, unanimously agreed with attending members to conform the Committee of directors to the number of members provided in article 50 bis of Law No. 19,705, consequently reducing the members number of said Committee from four to three. As of said date, Enersis's Committee of Directors was made up by the following members: Alfredo Llorente , Hernán Somerville and Ernesto Silva, appointing Alfredo Llorente as the chairman of such

committee and Domingo Valdés as the secretary of same committee.

### **Activities of the committee during 2001**

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In its first session of the period, on February 2, 2001, the Committee of Directors examined the External auditors' report regarding the Balance Sheet and the Financial Statements corresponding to the accounting period 2000, and the examination of the External auditors' report on bank draft and money brokerage, and the statement of account inspectors corresponding to the same period.

In the aforementioned session and for the fiscal year 2001, the Committee of Directors proposed to the Board of Directors as follows: Arthur Andersen Langton Clarke as External auditors, Feller Rate and Fitch Chile as domestic risk rating private companies and Fitch, Moody's and Standard & Poor's as international risk rating private companies, proposals that were accepted by such Board.

The Committee of Directors quarterly analyzed and approved the Individual and Consolidated Statements of the Company; examined the antecedents of the operations referred to by Articles 44 and 89 of Law 18,046 on Stock Companies; issued reports on such subject matters; and examined the remuneration systems and compensation plans for managers and main executive officers as well.

As a conclusion, during the fiscal year 2001, Enersis's Committee of Directors has properly dealt with the issues provided in Article 50 bis of Law 18,046 on Stock Companies.

### **Committee income**

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During 2001, the Directors' Committee income amounted to Ch\$ 7 million approximately.

### **Committee expenses**

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During 2001, the Committee of Directors did not make use of the budget for functioning expenses approved by the Ordinary Board of Shareholders held on April 2, 2001.



# Organizational structure



(\*) These executive officers were not in these positions at 12/31/01, but later on Rafael López substituted Martín Madrid, Cristián Herrera substituted José Kindelán, Alvaro Mondaca substituted Alfonso Brito and Victor Badilla was promoted to a managerial position.

(\*\*) Gonzalo Martín left his position on January 1, 2002.

## Management of Enersis

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### CHIEF EXECUTIVE OFFICER:

**Enrique García**  
Tax register number: 14,704,156-K  
Profession: Civil Engineer (Infrastructure)  
Escuela Técnica Superior de ICCP de Madrid

### ADJUNT CHIEF EXECUTIVE OFFICER:

**Juan I. Domínguez**  
Tax register number: 6,615,791-1  
Profession: Commercial Engineer  
Universidad de Chile

### CORPORATE BUSINESS EXECUTIVE OFFICER:

**Alberto López**  
Tax register number: 14,672,360-8  
Profession: Industrial Engineer  
Universidad Politécnica de Madrid

### CORPORATE PLANNING AND CONTROL EXECUTIVE OFFICER:

**Rafael López**  
Tax register number: 14,709,119-2  
Profession: B.S. in Economic and Business Sciences  
Universidad de Málaga

### CORPORATE COMMUNICATIONS OFFICER:

**Fernando Nadal**  
Tax register number: 14,683,859-6  
Profession: Journalist and Lawyer  
Universidad Alcalá de Henares de Madrid

### CORPORATE AUDITING OFFICER:

**José Raventós**  
Tax register number: 14,743,221-6  
Profession: B.S. in Economic and Business Sciences  
Universidad de Sevilla

### CORPORATE HUMAN RESOURCES OFFICER:

**Luis de La Barra**  
Tax register number: 7,045,333-9  
Profession: Psychologist  
Pontificia Universidad Católica de Chile

### GENERAL COUNSEL:

**Domingo Valdés**  
Tax register number: 6,973,465-0  
Profession: Lawyer  
Universidad de Chile

### INSTITUTIONAL AFFAIRS DIRECTOR:

**José Domínguez**  
Tax register number: 6,372,293-6  
Profession: Civil Engineer  
Pontificia Universidad Católica de Chile

### CORPORATE AUDITING DIRECTOR:

**Rolf Heller**  
Tax register number: 5,541,080-1  
Profession: Public Accountant and Auditor  
Pontificia Universidad Católica de Chile

### CHIEF FINANCIAL OFFICER:

**Mauricio Balbontín**  
Tax register number: 9,148,940-6  
Profession: Commercial Engineer  
Universidad de Chile

### CHIEF INVESTMENT AND RISK OFFICER:

**Ricardo Alvial**  
Tax register number: 7,330,389-3  
Profession: Public Administrator  
Universidad de Chile

### CHIEF CORPORATE ACCOUNTING OFFICER:

**Fernando Isac**  
Tax register number: 48,075,561-8  
Profession: Economist  
Universidad de Zaragoza

### CHIEF PROCUREMENT OFFICER:

**Francisco Núñez**  
Tax register number: 14,733,340-4  
Profession: Civil Engineer (Infrastructure)  
Universidad Politécnica de Madrid

### CHIEF INFORMATION SYSTEMS OFFICER:

**Cristóbal Sánchez**  
Tax register number: 48,072,431-3  
Profession: B.S. Information Systems  
Universidad Politécnica de Madrid

### CHIEF DEVELOPMENT OFFICER:

**Ignacio Blanco**  
Tax register number: 14,677,073-8  
Profession: Industrial Engineer and Economist  
Universidad Politécnica de Barcelona y Universidad de Zaragoza

**CHIEF REGULATION OFFICER:**

**Cristián Herrera**  
 Tax register number: 10,545,763-4  
 Profession: Industrial Civil Engineer  
 Pontificia Universidad Católica de Chile

**CHIEF STAFF BUSINESS OFFICER:**

**Víctor Badilla**  
 Tax register number: 7,284,550-1  
 Profession: Psychologist B.S. in Psychology  
 Pontificia Universidad Católica de Chile

**CHIEF ORGANIZATION OFFICER:**

**Gonzalo Martín**  
 Tax register number: 14,714,812-7  
 Profession: B.Sc. in Chemical Sciences  
 Universidad Complutense de Madrid

**CHIEF HUMAN RESOURCES OFFICER:**

**Alvaro Moncada**  
 Tax register number: 8,074,284-3  
 Profession: Commercial Engineer  
 Universidad de Concepción

**CHIEF PLANNING OFFICER:**

**Juan Spöerer**  
 Tax register number: 10,877,023-6  
 Profession: Commercial Engineer  
 Pontificia Universidad Católica de Chile

**Remuneration of chief officers**

The total remuneration obtained by the aforementioned Enersis's managers, during the year 2001, amounts to Ch\$2,659 million. This amount includes the remuneration of the existing officers at December 31, 2001, as well as those of the officers who disassociated along the period.

**Incentive plans**

Enersis has a yearly bonus plan for its executives for their 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

**Compensations**

Years-of-service compensations paid to Enersis's managers in 2001 add up to Ch\$65 million. This amount corresponds to managers who disassociated along the fiscal year 2001.

**Management of subsidiaries****CHIEF EXECUTIVE OFFICER OF THE REGIONAL GENERATION BUSINESS:**

**Héctor López**  
 Tax register number: 48,062,402-5  
 Profession: B.S. in Law and Economic Sciences  
 ICADE de Madrid

**CHIEF EXECUTIVE OFFICER ENDESA CHILE:**

**Héctor López**  
 Tax register number: 48,062,402-5  
 Profession: B.S. in Law and Economic Sciences  
 ICADE de Madrid

**CHIEF EXECUTIVE OFFICER OF THE REGIONAL DISTRIBUTION BUSINESS:**

**Marcelo Silva**  
 Tax register number: 5,056,359-6  
 Profession: Commercial Engineer  
 Universidad de Chile

**CHIEF EXECUTIVE OFFICER CHILECTRA:**

**Julio Valenzuela**  
 Tax register number: 4,469,173-6  
 Profession: Electric Civil Engineer  
 Pontificia Universidad Católica de Chile

**CHIEF EXECUTIVE OFFICER RÍO MAIPO:**

**Alejandro Gómez**  
 Tax register number: 6,975,457-0  
 Profession: Civil Engineer  
 Universidad de Chile

**CHIEF EXECUTIVE OFFICER EDESUR:**

**José Rovira**  
 Tax register number: 38168242-H  
 Profession: Electric Industrial Engineer  
 Universidad Técnica Industrial de Barcelona

**CHIEF EXECUTIVE OFFICER EDELNOR:**

**Emilio García**  
 Tax register number: 71249480-B  
 Profession: Industrial Engineer  
 Escuela Técnica Superior de Ingenieros  
 Industriales de Bilbao

**CHIEF EXECUTIVE OFFICER COELCE:**

**Celestino Izquierdo**  
 Tax register number: 05872282-Z  
 Profession: Industrial Engineer  
 Universidad Politécnica de Madrid

**CHIEF EXECUTIVE OFFICER CERJ:**

**Manuel Montero (\*)**  
 Tax register number: 30785023-Y  
 Profession: Industrial Engineer  
 Escuela Técnica Superior de Ingenieros  
 Industriales de Madrid  
 (\*) He assumed this position on January 1,  
 2002, replacing Javier Villar.

**CHIEF EXECUTIVE OFFICER CODENSA:**

**Marcelo Liévenes**  
 Tax register number: 9,085,706-1  
 Profession: Commercial Engineer  
 Universidad de Chile

**CHIEF EXECUTIVE OFFICER SYNOPSIS SOLUCIONES Y SERVICIOS Y IT:**

**Victor Muñoz**  
 Tax register number: 7,479,024-0  
 Profession: Civil Engineer  
 Universidad Federico Santa María de Valparaíso

**CHIEF EXECUTIVE OFFICER COMPAÑÍA AMERICANA DE MULTISERVICIOS UNO:**

**Pantaleón Calvo**  
 Tax register number: 6,611,573-9  
 Profession: Civil Engineer  
 Universidad de Chile

**CHIEF EXECUTIVE OFFICER COMPAÑÍA AMERICANA DE MULTISERVICIOS (FORMER DIPREL):**

**Eduardo López**  
 Tax register number: 7,706,387-0  
 Profession: Commercial Engineer  
 Universidad Católica de Valparaíso

**CHIEF EXECUTIVE OFFICER INMOBILIARIA MANSO DE VELASCO:**

**Andrés Salas**  
 Tax register number: 6,002,870-2  
 Profession: Civil Engineer  
 Universidad de Chile

**Distribution of human resources**

The distribution of human resources of Enersis and its subsidiaries and related companies, at December 31, 2001, was as follows:

Company	Top Executives	Professionals and Technicians	Administrative Staff	Total
Enersis	42	109	84	235
Endesa (1)	62	617	1,073	1,752
Chilectra (2)	27	306	389	722
Río Maipo	1	24	53	78
Edesur	32	599	1,636	2,267
Edelnor	21	276	260	557
Cerj	27	451	876	1,354
Codensa	20	359	434	813
Coelce	29	1,109	326	1,464
Synopsis (3)	11	385	199	595
Cam Uno, former Cam (4)	4	139	300	443
Cam, former Diprel (5)	6	48	62	116
Inm. Manso de Velasco	4	7	4	15
<b>Total</b>	<b>286</b>	<b>4,429</b>	<b>5,696</b>	<b>10,411</b>

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

(2) Includes: Empresa Eléctrica de Colina

(3) Includes: Synopsis Chile - Synopsis Argentina - Synopsis Colombia - Synopsis Brazil - Synopsis Peru

(4) Includes: Cam Chile - Cam Argentina - Cam Colombia - Cam Peru

(5) Includes: Diprel Chile - Diprel Colombia - Diprel Peru



One of the most relevant aspects in human resources matters carried out in 2001 is related with the inner re-structuring plan of Enersis's subsidiaries, whose main objective was to improve the efficiency of the processes associated to the business support areas.

Regarding the Genesis Plan, promoted by the Group's top management, both standard and cost objectives were reached in human resources as forecasted for 2001.

Another relevant fact of the year 2001 deals with the training plans carried out for workers (professional and administrative), which aimed at consolidating corporate values and the achievement of the Group's strategic objectives, totaling 6,887 hours/man.

Within the human resources strategic plan, it is worth mentioning the training of the region's executive officers in an integration and development program in Spain, allowing them to share a wider and global vision of business as well as work on management skills which are essential to improve the management potential of this group. The training program is the only corporate activity that gathers executive officers from different countries, cultures, education and business lines under the same umbrella, which

results in a higher commitment with the present and future Group's company project.

During the current year, a new evaluation system for performance and incentives for all professional employees of the company was established, associated to the fulfillment of personal and company objectives. Besides, positions in the company were described and evaluated according to the HAY methodology pursuant to the guidelines of the Group. These tools provided the background for the establishment of the company's new salary policy for the middle and professional levels of the company, whose foundation is excellence in performance and results, and the competitive market.

Regarding work relations, a permanent communication program with the employees and their representatives was established, which has resulted in a significant increase in the quality of relations, reaching an outstanding level to date.

Summarily, the strategic Human Resources plan, based on the People Management Model, which started two years ago, has continued. The establishment of the policies and guidelines of the Group in all the companies of the Latin American region has continued parallelly to their advancement in the Holding.



*Costanera Power Station, Argentina*



*Saint Francis Shrine of Castro, Chile*

# Activities

## Cultural activities

In the last years, Enersis not only has generated, transported and distributed electric power but it has also made a great effort to daily join to the cultural development of the countries where it is present, mainly in Chile.

Stimulating reading and the fine arts, supporting drama performances, recovering the photographic patrimony of Santiago, or increasing the architectural beauty of churches and shrines of the country is an addition to the habitual work of the Enersis Group while rising electric networks, building huge power generation stations or delivering power to customers.

In 2001, the Enersis Group - managed by Endesa Spain - carried out uncountable cultural activities such as:

### LATIN AMERICAN PAINTING CONTEST

#### "POWER AND LIFE"

For a second consecutive year, Enersis called for artists to create. In the year 2000, the Power and Light Contest gathered 30 Chilean artists. The winner was

Lorenzo Moya. This year the contest has included all the countries where the Group develops activities. An accurate study of the works of the most representative artists of plastic arts of Argentina, Brazil, Colombia, Chile and Peru was carried out. This way, 27 Latin American artists participated and the winner was the Chilean artist Arturo Duclós with his masterpiece "Ars Magna Lucis et Umbrae". The second award was granted to the Peruvian artist Bruno Zepilli and the third award was for the Brazilian artist Carlos Vergara.

### CHURCH AND SHRINE LIGHTING AGREEMENT

The Enersis Group companies, jointly with Endesa-España, have committed a total of US\$ 3.7 million in Chile, Colombia, and Peru. This amount is for the lighting of cathedrals, churches, temples and other buildings belonging to the historical-artistic patrimony of the Catholic Church in these three countries.

In Chile, the lighting of the churches of St. Anthony of Padua (in Putaendo), St. Anthony (El Almendral), the Shrine of St. Francis (Castro), the Cathedral of San Bernardo, the first stage of the Cathedral of Santiago and the Parish of Puerto Varas have already been finished. Five more temples will be concluded in 2002.



*Exhibition of the Latin American Painting Contest at the Museum of Fine Arts.*



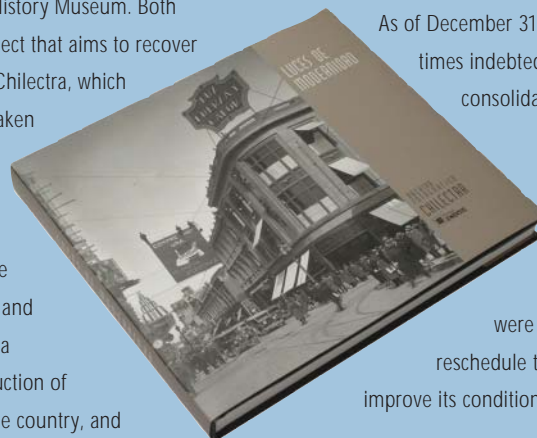


Book Fair, Chile

#### CHILETRA'S PHOTOGRAPHIC ARCHIVE

In a ceremony that took place on December, the Enersis group opened the photograph exhibition "Lights of Modernity" and presented a book with the same name at the National History Museum. Both initiatives are part of the project that aims to recover the photographic archive of Chiletra, which collects images of Santiago taken between 1920 and 1930.

With these activities, not only the photographic archive of the company is recovered and revalued, but it also leads to a significant step in the construction of the historical patrimony of the country, and



As of December 31, 2001 there is a 1.4 times indebtedness coefficient at a consolidated level.

Changes in the indebtedness of the Company occurred during 2001 were essentially oriented to reschedule the existing debt to improve its conditions.

especially of Santiago. The material includes negative film in glass plates, more than 7,300 flexible negative films in acetate and nitrate in different sizes, and 10,000 more copies in paper. Also included are 49 corporate volumes, totaling 2,900 pages.

#### BOOK FAIR

For the tenth consecutive year Enersis sponsored the International Book Fair of Santiago. This uninterrupted support shows Enersis' commitment with culture. On its last edition, this Fair was visited by more than 200,000 people.

#### ENERGY INFORMATION CENTER

An Energy Information Center is located in Enersis' corporate building. In this place, teaching is developed in a didactical way to show how electricity is produced and how it is delivered to industrial facilities and houses. During 2001, this center was visited by 3,600 students of the Metropolitan Region.

Finally, it is worth pointing out that there are a series of minor initiatives, as the donation of a library to the city of Cunco, the sponsoring (together with Metro de Santiago) of the literary contest "A Tale in A Hundred Words", the support of the efforts of the Real Academia de la Lengua to include the new idioms of America, and the production of a compact disc called "The voices of my ancestors", with the best Latin American folkloric music performed by "Los Huasos Quincheros".

#### Financial activities



In this sense, during 2001, Enersis subscribed the following credits, directly and through its Agency in the Caiman Islands:

- January: Bank of Tokyo for US\$ 50 million
- March: Syndicated Loan for US\$ 400 million
- May: ABN AMRO for US\$ 100 million
- June: BBVA Bank for US\$ 150 million
- July: Syndicated Loan for US\$ 500 million

With the resources from these funding, pre-payments of the bilateral credits were made. These were taken within the framework defined by the so called Genesis Project in 1999, and the purchases of Chilectra, Rio Maipo and the additional purchase of Cerj were rescheduled, all of them in December, 2000.

As far as amendments to credit agreements, the credits with Elesur for US\$ 1,566 million and the bilateral credits of the Genesis Project for US\$ 424 million along the year were renewed.

Finally, on November 30 and December 3, two series of re-adjustable bonds in Unidades de Fomento (UF) totaling UF 6,500,000 (US\$ 150 million approximately) were successfully placed in the local market. The due date for these bonds ranges from 8 to 21 years and the basic rate is 5.5% over Unidades de Fomento for the B1 series and 5.75% over Unidades de Fomento for the B2 series.

With the resources of the above mentioned bonds and under quite advantageous conditions, Enersis, through its subsidiary Enersis International, partially repurchased part of an international bonds issuing of Enersis Agency in Cayman Islands (Yankee Bonds) for a US\$ 100 million nominal value, which was placed at a 7.4% annual rate and due date in 2016. Such operation yielded a US\$ 8 million profit, which was acknowledged as out of non operating income.



Atacama Power Station, Chile





Buenos Aires, Argentina



# Businesses

## Historical expansion

Energis is the largest private electrical Group in Chile and Latin America. Along its history, it has mainly focussed its business activity in the generation and distribution of energy, but it has also participated in business related to its main activity.

Within the above context, through its subsidiary **Empresa Nacional de Electricidad S.A. (Endesa Chile)**, it has been materializing its investments in the generation of electric energy in the country and abroad.

The electric energy distribution business has been performed jointly with its subsidiary **Chilectra S.A.**, a company whose main aim is the distribution of electric energy in the Metropolitan Region and abroad. It is also the main shareholder in **Compañía Eléctrica del Río Maipo S.A.**, which currently serves the needs for distribution and sale of electric energy in the areas surrounding those served by Chilectra.

Additionally, Energis owns a majority stake in:

**Synapsis Soluciones y Servicios IT Ltda.** (Former Synapsis S.A.), aimed at providing services and equipment related to computing and data processing.

**Compañía Americana de Multiservicios Uno Ltda.** (Former CAM), whose areas of action are related to the commercial operations and networks for public service companies, preferably in measuring systems for utilities.

**Inmobiliaria Manso de Velasco Ltda.**, which is in real estate development projects, and is committed to manage, lease, purchase and sale the real estate property of Energis and its subsidiaries in Chile.

## **Compañía Americana de Multiservicios Ltda.**

(Former Diprel), aimed at acting as a purchase agent, an importer and exporter, and also as a merchandiser and materials supplier for the subsidiary companies of Energis and third parties.

Energis started its process of expansion to other countries in the continent by participating in various privatization processes, thus developing a significant presence in the electric sectors of Argentina, Peru, Colombia, and Brazil.

In July of 1992, **Edesur**, a company that distributes electric energy to the city of Buenos Aires, Argentina, was adjudicated to **Distrilec Inversora S.A.**, a company in which Energis participates. Afterwards, in December, 1995, Energis purchased an additional 39% of that company, becoming its controller since then.

Between July 1994 and December 1995, Energis, through the company **Inversiones Distrilima S.A.** purchased the 60% of the stock capital of the **Empresa de Distribución Eléctrica de Lima Norte S.A.**, **Edelnor**. In that same year, it purchased **Edechancay**.

In 1996, Energis entered into the Brazilian market for the first time, jointly purchasing with other partners and important part of the stock of the **Companhia de Eletricidade do Rio de Janeiro (Cerj)** which distributes electric energy in the city of Rio de Janeiro, Brazil.

In 1997, Energis successfully participated through a consortium 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, Energis participated in the Brazilian market once again. This time, through

a consortium, was awarded the control 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.

On the other hand, important operations were carried out during 2000 which 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.

Moreover, important investments were made along the year: US\$364 million to increase the company's stake in the capital stock of Chilectra; US\$150 million in the purchasing of Edesur's capital stock by 10%, in Argentina, which was owned by the company workers; US\$132 million to increase the participation in the Brazilian company Cerj; and US\$23 million to increase the participation of Enersis in Rio Maipo by 15%.

### **Growth and development**

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Enersis' main objective is to maximize the economic value of its equity, through 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, and the purchasing of new companies.

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 has a final decision on their management and operation, and the power to approve or reject its investment projects.

Another development factor is its exceptional team of professionals that actively interact 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 its business activities.

### **Investments and divestments**

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#### *CHILE*

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As envisaged in the Genesis Project, the subsidiary Endesa Chile sold Infrastructure 2000 for UF 2,253,000, in April 2001.

As well, also within the Genesis Project, Enersis obtained US\$23 million for the disposal of single family land lots, industrial lots, and macrolots of the ENEA project.

In the purchase chapter, Enersis increased its participation in the subsidiaries Chilectra and Río Maipo. In Chilectra, the stake increased to 98.2%, with a US\$3 million investment, while in Río Maipo it increased to 98.7%, with a US\$0.4 million investment.

### BRAZIL

Pursuant to the strategic objective of increasing the presence in Brazil, particularly in the generation sector, Enersis jointly with Endesa España started the construction of the Fortaleza Thermoelectric Power Station in the state of Ceará. This 310 MW power station and a foreseen investment of US\$203 million will supply the Coelce distributor as of 2004. In this manner, besides incrementing the participation in the Brazilian generation market, Coelce's electric supply is assured, in a market with one of the highest growth indexes in Brazil.

Once the 0,7% belonging to minority shareholders of the company was purchased on August 9, the 99.5% of Cachoeira Dourada became controlled through Endesa Chile and its controlled Lajas Holding. This operation meant a US\$2 million disbursement approximately. Arrangements are in progress to obtain the cancellation certificate of the limited liability stock company registry.

### ARGENTINA

The merger of Central Buenos Aires and Central Costanera was approved in November, 2001, to reduce costs and improve management in these power stations. The merger of both entities will result in a more solid company, both in financial and commercial terms, in which Central Costanera will get all the assets, liabilities, rights and obligations of Central Termoeléctrica de Buenos Aires.

### Prospects for the year 2002

#### CHILE

The consolidation process and the efficiency improvement as set forth in the Genesis Project will continue along 2002.

Chile's most important project will be the Ralco hydroelectric power station, which is being developed by the Endesa Chile subsidiary.

At the same time, the feasibility of new generation projects along the country in function of the demand growth and the forecasts of the future bare prices will be analyzed.

Chilectra and Rio Maipo will continue with their investments in the distribution net to keep the good quality standards they show and cover the demand growth foreseen for the next years.

### BRAZIL

Due to the presidential and state governors' elections in late 2002, it is foreseen that the privatization processes in Brazil will be postponed. Nevertheless, a monitoring of opportunities will be continued. For the definitive development of the opportunities that result in Brazil, both the strategic importance of investments and their profitability and risks will be taken into account.

It will also be studied the participation in thermoelectric generation projects sponsored by the Brazilian State within the thermoelectricity priority program, mainly in the same areas where the distribution concessions are located.

The development of Fortaleza's thermoelectric project will continue and the 1,000 MW second interconnection line between Brazil and Argentina will most probably be put in service.

### PERU

The Peruvian State has expressed its intention of continuing with the disposal of its stakes in electric companies. The opportunities resulting from this fact will be analyzed.

### COLOMBIA

It is expected that Codensa maintain its performance in the areas of loss decrease and quality service improvement, keeping customers' orientation and profitability as the objectives of future management.

## **Investment and financing policy of the year 2001**

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The Ordinary Board of Shareholders, held on April 2, 2001, approved the Investment and Financing Policy as follows:

### **1. INVESTMENTS**

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#### **(a) Investment areas**

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

- Equity contributions to its public subsidiaries.
- Equity contributions for investment or creation of subsidiary or related companies, whose scope of business is similar, related or connected to energy in any of its forms or nature, or the provision of public 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) Investments in its public subsidiaries, as needed to enable such subsidiaries to attain their corporate purpose 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 companies should not exceed the proportion of fixed asset that corresponds to the participation of the public 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 same or higher percentage as such stipulated in the first paragraph of article 45 bis of Decree Law N° 3,500.

#### **(c) Controlling participation in investment areas**

In order to control areas of investment and pursuant to what is defined in the corporate purpose of the company, actions as far as possible will be taken into account as follows:

- Propose 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.
- Propose 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.

### **2. FINANCING**

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#### **(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. Notwithstanding the above, 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 with creditors solely provided that they are previously approved at a Shareholders' Meeting (either Ordinary or Extraordinary).

**(c) Authority of management to agree with creditors the granting of collateral**

Management has the authority to agree with creditors on granting real and personal collateral within the frame of the provisions in compliance with the law 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 Rio Maipo are essential assets for the operation of the company.

**Risk factors**

Enersis is an investment company whose assets are properly diversified in five countries in the region, which provides it with a balanced corporate risk profile.

In the same manner, the financial flows of Enersis follow the same diversification with the additional advantage that they correspond to generation, distribution and other related business, which grants the company's financial situation a higher stability.

The above has been duly collected by domestic and international risk rating companies. Indeed, such companies acknowledge that one of the strengths of the Group lies on its adequate investment portfolio,

which has allowed Enersis to keep a company classification of "Investment Grade" beyond the contingencies experienced by some countries of the region along last year.

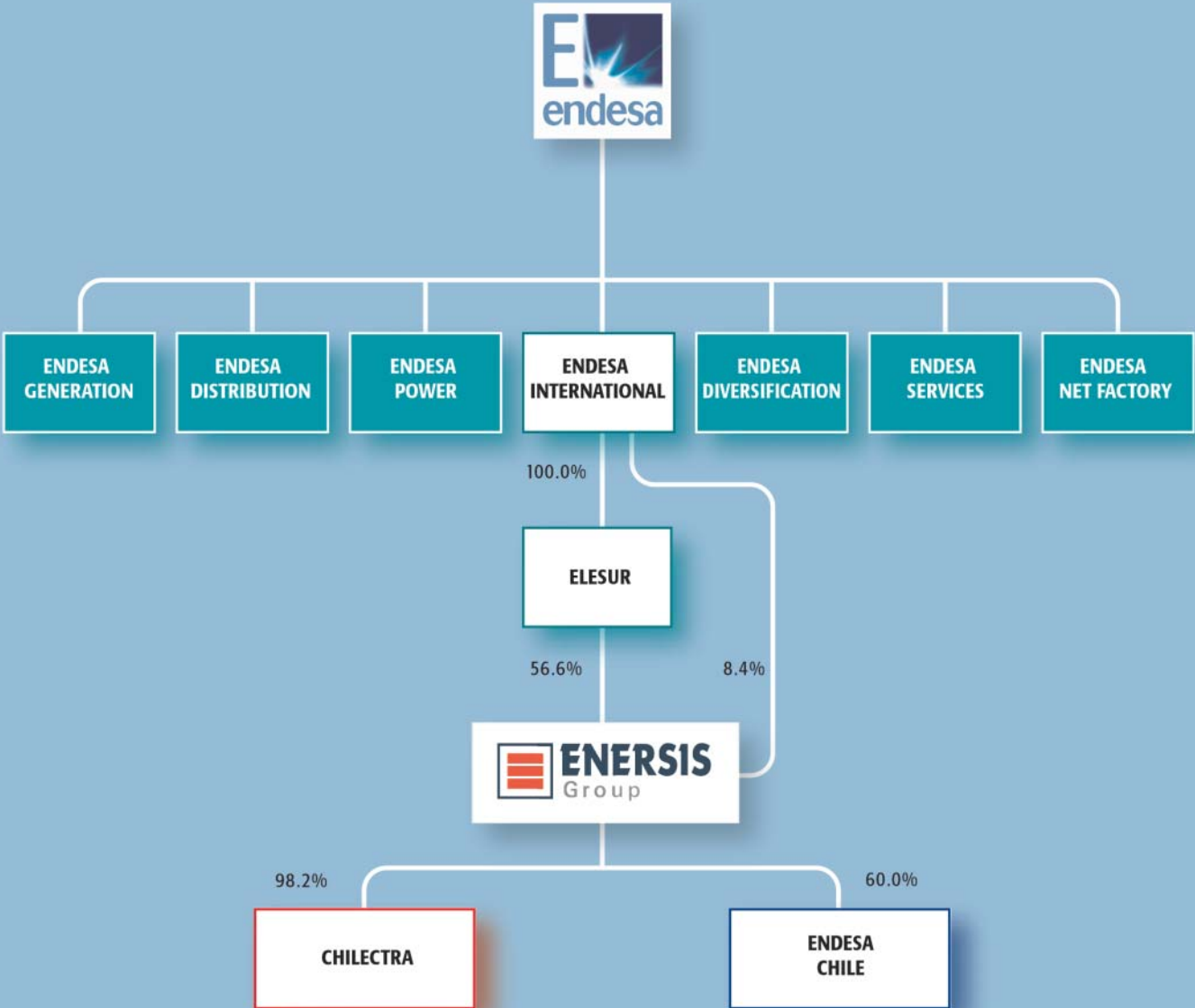
The following table details the international risk rating assigned to the Company at December, 2001:

	Fitch	Moody's	Standard & Poor's
Debt in Local Currency	A	-	A
Debt in Foreign Currency	A-	Baa1	A-
	Fitch	Feller Rate	
Shares	First Class Level 1	First Class Level 2	
Bonds	AA-	AA+	

The corporate strategy applied by the Group to contain the inherent risks to an investment company in the electric industry, it has been to manage the company's assets with both prudence and responsibility. This policy can be observed during last year by the strengthening of cash, decrease of debts, improvement of the quality service index, and the concentration in primary activities and continuous monitoring of the economic and regulatory situation in each operating country.

A concrete measure within the global context of the Group's risk proactive handling was the creation, during 2001, of the Enersis Group Risk Committee, aimed at identifying the most diverse risks that could affect the company and propose on time the contention measures needed. This Committee has elaborated a Group's risk map and it is operating under state-of-the-art techniques of Company Risk Management.

# Corporate structure





**DISTRIBUTION**

**TRADING**

**GENERATION**

**TRANSMISSION**

ELECTRICITY SECTOR

CHILECTRA  
98.2%

RÍO MAIPO  
98.7%

EDESUR  
65.1%

EDELNOR  
32.7%

CERJ  
58.2%

COELCE  
26.6%

CODENSA  
22.9%

ENDESA CHILE  
60.0%

COSTANERA  
51.9%

EL CHOCÓN  
47.5%

EDEGEL  
37.9%

CACHOEIRA DOURADA  
92.4%

BETANIA  
85.6%

EMGESA  
22.4%

PEHUENCHE  
93.7%

PANGUE  
92.5%

SAN ISIDRO  
75.0%

CELTA  
100.0%

NOPEL  
50.0%

TRANQUILLOTA  
37.5%

CIEN  
45.0%

CTM  
45.0%

CEMSA  
45.0%

ENERSIS ENERGÍA DE COLOMBIA  
100%

OTHER BUSINESSES

**MASSIVE SERVICES**

CAM UNO  
100%

**LOGISTICS AND PROCUREMENT**

CAM (FORMER DIPREL)  
100%

**INFORMATION AND TELECOMMUNICATIONS**

SYNAPSIS  
100%

**ENGINEERING**

INGENDESA  
97.6%

**REAL STATE**

INMOBILIARIA M. VELASCO  
100%

**INFRASTRUCTURE**

AUTOPISTA DEL SOL  
60.0%

AUTOPISTA LOS LIBERTADORES  
58.4%

TÚNEL EL MELÓN  
100%

**GAS PIPELINE**

GAS ATACAMA  
50.0%

GAS CUENCA NOROESTE  
50.0%

ELECTROGAS  
42.5%

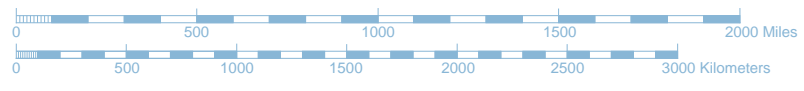
GASODUCTO TAL TAL  
50.0%

# Generation

Generation



12,267 MW  
Installed capacity  
in Latin America



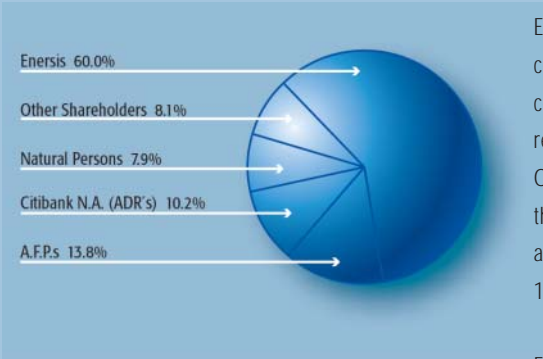




# Endesa Chile

## Company ownership

Enerjis, the main stockholder in Endesa Chile with 60% of the property, has channeled investment in the area of electric generation through this company. Additionally, the other shareholders are:



## Operational activity

The main activities carried out by Endesa Chile and its subsidiaries are related to the generation and commercialization of electric energy and, additionally, to the sales of consulting and engineering services in all specialties.

Endesa Chile is the main electric energy generation company in Chile and one of the country's largest company. In Chile it operates a total of 3,935 MW, representing 39% of the country's installed capacity. Out of this figure, 73.7% is hydraulic energy, and the rest is thermal energy. Its annual generation added up to 15,741GWh, and its sales amounted to 18,673 GWh during the year.

Endesa Chile participates in the Central Interconnected System (SIC), covering an area that serves approximately 93% of the national population, with an installed capacity of 3,753 MW, which represents approximately 57% of the SIC.



Endesa also participates on the Northern Interconnected System (SING), through its subsidiary Celta, Gasatacama, and Nopel companies, serving various mining companies and sales on the spot market. Celta's installed capacity in this system is 182 MW, which represents 5% of the SING.

Endesa Chile has presence in **Argentina**, through Central Costanera S.A., Hidroeléctrica El Chocón S.A., operating a total of 3,622 MW, which represents 16% of the Argentinean Interconnected System's total, an annual generation of 9,948 GWh and annual sales of 12,988 GWh.

In **Brazil**, it participates through Centrais Eléctricas Cachoeira Dourada S.A., operating a total of 658 MW, representing approximately 1% of the installed capacity in that country, an annual generation of 2,256 GWh and annual sales of 3,743 GWh.

In **Peru**, the company participates through Edegel, operating a total of 997 MW, representing 23 % of the Peruvian system, with an annual generation of 4,176 GWh and annual sales amounting to 4,239 GWh.

Finally the company participates 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 23% of the installed capacity in Colombia, with an annual generation of 10,106 GWh and annual sales adding up to 14,591GWh.

## Electric projects

The most relevant electric projects along 2001 were:

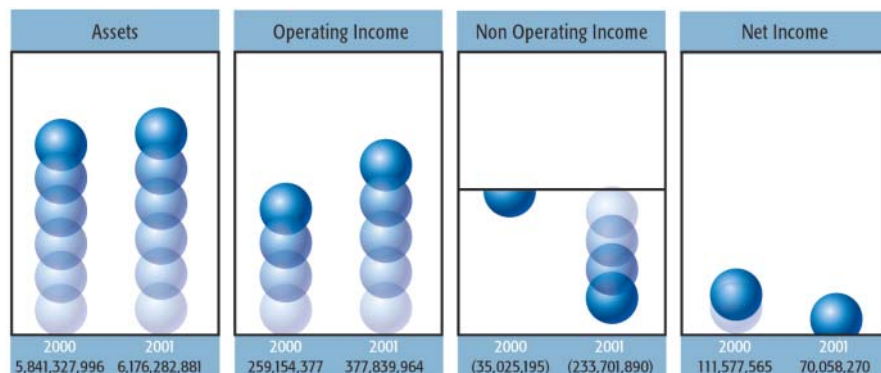
### *CIEN, POWER INTERCONNECTION ARGENTINA - BRAZIL*

This project consists in establishing an electric interconnection to market a firm power of 2,000 MW between Argentina and Brazil. It is carried out by Compañía de Interconexión Energética (CIEN), a company related to Endesa Chile, in which Endesa España also participates as a partner.

It has a frequency converter station from 50 Hz to 60 Hz called Garabí and expansions of the substations Rincón de Santa María and Itá. It also considered the construction of two 487-km long lines, each divided in a 1x500 kV and 134 kilometer one-circuit long section between the substation Rincón de Santa María in Argentina and the converter station Garabí in Brazil. The other is a 525 kV and 353 km one-circuit long section, between the converter station Garabí and the substation Itá in Brazil. The estimated investment in both lines of this project amounts to US\$650 million approximately.

The first of these lines, with a firm power of 1,000 MW, is in service since June 2000. During 2001, the transmitted energy reached 3,810 GWh.

## FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)



## COMPANY IDENTIFICATION

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

P.O. Box  
1392, Santiago

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\$)  
1,009,510,570

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 Bauza  
Jesus Burillo  
José Hidalgo  
Pedro Larrea  
Andrés Regué  
Antonio Tuset  
Leonidas Vial

### OFFICERS

Chief Executive Officer  
Héctor López  
Chief Communications Officer  
Rodolfo Nieto  
Legal Counsel  
Carlos Martín  
Chief Management and Finance Officer  
Mario Valcarce  
Human Resources Officer  
Juan Mundaya  
Planning and Control Officer  
Rafael López  
Energy Planning Officer  
Rafael Errázuriz  
Trading and Commercialization Officer  
José Venegas  
Production and Transport Officer  
Rafael Mateo  
Generation Chile Officer  
Claudio Iglesias



The second line is being built. At December 31, 2001, it shows an advance by 85%, it is estimated to be in service in the first semester of 2002.

Along 2001, the main works were the construction and mounting of the towers, wiring, expansion of the substations Rincón de Santa María and Itá, civil works and mounting of the two 500 kV blocks in the converter station Garabí.



*CIEI, Power Interconnection  
Argentina - Brazil*

#### RALCO

The future Central Ralco project is located at the Alto Biobío area, about 120 km southeast of Los Angeles and 30 km upstream from the Pangué power station. This power station, whose nominal power is 570 MW, shall annually contribute an average generation of 3,100 GWh to the Interconnected Central System (ICS).

At December, 2001, the physical progress of the works construction was 53%, matching the modified project schedule. Endesa Chile and its contracting companies have made their greatest efforts to recover the damaged works and the fulfillment of the new work program. In mid August 2001, the new Bío Bío river diversion was finished, an essential landmark of the project program.

At December 2001 the infrastructure works including roads and access bridges and the electric feeding line for the works were finished. The works for relocation of the public road, built by Endesa, have a special importance since they allow access to the communities of Chenquenco and the El Barco farm. The diversion tunnel and the excavation of the dam foundations are also finished.

#### CENTRAL RALCO – SIC JOINT

This project includes the construction of a transmission line of 2X220 kV and 140 km two-circuit line which will join the Ralco Power Station and the Charrúa Substation, from which electricity will be delivered to the Central Interconnected System.

To materialize this project, a contract for the construction, financing, operation, maintenance and transmission was bided and awarded to the Abengoa Chile S.A. company. This modality considers that Endesa Chile pays an annual toll for 20 years, a term after which the transmission line will become its property. The starting on service is foreseen for the third or fourth quarter of 2003.



*Ralco Power  
Plant Project, Chile*





*Panguel Power Station*

### **Other businesses**

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Among other businesses, the Ingendesa company may be pointed out. It participated in important investment projects in Chile and Latin America, particularly in the areas of energy, infrastructure, mining, public works and telecommunications, through services rendered to both companies of the Group as well as to other non-related customers.

Additionally, Endesa Chile manages the companies Sociedad Concesionaria Túnel El Melón S.A.

which operates on Ruta 5 Norte; la Sociedad Concesionaria Autopista del Sol S.A. engaged in the design, construction, and operation of the Santiago - San Antonio highway construction, and a new 24 km section in the urban area Santiago-Mallico; and Sociedad Concesionaria Autopista Los Libertadores, comprising the expansion and improvement of the General San Martín highway.

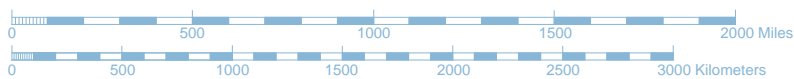
Additionally, in line with the genesis project, we committed the sale of Infrastructure 2000 in UF 2,253,000.

# *Distribution*

*Distribution*



9.6 million customers  
in five countries  
of South America







# Chilectra

## **Company ownership**

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Between July 3 and December 26, 2001, Enersis opened a stock purchasing power for the total Chilectra's shares and as a result from such operation Enersis purchased 0.2% of the shares, controlling 98.2% of the company shares at December 31, 2001.

## **Operating activity**

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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 sq. km. It includes 555 km of various high-tension circuits. It also includes 51 substations and 116 power transformers with a capacity of 4,655 MVA.

Besides, Enersis has appointed Chilectra as its operator in the investments it conducts in the distribution business area.

## ***SALES AND PURCHASES OF ENERGY***

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At December 31, 2001, the physical energy sales reached 9,585 GWh, representing a 5.5% increase as compared to same period of 2000. Out of the total energy invoiced during the year 2001, 29.9% corresponds to residential sales, 28.1% to industrial sales, 21.2% to commercial sales and 20.8% to other areas.

During the year 2001, Chilectra purchased energy from several generation companies in the country, among others, Endesa Chile (33.1%), AES Gener S.A. (35.2%), Pangue S.A. (13.1%),



Colbún S.A. (11.6%), Puyehue S.A. (1.1%), ESSA (3.6%), and others (2.3%).

### TARIFF SETTING PROCESS

The electricity rates are set every four years and pursuant to the electric law (DFL N°1 of 1982 issued by the Ministry of Mining). The next tariff review will take place in the year 2004.

### ENERGY LOSSES

During 2001, Chilectra continued with its efforts to control losses. The investments in new projects related to technical measures for controlling and maintaining those already existing were kept, jointly with prevention and corrective activities carried out on site.

This set of measures made it possible to keep the energy loss index under relative constant values, in spite of the economic situation that the country is currently experiencing, amounting to 5.4% at the end of the period.

### Commercial activity

The number of customers amounted to 1,288,996 at December 31, 2001, which represents a 2,1% increase as compared to same period of 2000.

During 2001, Chilectra advanced in its positioning as

an integral provider of residential electrical service and products. Work was done in the development of products, empowering its position, reinforcing the proactive feature that the company wishes to spread and deepening links with its customers, strengthening the various efforts done in the process of customers'orientation.

Within this perspective, the efforts were focussed in developing technological solutions to position electric energy as the most convenient, clean, and safe energy in the market. Each new service and/or product was introduced to the market through different promotional supports.

Chilectra launched in early 2001 a WAP application for Large Customers of the company. This is the first time that an electric company in America (including North America) and the main countries in Europe applies this technology, except for the Scandinavian countries, which have been the leaders of the impressive development of wireless applications. This novel system allows Large Customers to connect directly to the company's database and inquire about statements of account, data of the company and the person in charge of its account. Therefore, the telephone will become a communication source for product and service quotations and also to verify the electric system condition.

### **COMPANY IDENTIFICATION**

Corporate name:  
Chilectra S.A.

Type of company:  
Limited Liability Stock Company

Tax register number:  
96,524,320-8

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

Telephone:  
(56-2) 675 2000

Fax:  
(56-2) 675 2999

P.O. Box:  
1557 Santiago

Web site:  
www.chilectra.cl

E-mail:  
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\$):  
273,902,671

Chilean Stock Exchange ticker symbol:  
Chilectra

New York Stock Exchange ticker symbol  
CLRAY

Participation of Enersis (direct and indirect):  
98.2%

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  
(Enersis Chief Executive Officer)

Juan Domínguez  
(Enersis Adjunct Chief Executive Officer)

Álvaro Quirralte  
Hernán Errázuriz  
Pedro Buttazoni

### **OFFICERS**

Regional Distribution Chief Executive Officer  
Marcelo Silva  
Chief Executive Officer

Julio Valenzuela  
Chief Communications Officer

Guillermo Amunátegui  
Distribution Officer

Rolando Hechenleitner  
Commercial Officer

Juan Olavarria  
Sector Regulation Officer

Guillermo Pérez del Río  
Legal Counsel

Gonzalo Vial  
Commercial Processes Officer

Fernando Urbina  
Technical Processes Officer

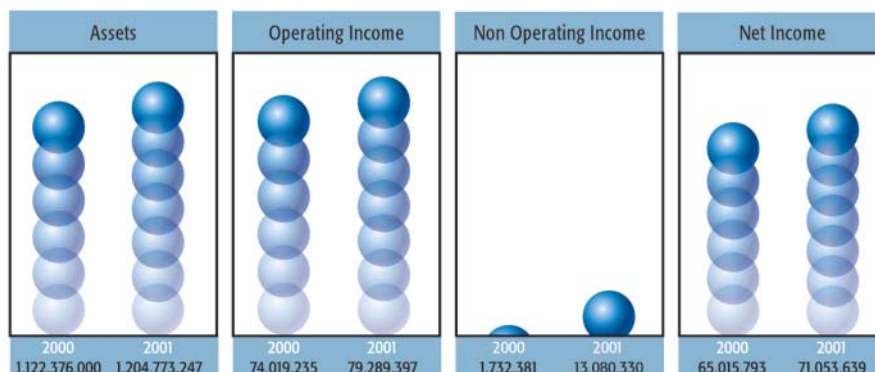
José Martínez  
Planning and Control Officer

Alfonso Prieto  
Economic Planning Officer

Ana Gete-Alonso  
Human Resources Officer

Carmen Urbina

### **FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)**





# Río Maipo

### **Company ownership**

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From July 3 to December 26, 2001, Enersis opened to the market a stock purchasing power for the total shares of Río Maipo. As a result from such operation, Enersis purchased 0.3% of the shares, controlling 98.7% of the company shares at December 31, 2001.

### **Operating activity**

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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 1,500,000 people, in 11 boroughs over an area of 1,500 sq. km.. It currently owns 27 km of high-tension lines, a substation with 10 power transformers, with a total capacity of 81 MVA.

### *ENERGY SALES AND PURCHASES*

---

At December 31, 2001, the physical sales of energy reached 1,245 GWh, representing a 5% increase as compared to same period last year. Out of this total, 38.8% corresponds to residential sales, 7.2% to the industrial sector, 43.6% to the commercial sector and 10.4% to other sectors.

Additionally in 2001, Río Maipo purchased energy to Chilectra and AES Gener. The peak demand occurred in March and it reached 236 MW.

### *TARIFF SETTING PROCESS*

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The electricity rates, in compliance with the current regulations (DFL N°1 of 1982 issued by the Ministry of Mining) are set every four years. The latest Tariff Setting Process occurred in year 2000, which ended with the issuance of Decree No 632 of the Ministry of Economy, Development and Reconstruction.

## ENERGY LOSSES

Due to the economic crisis that affected the country in 2001, according to the Casen survey of the Ministry of Planning and Cooperation (Mideplan), seven out of the eleven boroughs that compose the concession area experienced a decrease in their income because of an increase in the unemployment rate. These factors contributed to a 6.4% energy loss level during the 2001 period.

## Commercial activity

At December 31, 2000, the company's customers totaled 293,597, which represented an increase of 2.4% as compared to same period last year. Out of that figure, 96.6% are residential customers, 2.1% are commercial customers and the remaining 1.3% corresponds to industrial and other customers.

Río Maipo aims its commercial work at achieving excellence in service quality and service to residential and industrial customers.

To this effect and with the purpose of having a tool to improve customers' service, in 2001 the company carried out three service quality measurements to set customers' satisfaction indexes in all contact areas. (Maipo phone, Emergency Service, Commercial and Sales Offices, Serviceletter and Municipalities).

Likewise, in 2001 Río Maipo carried out 1,148 hours/man training aimed at improving service



quality mainly in the following: customers' service, regulation in effect, electricity supply, the company's services and products.

Regarding its commercial offices, in 2001 Río Maipo implemented the Customers' Service Management (CSM) system in each of the locations where it provides services to the public. This system facilitates management and follow-up of all commercial requirements, their execution times and answers.

It is important to mention the active participation of the Emergency Service during the strong storm that mainly affected large part of the central zone of Chile in July, in which the Río Maipo facilities were seriously damaged. Notwithstanding the above, such challenge was successfully faced by the company's personnel, who supported the development of the activities aimed at normalizing supplies from their action environment.

## COMPANY IDENTIFICATION

Corporate name  
Compañía Eléctrica del Río Maipo S.A.

Type of company  
Limited Liability Stock Company

Tax register number  
96,557,330-5

Address  
Covadonga N°139,  
San Bernardo, Chile

Telephone  
(56-2) 540 7000

Fax  
(56-2) 540 7007

P.O. Box  
30, San Bernardo

E-mail  
riomaipo@rmaipo.eneris.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\$)  
15,012,762

Chilean Stock Exchange ticker symbol:  
RIO MAIPO

Participation of Enersis (direct and indirect)  
98.7%

Corporate purpose  
Exploite distribution and sales of electric,  
hydraulic, thermal or of any other form.

## BOARD OF DIRECTORS

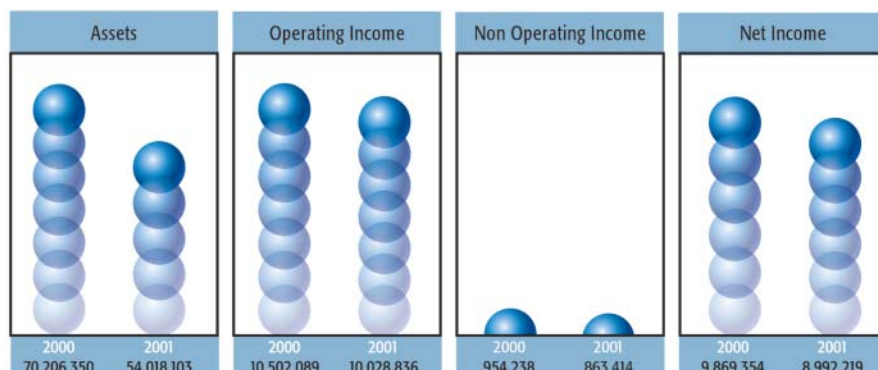
Chairman  
Alberto López  
(Enersis Corporate Business Executive  
Officer)

## DIRECTORS

Pantaleón Calvo  
Mauricio Balbontin  
(Enersis Chief Financial Officer)  
Julio Valenzuela  
Jorge Claro  
Rolando Hechenleitner  
Fernando Urbina

Chief Executive Officer  
Alejandro Gómez

## FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)

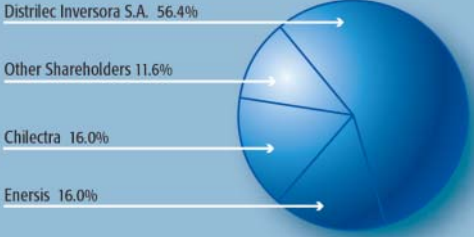


 RIO  
MAIPO



# Edesur

### Edesur Shareholder

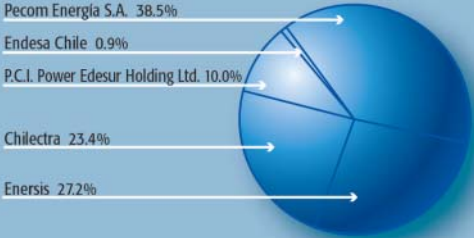


### Company ownership

In July 1992, as a result of an international public deed, 51% of the property of Edesur was granted to Distrilec Inversora S.A.

In December 1995, the Enersis Group increased its direct and indirect participation in Edesur by purchasing the 39% that had remained the property of the Argentinean state, and so becoming the controlling Group with the highest stock participation.

### Distrilec Inversora S.A. Shareholder



On May 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".



## 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 sq. km. Chilectra has been Edesur's exclusive operator in accordance with the bidding condition since 1992.

## SALES AND PURCHASES OF ENERGY

The year 2001 showed a growth by 2.1% in Edesur's energy demand, in spite of the unfavorable economic context, as noticed in the GDP's standstill.

The physical sales of energy during the period reached 12,909 GWh, representing an increase by 2.5%. The peak power was recorded during February and added up to 2,582 MW.

## TARIFF SETTING PROCESS

The 2001 December mean tariff variation compared to December 2000 experienced a decrease by 9%, as a result from the variation in the wholesaler price and energy loss decrease.

In 2002, after the first ten years of privatization, the first review of the Distribution Added Value (VAD) shall be carried out, as set forth in the concession contract, which will result in a new tariff regime for Edesur to be in effect as of September 2002.

## ENERGY LOSSES

During year 2001, the estimates methodology for

energy losses developed in 2000 was not changed.

At year-end, the annual mobile rate was 9.9%, which represents a decrease by 0.4 percentage points. This achievement was possible because of the development of all of the plans and projects aimed at controlling energy losses.

## Commercial activity

The total number of customers served by Edesur at December 31, 2001, amounted to 2,096,673. Out of this total, 86.3% are residential customers, 13.4% are general customers and the remaining 0.3% corresponds to large customers.

Within the framework of the economic crisis that affected the country, Edesur evidenced its efforts to adapt itself to the needs of its customers when it became the first public service company that accepted 100% payment of invoices in provincial bonds, called "Patacones", from employees and retired people in the province of Buenos Aires.

Likewise, within the framework of the economic decisions made that restricted the availability of cash for customers, the demand for alternative mechanisms of payment was properly channeled through exponential growth of payments with credit cards, automatic credit and through Internet.

Finally, Edesur was granted the Mail Industry Award in the category Public Services that is annually delivered by Teleperformance, a leader company in remote service and Contact Center services.

## COMPANY IDENTIFICATION

Corporate name  
Empresa Distribuidora Sur S.A.

Type of company  
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 Diaz y  
Asociados

Total number of shares  
898,585,028

Subscribed and paid in capital (ThCh\$)  
623,352,693

Participation of Enersis (direct and indirect)  
65.1%

Corporate purpose  
Distribution and commercialization of  
electric energy and associated operations.

## BOARD OF DIRECTORS

Chairman  
Rafael Fernández

Vice-Chairman  
José Hidalgo

## DIRECTORS

Alberto López  
(Enersis Corporate Business Executive  
Officer)  
Marcelo Silva  
Pablo Ferrero  
Juan Cassagne  
Rafael Arias  
Jorge Volpe  
Alfredo Mac Laughlin

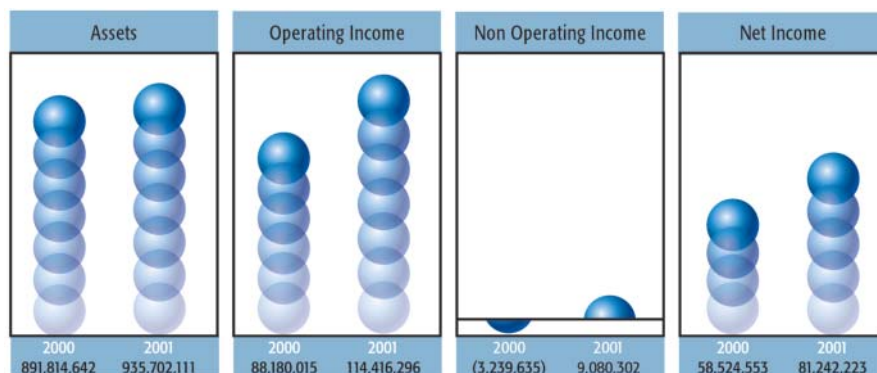
## DEPUTY DIRECTORS

Domingo Valdés  
(Enersis General Counsel)  
Alan Arntsen  
Horacio Babino  
Pedro Aramburu  
Jorge Casagrande  
Manuel Benites  
Pablo Casado  
Mariano Grondona  
Pablo Lepiane

## OFFICERS

Chief Executive Officer  
José Rovira  
Management and Finance Officer  
Juan Verbistky  
Human Resources Officer  
Héctor Ruiz  
Commercial Officer  
Sandro Rollan  
Service Officer  
Daniel Giovanelli  
Distribution Officer  
Daniel Colombo  
Planning and Control Officer  
Juan Garade  
Legal Affairs Officer  
Alvaro Herrero

## FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)



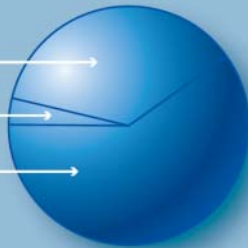




# Edelnor

## Edelnor Shareholder

- Fonape 36.4%
- Other Shareholders 3.6%
- Inversiones Distrilima 60.0%



## Company ownership

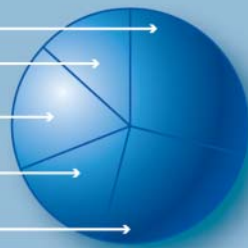
At December 31, 2001, almost all of the Edelnor investors were domestic investors.

## 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. The concession area awarded to Edelnor extends over an area of 2,440 sq.km., 1,838 sq.km. of which correspond to the northern part of Lima and Callao.

## Inversiones Distrilima S.A. Shareholder

- Energis 29.0%
- Chilectra 13.3%
- Endesa Internacional 17.7%
- Other Shareholders 15.0%
- Compañía Peruana de Electricidad S.A.C. 25.0%



## SALES AND PURCHASES OF ENERGY

The physical sales of energy in the period reached 3,685 GWh, which represents an increase by 2.8% as compared to 2000. Out of the total energy sold, 37.8% corresponds to residential sales, 28.7% to industrial sales, 16.7% to commercial sales and 16.8% to sales to other sectors. In the year 2001, the peak demand amounted to 665 MW.

During the year 2001, Edelnor, purchased energy from five generation companies: Electroperú (51.5%), Edegel (28.4%), Eepsa (8.7%) Egenor (8.5%) and Cahua (2.8%). The remaining 0.1% corresponds to self-generation of the isolated systems, which supply the rural areas of the Norte Chico zone.

## 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 Comisión de Tarifas Eléctricas – CTE (Electric Tariff Commission –ETC)The last tariff setting for distribution entered into force on November 1, 1997 and concluded on October 31, 2001.

Later on, the Tariff Regulation Adjunct Management (TRAM) selected Edelnor as a model company to carry out the study of Distribution Added Value (DAV) in the Typical Sector 1, corresponding to the Metropolitan Lima area. The results of the studies for establishing the DAV, showed that their effect on the tariff in force represents a decrease by 2.7% due to the efficiency achieved.

## ENERGY LOSSES

One of the actions made in this concept, was the development of a mechanism to calculate energy losses in an automatic way in each substation.

The energy losses indicator decreased from 9.9% to 8.9% this year due to the fact that accurate massive inspections were made under the concept of critical feeders.

## Commercial activity

In 2001, Edelnor's customers amounted to 867,251, which represented an increase by 1.8% compared to 2000. During the fiscal year, commercial activities were transferred to the Synopsis and CAM Peru management. This transfer included transferring about 260 people, out of which 63 were part of Edelnor's payment roll.

In addition, eleven new free customers entered with a total contracted power of 18 MW, which represented an annual invoicing of US\$2,987 million. Such contracts last for a 5 to 15 year term.

Likewise, an aggressive commercial collection management plan was developed. The relation with clients was in some cases direct, in others focussed, according to the aging of their debts.

## COMPANY IDENTIFICATION

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, Zaldivar y Asociados - Arthur  
Andersen

Total number of shares  
1,131,891,016

Subscribed and paid in capital (ThChS)  
226,782,528

Participation of Enersis (direct and indirect)  
32.7%

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

### BOARD OF DIRECTORS

Chairman  
Reynaldo Llosa

Vice- Chairman  
José Hidalgo

### DIRECTORS

Emilio García  
Alberto López  
(Enersis Corporate Business Executive  
Officer)  
Ricardo Giesecke  
José Esclava  
César Gutiérrez

### DEPUTY DIRECTORS

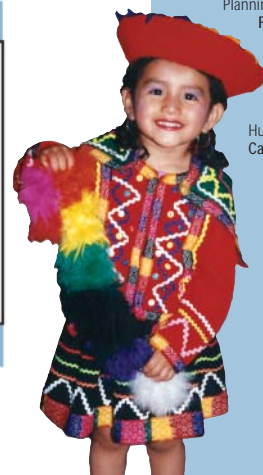
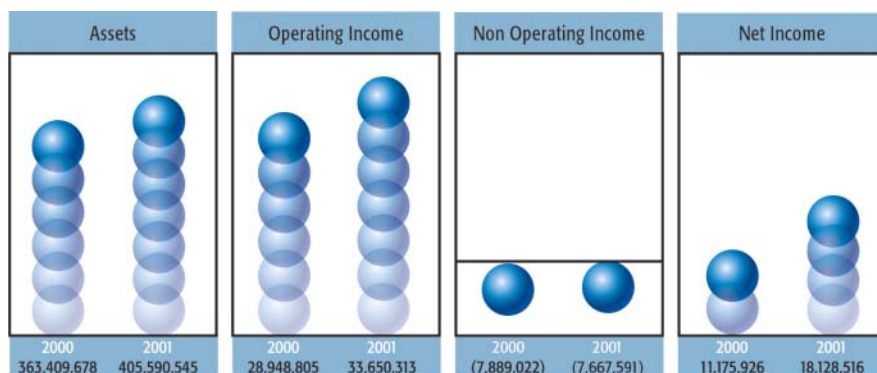
Fernando Font Marie  
Antonio Sabater  
Fernando Urbina  
Marciano Izquierdo  
Ricardo Trovarelli  
Juan Cayo  
Ernesto Gonzales

### OFFICERS

Chief Executive Officer  
Emilio García  
Technical Officer  
José Martínez  
Commercialization Officer  
Enrique Demarini  
Communication Officer  
Carlos Lozada

Planning and Control Officer  
Francisco de Campos  
Legal Counsel  
Luis Salem  
Management and Finance  
Officer  
Agustin Moliner  
Human Resources Officer  
Carlos Ureta

## FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)

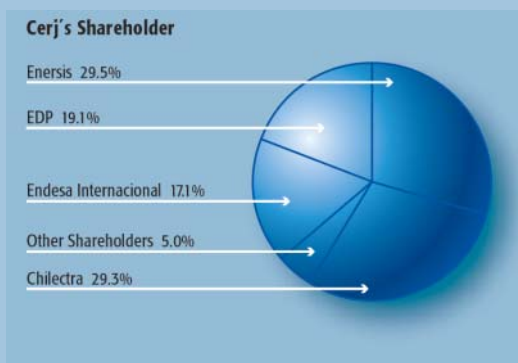


edelnor

# Cerj

## Company ownership

The ownership structure of Companhia de Eletricidade do Rio de Janeiro, Cerj, is detailed below:



## 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 sq. km.

### *SALES AND PURCHASES OF ENERGY*

Physical energy sales in the period amounted to 6,739 GWh. Out of the total energy sold in the year 2001, 33.0% corresponded to residential sales, 31.0% to the industrial sector, 18.0% to the commercial sector and 18.0% to other sectors. In addition, peak demand for the year totaled 1,303 MW.

During the year 2001, Cerj, bought electric energy mainly from the generating companies Furnas (71.0%), 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 (National Electric Energy Agency) 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, 2001.

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

## ENERGY LOSSES

Cerj has been implementing loss control investment projects to reduce this index. Nevertheless, during this period, the energy losses accumulated in the 12-month period interrupted its decreasing tendency, reaching a 22.7% 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 Consumption Not Recorded (CNR), in the energy invoiced, and by incorporating energy estimates on meters for carrying out the periodical energy balance.

## Commercial activity

The total number of Cerj's customers during the year 2001 amounted to 1,691,230 representing a 7.0% increase with respect to 2000. Out of this total, 89.4% is residential customers, and the remainder 10.6% distributed in industrial customers, commercial customers, and others.

The commercial activity of Cerj during 2001, was primarily focused in developing projects to guide clients in respect the rationing of energy and quality of service.

In this respect, to attend the resolution of the Energy Crisis Committee, Cerj made several modifications in the billing systems, for the definitions of savings goals for each client, new calculation of rates for energy.

Also, Cerj gave a 800 number for a much centralized attention to clients, for commercial and emergency calls within all the concession area.

Finally, it is worth mentioning that all agencies that were not in the commercial system, were connected to the main computer grid. Also two attention centers were reshaped. We developed a new project to control the past due clients, because of this the un paid debt did not increase.

## COMPANY IDENTIFICATION

Corporate name  
CERJ-Companhia de Eletricidade do Rio de Janeiro

Type of company  
Stock Company

Address  
Praça Leoni Ramos,  
N01 - São Domingos,  
Niterói, Rio de Janeiro, Brasil

Telephone  
(55-21) 2613 7000

Fax  
(55-21) 2613 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\$)  
156,896,132

Participation of Enersis  
(direct and indirect)  
58.2%

Corporate purpose  
Generation, transmission, distribution  
and commercialization of electric energy.

### BOARD OF DIRECTORS

Chairman  
Eduardo Bernini

Vice - Chairman  
Emilio López

### DIRECTORS

Juan Madrigal  
Antonio Gomes de Costa  
Enrique Garcia  
(Enersis Chief Executive Officer)  
Ignacio Blanco  
(Enersis Chief Development Officer)  
Fernando Nadal  
(Enersis Corporate Communication  
Director)  
Luis Barcelos  
José Martínez

### DEPUTY DIRECTORS

Francisco Arias  
Luis Goncalves  
Fernando das Neves

### OFFICERS

Chief Executive Officer  
Javier Villar  
Coordination and Organization Director  
Javier Arias  
Regulation and Market Director  
José Moreno  
Administrative and Financial Director  
Julio Moratalla  
Technical Director  
Fernando Neves  
Human Resources  
Director  
Claudio Mendes  
Commercial Director  
Mario de Carvalho

## FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)

Assets		Operating Income		Non Operating Income		Net Income	
2000	2001	2000	2001	2000	2001	2000	2001
920,505,566	1,170,753,749	11,097,195	67,972,911	(27,686,786)	(73,094,232)	(4,930,307)	(3,301,312)



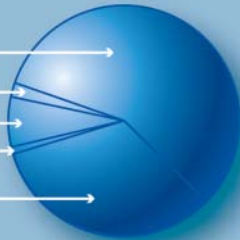




# Coelce

## Coelce Shareholder

- Investluz 56.6%
- Endesa Internacional 2.3%
- Electrobras 7.0%
- Other Shareholders 1.0%
- Private investors 33.1%

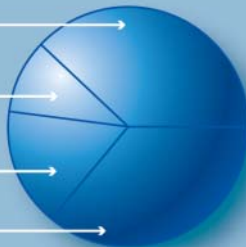


## Company ownership

Since April, 1998, Coelce has been operated by the consortium Distriluz Energía Eléctrica S.A., made up of Endesa España, Enersis, Chilectra and Cerj. In September of same year, the group increased its stake in the company by 6% through the purchase of the shares of investments clubs, formed by the workers when the company was privatized.

## Distriluz Shareholder

- Endesa Internacional 37.6%
- Chilectra 10.4%
- Enersis 15.6%
- Cerj 36.4%



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.

## Operating activity

Coelce's main aim is the distribution and commercialization of electric energy in the state of Ceará, which represents a total concession area of 146,817 sq. km in 184 municipalities.

## Sales and purchases of energy

Energy sales within the period amounted to 5,352 GWh, representing a decrease by 9.2% compared to same period 2000, given the electric energy rationing that started in June 2001. Out of the total energy sold in the year 2001, 32.2% corresponded to residential sales, 30.1% to the industrial sector, 18.0% to the commercial sector, and 19.7% to other sectors. Peak demand for the year added up to 1,065 MW in January, which represents a decrease by 4.1% compared to 2000.

During the year 2001, Coelce bought almost all the energy from the generating company Companhia Eléctrica de Sao Francisco, Chesf (99.0%)

### TARIFF SETTING PROCESS

Coelce's distribution tariffs are regulated by the Aneel Concession Contract dated 01/98 and are adjusted every April for the review of non-management cost increases. The last adjustment, applied on April 22, 2001, included a 15.0% increase plus. There, the company coordinated the date adjustment with Chesf.

On April 22, 2003, Aneel will review Coelce's costs in order to carry out the first tariff review, which will be subsequently applied every four years.

### ENERGY LOSSES

Coelce has been implementing loss control investment projects in order to reduce this index. During the year 2001, through the Standardization Project and Large

Customer Projects, implementation of inspections out of normal hours and other specific measures, the energy losses accumulated in the 12 month period reached a 13% index.

### COMMERCIAL ACTIVITY

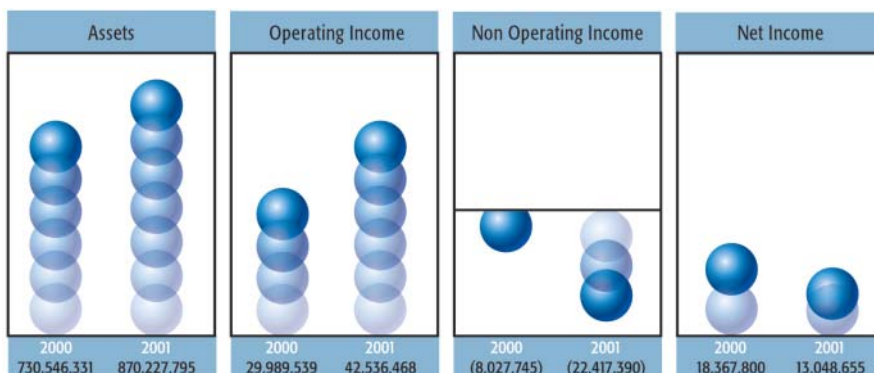
The total number of Coelce's customers during 2001 amounted to 1,916,522 representing a 6.7% increase with respect to December 2000.

Along the year, Coelce increased its customer's service offices to 43, added to 17 offices, 145 Points of Service -88% of them computerized with off-line system- and five mobile centers, to make the company be closer to customers.

On the other hand, and due to the energy-rationing plan imposed by the Brazilian government, an energy consumer simulator was implemented in the company's website, to offer the customer an opportunity to go on a virtual visit into a house equipped with various appliances and their corresponding average energy consumption.

Due to the rationing, started in June 2001, the company received 171,476 request forms regarding the energy consumption goal and sent 166,819 letters to the customers, out of which 90,098 processes were admitted (54%) and 76,721 rejected (46%). The payment of invoices was eased by the increase in payment centers, which ranged from 681 (in January 2001) to 705 (in December 2001), showing an increase by 4.1%.

## FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)



### COMPANY IDENTIFICATION

Corporate name  
Companhia Energética do Ceará

Type of company  
Limited Liability Stock Company

Address  
Av. Barão de Studart N°2917, Aldeota,  
Barrio Dionísio Torres, Fortaleza, Ceará,  
Brazil CEP 60.127-900

Telephone  
(55-85) 216 1100

Fax  
(55-85) 216 1410

Web site  
www.coelce.com.br

E-mail  
investor@coelce.com.br

External auditors  
Arthur Andersen

Total number of shares  
155,710,600,088

Subscribed and paid in capital (ThCH\$)  
245,083,722

Participation of Enersis (direct and indirect)  
26.6%

Corporate purpose  
Explore the distribution and sales of  
electric, thermal and hydraulic energy or  
in any other form.

### BOARD OF DIRECTORS

Chairman  
Manuel Montero

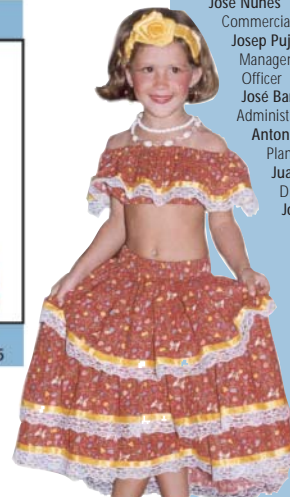
Directors  
Maurício Balbontin  
(Enersis Chief Financial Officer)  
Ignacio Blanco  
(Enersis Chief Development Officer)  
Antonio Cunha  
Laércio do Amaral  
Emílio López  
José Martínez  
Jorge Frota  
Manuel das Neves  
Fernando Nadal  
(Enersis Chief Corporate Communication  
Officer)

### DEPUTY DIRECTORS

Antonio Vianna  
Rogerio Themudo  
Antonio Pires  
Antonio Gouveira  
Isabel Pinto  
Francisco Arias  
Luis Gonçalves  
Priscila Sartori  
Juárez Ferrelira

### OFFICERS

Chief Executive Officer  
Celestino Izquierdo  
Institutional Project Officer  
José Nunes  
Commercial Officer  
Josep Pujols  
Management and Human Resources  
Officer  
José Barreto  
Administrative and Financial Officer  
Antonio Alves  
Planning and Control Officer  
Juan Harrison  
Distribution Officer  
José Távora



**COELCE**  
Companhia Energética do Ceará



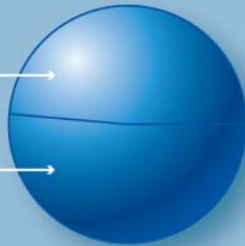


# Codensa

## Codensa Shareholders

Luz de Bogotá 48.5%

EEB 51.5%



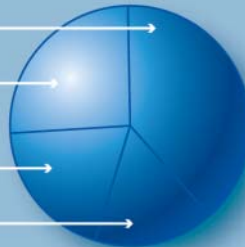
## Luz de Bogotá Shareholder

Endesa Internacional 38.8%

Enersis 25.7%

Chilectra 19.3%

Other shareholders 16.2%



## Company ownership

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.

## Operating activity

Codensa renders energy commercialization services in a 14,087 sq. km. area, including Bogotá and the Cundinamarca department.

## SALES AND PURCHASES OF ENERGY

Physical energy sales during the period amounted to 8,673 GWh. Out of the total energy sold in the year 2001, 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 purchases were 6,895 GWh. A 96.9% was purchased to service the regulated market and 3.0% to service the non-regulated market.

#### TARIFF SETTING PROCESS

The service rendering unit cost grew by 4.4% with respect to last year, that is to say, 3.3% lower than inflation, ending in December in \$165.6/KWh. This behavior was basically due to the cost decrease in purchases of energy and to the change in methodology for the payment of restrictions (a higher cost of required energy under the operating restrictions of the transmission net) in the Energy Wholesale Market.

Additionally, the updating method of the Unit Cost was modified in September. Before, a change in the UC was applied when it presented a +/- 3% variation, but now it is applied when the variation in any of its components is higher than 3%.

The new period will begin in 2003.

#### Energy losses

At year-end 2001, the company recorded a 11.8% index for energy losses, higher than the 10.4% reported for the year 2000; nevertheless, the re-calculation of the previous year loss, resulting from the impact of the overestimation of energy in meters, amounted to 11.7%, with a 0.15% index increase, showing a loss stabilization path.

#### Commercial activity

At year-end 2001, Codensa rendered energy commercialization services to 1,850,489 customers. With respect to 2000, it constituted an increase by 2.7% of customers served by Codensa.

In March, all non-regulated customers were transferred from Codensa to Emgesa, totaling 256 customers with an average monthly consumption of 66 GWh.

The loss analysis per geographical segmentation was carried out, noticing that more than 70% of the losses were located out of the urban area of Bogota. Based upon this result the loss control actions were reoriented.

"Codensa Hogar" was launched and started on. Its aim was to improve customers' faithfulness, offering at the same time basic services for our users. The products offered are the life battery, virtual shopping, home service and appliance's funding.

To start with the Agreement of the Endesa Group and the Colombian Episcopate for church lighting, the Primate Cathedral of Bogota lighting was inaugurated.

#### COMPANY IDENTIFICATION

Corporate name  
Codensa S.A. E.S.P.

Type of company  
Domicile Public Utility Service Company

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

Telephone  
(571) 601 6060

Fax  
(571) 601 5917

Web site  
www.codensa.com.co

E-mail  
servicio@codensa.com.co

External auditors  
Arthur Andersen y Cia Limitada

Total number of shares  
187,193,274

Subscribed and paid in capital (TChS)  
1,006,941,300

Participation of Enersis (direct and indirect)  
22.9%

Corporate purpose  
Distribution and sales of electric energy and performance of similar kind, complementary, and related activities.

#### BOARD OF DIRECTORS

Chairman  
Andrés Regué

#### DIRECTORS

Francisco Garcia  
Fernando Urbina  
José Martínez  
José Vargas  
Israel Fainboim  
Rafael Villarreal

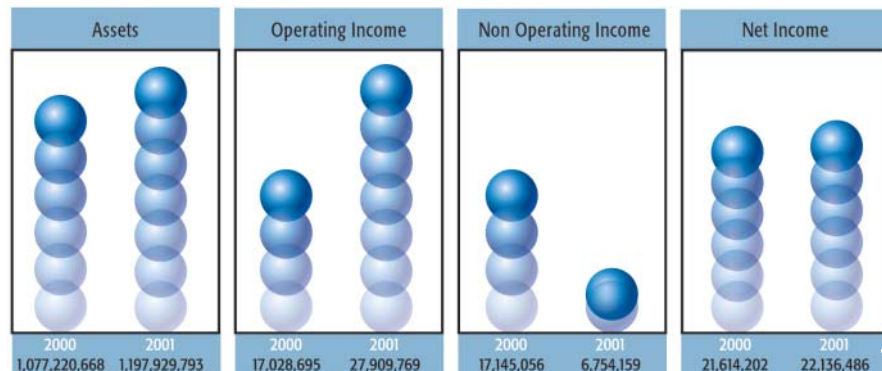
#### DEPUTY DIRECTORS

Marcelo Llévènes  
Lucia Piedrahita  
José Inostroza  
Roberto Ospina  
Henry Navarro  
Silvia Escobar  
Carmenza Saldias

#### OFFICERS

Chief Executive Officer  
Marcelo Llévènes  
Regulation Officer  
Felipe Acosta  
Secretary General  
Alvaro Camacho  
Communication Officer  
Emilia Sarracino  
Distribution Officer  
José Inostroza  
Commercial Officer  
Rogelio Toro  
Chief Financial Officer  
Lucia Piedrahita  
Human Resources Officer  
Alvaro Bolaños  
Planning and Control Officer  
Roberto Ospina

#### FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)



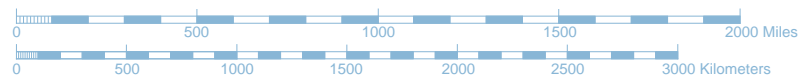


# Others businesses

*Others  
businesses*



Coverage is extended  
in Latin America





# Synapsis Soluciones y Servicios IT

### **Company ownership**

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Synapsis is 100% property of Enersis. This is the Group's professional service company in information technologies.

### **Operating activity**

---

Its strength lies in its thirteen year experience providing integral solutions addressed to satisfy customers' needs, based upon the contribution to information systems, telecommunications and telecontrol.

Synapsis's services are addressed to large companies and institutions in various economic sectors, both in the domestic and the international market, covering practically any need from a technological point of view.

During 2001 the guidelines given by the Genesis Project of the Enersis Group continued, same as new contracts achieved with inner and outer customers among which it is worth pointing out the outsourcing of information service, telecommunications and control systems, in Brazil; the establishment of the SIE2000A financing system in the companies of the Enersis Group in Brazil, Colombia, and Peru; and the Service Contracts from Call Center to Smartcom Chile, Edelnor Peru, and Coelce in Brazil.

During the fiscal year, the corporate project tasks were continued, including the Intranet of the Enersis Group, the Convergence Project CDP, the corporate backbone, and the new Synergi@ Commercial 4i system established in Chilectra and Rio Maipo. It is worth mentioning also the starting on of the Human Resources Project for the Enersis

Group (based upon Meta4) aimed at making the companies' remuneration process homologue.

In Brazil, the establishment of the Technical Systems in Coelce continued and the Unification Project of the Commercial Systems Coelce/Cerj project ended.

In Edesur, Argentina, the company was awarded the Establishment Project of the Distribution Technical System (SDE) and the inspection project in its two phases.

In Chile, Synapsis was awarded the Folder Control Project of the Instituto de Normalización Previsonal-INP (Social Security Standardization Institute) and also developed its Web site. The latter included an important application that allows the return and payment of the social security contributions of more than 500,000 employers, via Internet. It also continued with the services of other contracts that Synapsis entered with such Government's institution.

In Aguas Andina, the potable water and sewage system company of Santiago de Chile, a Unified Commercial System was established in a very short time, whose project included new functionality to the Synergi@ solution that operated such company. Agua Cordillera's database was also incorporated to this system. Another project that was developed in 2001 was the establishment of the Remuneration



System (Meta4) in the companies Aguas Cordillera and Los Dominicos.

The Elecktra Noreste Company of Panama, hired Synapsis services for the renewal and updating of its Commercial Management Systems. The Commercial Management System establishment project successfully ended after a seven-month period.

In Peru, besides the award of the Call Center Services to Edelnor, it was awarded the Control Center services, SCADA, the Matucana Central and the Remote Terminal Units of Hydraulic and Thermal Plants, and the outsourcing of Net Management, Microinformation Systems Support and Applications at the Edegel company.

#### COMPANY IDENTIFICATION

Corporate name  
Synapsis Soluciones y Servicios IT Ltda.

Type of company  
Limited Liability Stock Company

Tax register number  
96.529.420-1

Address  
Catedral N° 1284, Piso 10  
Santiago, Chile

Telephone  
(56-2) 632 1240

Fax  
(56-2) 696 5999

Web site  
www.synapsis.cl

E-mail  
synapsis@synapsis.energis.cl

External auditors  
Arthur Andersen - Langton Clarke

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

Participation of Energis (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 domestic and foreign.

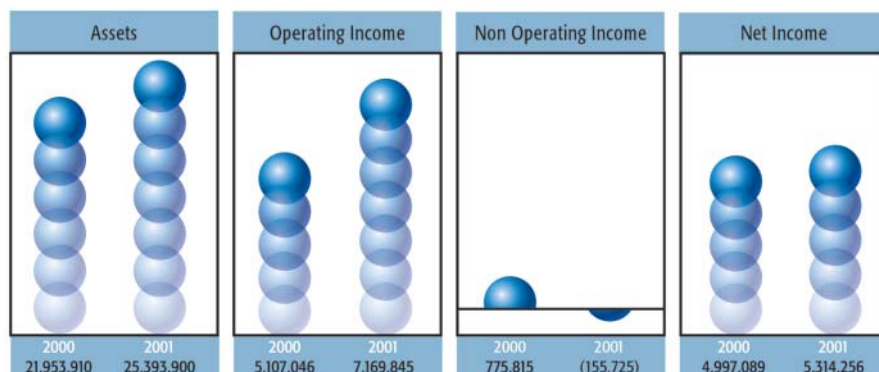
#### AGENTS

Cristóbal Sánchez  
(Energis Chief Information Systems Officer)  
Francisco Nuñez  
(Energis Chief Procurement Officer)

#### OFFICERS

Chief Executive Officer  
Victor Muñoz  
Adjunct Chief Executive Officer  
Manuel Marín  
Management and H. Resources Executive Officer  
Rodrigo Morelli  
Generation and Distribution Systems Executive Officer  
Roberto Carvajal  
Internal Management Executive Officer  
Claudio Escudero  
Control Systems Executive Officer  
Juan Urbina  
Projects and Quality Executive Officer  
Gustavo Pardo  
Synapsis Chile Executive Officer  
María Letelier  
Commercial Systems and Telephoning Executive Officer  
Luis Campos  
New Business Executive Officer  
Manuel de Andrés  
Infrastructure Executive Officer  
Guillermo Toro

#### FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)







**CAM**

### **Corporate name change**

---

The Compañía Americana de Multiservicios Uno Ltda. (CAM) is 100% owned by Enersis, and continues the engineering and electric service activity that was previously performed by Inmobiliaria Manso de Velasco.

As a relevant fact it must be informed that in the Extraordinary Shareholders' Meeting held on August 23, 2001, it was agreed to change the Compañía Americana de Multiservicios S.A. into a limited liability stock company, changing its corporate name into Compañía Americana de Multiservicios Uno Limitada.

### **Operating activity**

---

CAM has been consolidating its presence in the market with works for different utility service companies that have positioned it in a top level in the domestic environment. On the other hand,

in the international environment, its subsidiaries of Argentina, Colombia, Peru and the newly subsidiary created in Brazil, have made it possible for Cam to consolidate its presence in the area of integral service associated to measurement for electric distribution companies.

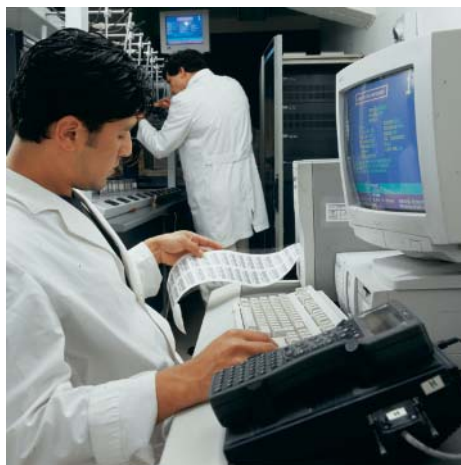
The year 2001 represented for CAM the consolidation of the new electronic technology in measurement. This year, Codensa of Colombia was supplied with the first 100,000 monophasic electronic meters which guarantee higher accuracy and exactitude and 20,000 units were sold to Chilectra for the first time. Auditing for measurement quality certification to Edelnor, Codensa and Cerj continued.

On the other hand, great advances in the development of measurement concentrators for buildings were carried out and the commercialization of the first 2,000 electronic meters for residential hour multi-tariff for Chilectra

was started. Likewise, 90% of large customers of this company with remote measurement was achieved, a technology also applied in Codensa and Edelnor.

During this fiscal year, CAM also consolidated its participation in the areas of telecommunications, infrastructure and integral services to utilities. In this environment, the company continued with the net maintenance and operation service, electricity projects and urbanization constructions, construction contractors management, loss and dullness control, cut and reconnection services, technical and commercial inspections, measurement equipment readings, invoice and bill delivery, and the commercialization of non-traditional products, among others. These services were rendered both for the Group's companies and others.

Finally, in the regional market, the subsidiary CAM Brazil started its operations with main office in Río de Janeiro and a branch in Fortaleza. CAM Colombia consolidated its operation and special mention deserves its free customer management in remote measurement, concentrated in the generation company Emgesa. The subsidiary in Peru became in charge of the measurement systems integral management associated to Edelnor's large customers, and continues rendering services



associated to the measurement laboratory. In Argentina, it is worth mentioning the ISO 9002 and ISO 14001 Quality Certification granted after the auditing made by a certification body upon the Quality Management Systems implemented in the distribution companies Edenor and Edesur.

It is noticed that 2001 was the year of Safety for CAM, and after six operation months without accidents it was granted an award. This achievement was possible once the commitments undertaken by all the members of the company were fulfilled, aimed at carrying out work in a safe environment and with a 100% attendance to risk prevention training by the personnel

**COMPANY IDENTIFICATION**

Corporate name  
Compañía Americana de Multiservicios Uno Ltda.

Type of company  
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

E-mail  
camsa@cam.enersis.cl

External auditors  
Arthur Andersen - Langton Clarke

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, measure and gauge, start-up and maintenance of systems, machinery and apparatus, maintenance of distribution and transmission networks.

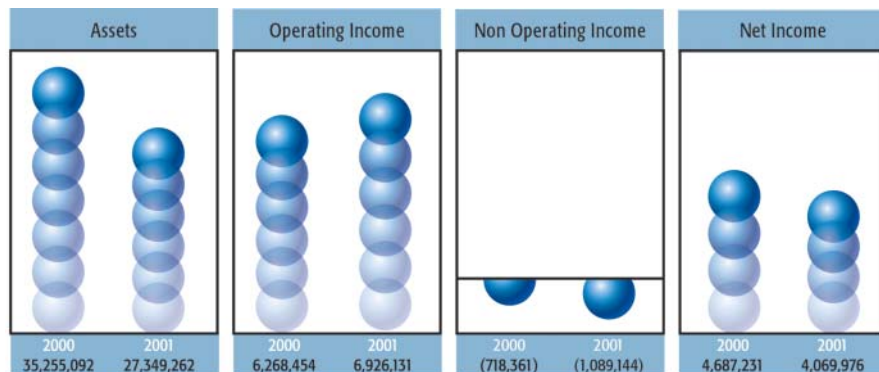
**AGENT**

Francisco Núñez  
(Enersis Chief Procurement Officer)  
Cristobal Sánchez  
(Enersis Chief Information Systems Officer)

**OFFICERS**

Chief Executive Officer  
Pantaleón Calvo  
Networks Executive Officer  
Andreas Gebhardt  
Engineering Services Executive Officer  
Jorge Salinas  
Public Lighting and Nets Maintenance Executive Officer  
Omar Aramayo

**FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)**





# CAM (Former Diprel)

## **Corporate name change**

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As a relevant fact it must be informed that in the Extraordinary Shareholders' Meeting held on August 23, 2001, it was agreed to change the Distribuidora de Productos Eléctricos S.A. into a limited liability stock company, changing its corporate name into Compañía Americana de Multiservicios Limitada, and in addition, it was agreed to enhance its corporate purpose.

## **Operating activity**

---

During 2001, Diprel experienced an increase by 77% in its results in comparison with the previous year, essentially explained by an aggressive commercial plan addressed to the non-regulated customer market, with an income increase by 96%.

It is worth mentioning that the business developed with some of the most strategic suppliers for our activity, such as the agreements on alliances to board new market niches.

We might also highlight the participation in the main massive projects of public lighting, both through Chilectra as well as directly in municipalities outside their area of concession, as it happened in the city of Copiapó, in the III Region of the country.

Regarding new businesses, the sale of non-traditional products, such as air conditioning systems, heat pumps, heat accumulators, electric thermos and induction boilers, artifacts and systems that promote and increase the electrical consumption, has been successful both in the Metropolitan Region as in the rest of the country.



In the international field and with non-related customers, important businesses were agreed in Argentina, with electric distributors from the north of the country, as well as in Panama and Colombia.

Regarding Human Resources, a process of collective negotiation was carried out with the workers' union for term 2002-2005. This meant an increase in economic and social benefits of the current collective contract, in a framework of austerity, participation, and commitment with the objectives set by the Genesis Project.

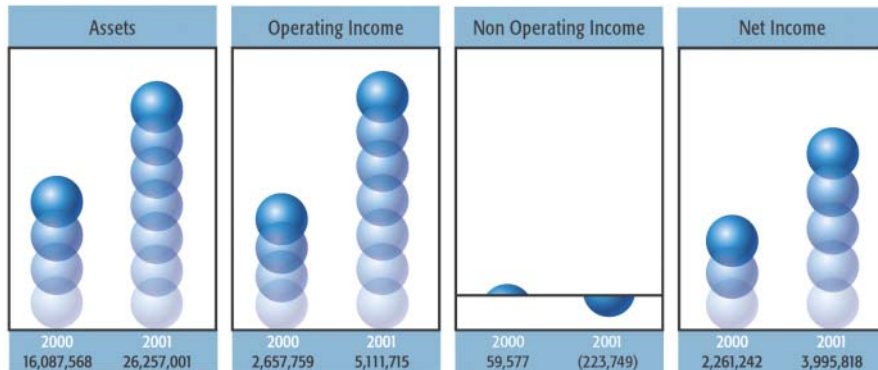
On the other hand, the merging process between Diprel and Compañía Americana de Multiservicios S.A. started last October, which aims to offer integral solutions to third customers. The structural redesign of both companies became a



necessity, which implied the decrease of 16% of the workers' roll. They received the socio-economic support specified in the retirement plan set forth by Enersis for the companies of the Group.



**FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)**



**COMPANY IDENTIFICATION**

Corporate name  
Compañía Americana de Multiservicios Ltda.

Type of company  
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

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

Participation of Enersis (direct and indirect)  
100%

Corporate purpose  
Purchase, sales, imports and distribution of products related with electricity.

**AGENT**  
Francisco Núñez  
(Enersis Chief Procurement Officer)  
Cristobal Sánchez  
Chief Information Systems Officer

**OFFICERS**  
Chief Executive Officer  
Eduardo López  
Commercial Executive Officer  
José Peña  
Corporate Contracts Executive Officer  
Antonio Barreda  
Logistics Executive Officer  
Raúl Puentes  
Diprel Peru Chief Executive Officer  
Mario Albornoz







# Inmobiliaria Manso de Velasco

## **Real estate projects**

---

The year 2001 was marked by important events happening abroad (terrorist strikes and Argentine crisis), deepening the economic crisis already affecting the country and also its depressed real estate sector. Notwithstanding this fact, it is worth mentioning that the results of Inmobiliaria Manso de Velasco during 2001 amounted to \$5,433 million, which was achieved mainly through two important projects, namely, ENEA and Santuario del Valle.

## ***ENEA***

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The project corresponds to a real estate development in a 1,000 ha. area, strategically located in western Santiago, borough of Pudahuel, in the vicinity of the International Airport of the Chilean capital city. The remarkable project road relationship and connectivity has been complemented by future works in the vial link of Av. Américo Vespucio, Av. San Pablo and the

highway under concession Costanera Norte, whose road has been planned from western Santiago, close to ENEA.

It is currently in its Phase I, corresponding to the concept of Industrial and Business Park, notwithstanding the sales of other areas for housing and commercial purpose. The project has innovative facilities, and green areas were implemented according to the master plan, which offer better equipment and service areas to the lots and users.

In the 2001 fiscal year balance, ENEA obtained important advancements in commercial terms and in the development of its urbanization works. ENEA sold more than 30 ha. of land, with an associated income higher than \$6,012 million. This exceptional result, considering the depressed real estate market and the low sales observed in similar projects of the competition, was reached by creating specific projects

out of the industrial environment, both inside and outside the urbanized areas.

These initiatives were evaluated and offered to various investors and, finally, a hotel, a service station, housing lots and a graveyard joined the project.

Inserted in the project, it is the partnership Aguas Santiago Poniente, which renders the sanitary services associated to the real estate development of the ENEA project. Due to important sales achieved by the project, the company started sanitary infrastructure works, which will serve more than 1,400 customers in the short term.

Aguas Santiago Poniente is therefore in a phase of increasing its economic value, as it is certain that these clients associated to the ENEA development will need the services of the company.

#### SANTUARIO DEL VALLE

During 2001, the Santuario del Valle project devoted to the sale of single-family residential lots and macrolots, with reported sales for \$7,651 million.

Considering the depressed real estate market that affected the period, especially in the sale of single-family sites addressed to the high segment of the population, it was possible to create and sell condominium projects for the housing development of third parties, whose lands were also addressed to high income segments. Its demand, although diminished, kept it in reasonable levels. The sales of land for this kind of project represented 79% of total sales of

2001. The accumulated area of macrolots sold until this date reaches 162,6% ha., amount which represents a 93% of the land whose commercialization has been addressed to development by third parties.

Regarding residential single-family lots, accumulated sales amounted to 487 lots, a figure that represents 88% of the total available lots in the project.

#### TAPIHUE

Tapihue project includes properties corresponding to lands associated to the farms Tapihue, Amancay (lot B) and La Petaca. Such properties, as a whole, involve an area of 7,302 ha. in the borough of Til-Til, province of Chacabuco, Metropolitan region, and are classified as CUDA (Conditioned Urban Development Area), per the Santiago Metropolitan Urban Development Plan.

#### Property lease

In its real estate business, Manso de Velasco manages a total of 43,473 m2 built corresponding to buildings, stores and offices, which generated accumulated income amounting to \$1,926 million during the year 2001.

It is worth pointing out that during the year 2001 period, the property disinvestment process continued, resulting from the restructuring and new strategic definition of Enersis. The sales of important properties was achieved, yielding US\$1,439 million.

#### COMPANY IDENTIFICATION

Corporate name  
Inmobiliaria Manso de Velasco Ltda.

Type of company  
Limited Liability Stock Company

Tax register number  
96,909,280-8

Address  
Avda. Kennedy N°5454, Piso 5  
Vitacura, Santiago

Telephone  
(56-2) 378 4700

Fax  
(56-2) 378 4702

E-mail  
rch@mvelasco.enersis.cl

External auditors  
Arthur Andersen - Langton Clarke

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

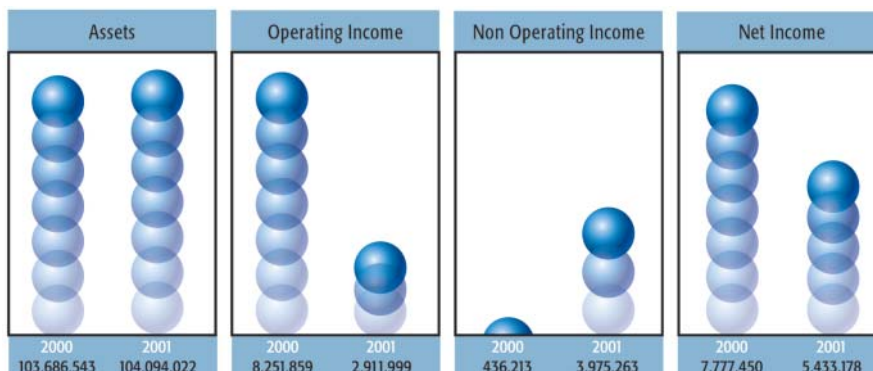
Participation of Enersis (direct and indirect)  
100%

Corporate purpose  
Purchase, sell, parcel, subdivide, market and commercially operate at any title, of all types of real property, either on its own behalf or on behalf of others.

**AGENT**  
Alberto López  
(Enersis Chief Business Executive Officer)

**OFFICERS**  
Chief Executive Officer  
Andrés Salas  
Legal Counselor  
Alfonso Salgado  
Real Estate Development Executive Officer  
Gustavo Cardemil  
Project ENEA Executive Officer  
Bernardo Kupfer

#### FINANCIAL INFORMATION (Thousand Ch\$ as of December 2001)



# Liability statement

The undersigned Directors of Enersis and its Chairman who have put their hand and executed this statement herein are liable under oath of the truth of all the information delivered in the current Annual Report, under the provisions of the general regulation No. 30 of the Superintendence of Securities and Insurance.



**CHAIRMAN:**

**Alfredo Llorente**

Profession: Industrial Engineer

Tax registry number: 48,062,400-9



**VICECHAIRMAN:**

**Rafael Miranda**

Profession: Industrial Engineer

Tax registry number: 48,070,966-7



**DIRECTOR:**

**José Fesser**

Profession: Lawyer

Tax registry number: 48,064,839-0



**DIRECTOR:**

**Luis Rivera**

Profession: Roads, Channels and Ports Engineer

Tax registry number: 48,071,010-K



**DIRECTOR:**

**Ernesto Silva**

Profession: Commercial Engineer

Tax registry number: 5,126,588-2



**DIRECTOR:**

**Hernán Somerville**

Profession: Lawyer

Tax registry number: 4,132,185-7



**DIRECTOR:**

**Eugenio Tironi**

Profession: Sociologist

Tax registry number: 5,715,860-3



**CHIEF EXECUTIVE OFFICER:**

**Enrique Garcia**

Profession: Civil Engineer (Infrastructure)

Tax registry number: 14,704,156-K

# Identification of other subsidiaries and related companies

## **Distrilec Inversora S.A.**

Corporate name  
Distrilec Inversora S.A.

Type of company  
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\$)  
332,309,610

Participation of Enersis (direct and indirect)  
51.5%

Corporate purpose  
Participate on its own behalf or associated with third parties in the cooperation for sales of stock packages of Edesur and Edenor.

### **BOARD OF DIRECTORS**

Chairman  
**José Hidalgo**  
Vice-Chairman  
**Rafael Fernández**  
Directors  
**Marcelo Silva**  
**Alberto López**  
(Enersis Corp. Business Director)  
**Alan Arntsen**  
**Mariano Grondona**  
**Horacio Babino**  
**Luis Sas**  
**Jorge Casagrande**  
**Daniel Maggi**

Deputy Directors  
**Domingo Valdés**  
(Enersis Legal Counsel)  
**Luis Barry**  
**Pablo Casado**  
**Pedro Aramburu**  
**Manuel Benites**  
**Antonello Tramonti**  
**Jorge Barros**  
**Pablo Ferrero**  
**Carlos Álvarez**  
**Nicolás Carusoni**

## **Enersis de Argentina S.A.**

Corporate name  
Enersis de Argentina S.A.

Type of company  
Foreign 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  
Mainly financial, able to carry out all types of financial and investment activities.

### **BOARD OF DIRECTORS**

Chairman  
**Enrique García**  
(Enersis Chief Executive Officer)  
Vice-chairman  
**Juan Domínguez**  
(Enersis Adjunct Chief Executive Officer)  
Directors  
**Domingo Valdés**  
(Enersis Legal Counsel)  
**Mariano Grondona**  
**Alan Arntsen**  
**Betina Di Croce**  
**María Justo**

Deputy Directors  
**Martin Madrid**  
(Enersis Corp. Chief Planning Officer)  
**Fernando Nadal**  
(Enersis Corp. Communication Officer)  
**Manuel Benites**  
**Alberto López**  
(Enersis Corp. Business Director)

## **Enersis Energía de Colombia S.A. E.S.P. (in liquidation)**

Corporate name  
Enersis Energía de Colombia S.A. E.S.P.

Type of company  
Foreign Stock Company

Address  
Carrera 13A N° 93-66, Piso 2, Bogotá, Colombia

Telephone  
(57-1) 601 5790

Fax  
(57-1) 601 5799

External auditors  
Arthur Andersen

Subscribed and paid in capital (ThCh\$)  
102,147

Participation of Enersis (direct and indirect)  
100%

Corporate purpose  
Purchase of electric energy and its sale to final users, either regulated or non-regulated.

### **LIQUIDATORS**

Main liquidator  
**Alvaro Pérez**  
Deputy liquidator  
**Fernando Foix**



**Eneris International**

Corporate name  
**Eneris International**

Type of company  
**Foreign 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 Eneris (direct and indirect)<sup>1</sup>  
**100%**

Corporate purpose  
**Any legal activity related with energy or fuel.**

**BOARD OF DIRECTORS**  
Chairman  
**Juan Domínguez**  
(Eneris Adjunct Chief Executive Officer)

Vice-Chairman and Secretary  
**José Palomo**

Directors  
**Carlos Arrieta  
Leopoldo López  
Máximo de la Peña**  
(Eneris Tax Counselor)

**Empresa Eléctrica de Panamá S.A.**

Corporate name  
**Empresa Eléctrica de Panamá S.A.**

Type of company  
**Foreign Stock Company**

Address  
**Av. Samuel Lewis and 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\$)  
**135,410,504**

Participation of Eneris (direct and indirect)  
**100%**

Corporate purpose  
**Any legal activity related with energy or fuel.**

**BOARD OF DIRECTORS**  
Chairman  
**Juan Domínguez**  
(Eneris Adjunct Chief Executive Officer)

Secretary  
**José Palomo**

Directors  
**Carlos Arrieta  
Máximo de la Peña**  
(Eneris Tax Counselor)

**Interocean Developments Inc.**

Corporate name  
**Interocean Developments Inc.**

Type of company  
**Foreign Limited Company**

Address  
**Av. Samuel Lewis and 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\$)  
**127,281,537**

Participation of Eneris (direct and indirect)  
**100%**

Corporate purpose  
**Any legal activity related with energy or fuel.**

**BOARD OF DIRECTORS**  
Chairman  
**Juan Domínguez**  
(Eneris Adjunct Chief Executive Officer)

Secretary  
**José Palomo**

Directors  
**Carlos Arrieta  
Máximo de la Peña**  
(Eneris Tax Counselor)

**Investluz S.A.**

Corporate name  
Investluz S.A.

Type of company  
Foreign Stock Company

Address  
Av. Barao de Studart N°2917, Dionisio Torres  
Fortaleza, Cear, Brazil

Telephone  
(5585) 216 1123

Fax  
(5585) 216 1423

External auditors  
Arthur Andersen

Subscribed and paid in capital (ThCh\$)  
560,512,266

Participation of Enersis (direct and indirect)  
47%

Corporate purpose  
Participation in the capital of Coelce and in  
other partnerships in Brazil and abroad as a  
partner.

**REPRESENTATIVES**

Chairman  
Manuel Montero

**Inversiones Distrilima S.A.**

Corporate name  
Inversiones Distrilima S.A.

Type of company  
Foreign Stock Company

Address  
Tnte. Csar Lpez Rojas N 201, Urbanizacin  
Maranga, San Miguel, Lima, Per

Telephone  
(51-1) 561 1604

Fax  
(51-1) 452 3007

External auditors  
Arthur Andersen

Subscribed and paid in capital (ThCh\$)  
121,467,134

Participation of Enersis (direct and indirect)  
54.5%

Corporate purpose  
Carrying out investments in other partnerships  
especially in those related with distribution and  
generation of electric energy.

**BOARD OF DIRECTORS**

Chairman  
Jos Kindeln  
(Enersis Chief Regulation Officer)

Directors  
Jos Hidalgo  
Alberto Lpez  
(Enersis Corp. Business Director)  
Fernando Urbina  
Emilio Garca  
Jos Chueca  
Reynaldo Llosa

Deputy Directors  
Jos lvarez-Garca  
Narciso Lpez de Cervantes  
Marciano Izquierdo  
Walter Piazza  
Fernando Font  
Antonio Sabater

**Luz de Bogot S.A.**

Corporate name  
Luz de Bogot S.A.

Type of company  
Stock Company

Address  
Carrera 13 A N 93-66, Piso 6,  
Bogot, Colombia

Telephone  
(571) 601 5402

Fax  
(571) 601 5905

External auditors  
Arthur Andersen

Subscribed and paid in capital (ThCh\$) 1  
200,905,942

Participation of Enersis (direct and indirect)  
44.7%

Corporate purpose  
Any legal activity related with energy or fuel or  
with public utility services.

**BOARD OF DIRECTORS**

Chairman  
Andrs Regu

Directors  
Francisco Garca  
Fernando Urbina  
Jos Martnez

Deputy Directors  
Marcelo Llvenes  
Luca Piedrahta  
Jos Inostroza  
Roberto Ospina





# Enersis S.A. and Subsidiaries

## Audited Consolidated Financial Statements

For the years then ended December 31, 2000 and 2001

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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, 2001 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 02, 2001, we have examined the Consolidated Financial Statements of Enersis S.A. for period between January 1 and December 31, 2001.

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 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, February 26, 2002

# 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, 2000 and 2001, 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., which statements reflect total assets and total revenues of 30 percent and 18 percent in 2000, and 30 percent and 23 percent in 2001, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the 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, 2000 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in Chile.

As described in Notes 5 and 33 to these financial statements, the Company's subsidiaries in Brazil (Companhia de Electricidad do Rio de Janeiro and Companhia Energética do Ceará) have recognized in operating revenues ThCh\$ 94,486,197 related to regulated assets, in accordance with the regulations for such entities in Brazil. Similarly, amounts corresponding to unregulated energy contracted by generators and which will be transferred to the distribution companies is still pending from the Brazilian regulators and therefore has not been recorded in these financial statements.

As described in Notes 23 and 33 to these financial statements, the Company has valued investments in Argentina in accordance with Technical Bulletin N° 64 issued by the Chilean Association of Accountants. On a consolidated basis, these investments reflect total assets of 14 percent, total revenues of 27 percent, and total operating income of 21 percent, of the related consolidated totals. Due to the unstable political and economic situation in Argentina and considering the effects of the Public Emergency Law, the Company's subsidiaries and equity method investments, are exposed to conditions which could affect the valuation of their assets, liabilities and equity and generate uncertainty as to their ability to pay obligations and continue operations. These financial statements have been prepared assuming that the Company's Argentine subsidiaries and equity method investments will continue as a going concern and do not reflect the effects or eventual adjustments that may result from the resolution of these uncertainties.

A handwritten signature in black ink, appearing to read "Cristián Bastián E.", written over a faint grid.

Cristián Bastián E.

ARTHUR ANDERSEN – LANGTON CLARKE

Santiago (Chile)  
February 26, 2002

# 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, 2001 and thousands of US dollars)

Assets	As of December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Current assets:</b>			
Cash	27,255,582	36,552,229	55,823
Time deposits	77,376,402	172,925,470	264,093
Marketable securities	11,952,705	197,157	301
Accounts receivable, net	474,887,215	534,222,322	815,867
Notes receivable, net	9,507,985	11,668,161	17,820
Other accounts receivable, net	60,224,647	63,966,838	97,691
Amounts due from related companies	19,499,217	17,494,736	26,718
Inventories	73,136,451	75,169,004	114,799
Income taxes recoverable	69,488,255	55,835,050	85,272
Deferred income taxes	29,669,579	23,458,350	35,826
Prepaid expenses	9,466,878	13,564,628	20,716
Other current assets	134,183,417	123,535,175	188,663
<b>Total current assets</b>	<b>996,648,333</b>	<b>1,128,589,120</b>	<b>1,723,589</b>
<b>Property, plant and equipment, net</b>	<b>8,684,284,279</b>	<b>9,344,708,408</b>	<b>14,271,306</b>
<b>Other assets:</b>			
Investments in related companies	153,335,178	162,570,882	248,279
Investments in other companies	131,266,459	145,204,851	221,758
Long-term receivables	46,112,705	98,935,497	1,950,439
Goodwill, net	1,303,289,960	1,277,127,438	(263,633)
Negative goodwill, net	(195,797,288)	(172,624,494)	151,095
Amounts due from related companies	143,935,368	165,696,885	253,053
Intangibles	58,365,570	69,608,816	106,307
Accumulated amortization	(14,433,888)	(24,415,601)	(37,288)
Other assets	105,958,142	192,752,871	294,374
<b>Total other assets</b>	<b>1,732,032,206</b>	<b>1,914,857,145</b>	<b>2,924,384</b>
<b>Total assets</b>	<b>11,412,964,818</b>	<b>12,388,154,673</b>	<b>18,919,279</b>
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>			

Liabilities and Shareholders' equity	As of December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Current liabilities:</b>			
Short-term debt due to banks and financial institutions	476,274,742	292,242,781	446,315
Current portion of long-term debt due to banks and financial institutions	210,166,385	408,657,469	624,105
Promissory notes	16,635,381	53,039,076	81,002
Current portion of bonds payable	90,659,808	61,017,788	93,187
Current portion of long-term notes payable	29,285,626	31,215,082	47,672
Dividends payable	5,741,741	6,804,807	10,392
Accounts payable	248,240,493	251,412,913	383,960
Short-term notes payable	14,270,216	44,105,893	67,359
Miscellaneous payables	30,856,634	46,219,728	70,587
Amounts payable to related companies	32,044,865	30,214,222	46,143
Accrued expenses	71,421,590	77,592,552	118,500
Withholdings	65,579,479	52,386,012	80,004
Income taxes payable	115,542,094	75,032,060	114,590
Deferred income	10,674,974	10,985,014	16,776
<b>Total current liabilities</b>	<b>1,583,569,157</b>	<b>1,591,556,680</b>	<b>2,430,637</b>
<b>Long-term liabilities:</b>			
Due to banks and financial institutions	1,643,588,297	1,896,800,333	2,896,807
Bonds payable	1,925,426,454	2,225,321,561	3,398,527
Long-term notes payables	228,486,812	227,152,092	346,908
Accounts payable	28,126,666	33,734,901	51,520
Amounts payable to related companies	1,050,737,624	972,531,222	1,485,257
Accrued expenses	122,772,387	227,562,076	347,534
Deferred income taxes	19,990,376	35,009,674	53,467
Other long-term liabilities	53,485,493	44,376,320	67,773
<b>Total long-term liabilities</b>	<b>5,072,614,109</b>	<b>5,662,488,179</b>	<b>8,647,793</b>
<b>Minority interest</b>	<b>3,622,062,715</b>	<b>3,954,923,425</b>	<b>6,039,988</b>
<b>Commitments and contingencies</b>			
<b>Shareholders' equity:</b>			
Paid-in capital, no par value	729,328,347	729,328,347	1,113,835
Additional paid-in capital - share premium	32,398,114	32,398,114	49,479
Other reserves	7,491,989	26,384,539	40,295
Retained earnings	272,625,237	350,149,143	534,750
Net income for the year	92,875,150	40,926,246	62,503
<b>Total shareholders' equity</b>	<b>1,134,718,837</b>	<b>1,179,186,389</b>	<b>1,800,862</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,412,964,818</b>	<b>12,388,154,673</b>	<b>18,919,279</b>
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>			



# 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, 2001 and thousands of US dollars)

	Years ended December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Operating income:</b>			
Sales	2,676,744,755	2,970,272,584	4,536,222
Cost of sales	(1,839,839,861)	(1,966,322,400)	(3,002,982)
Gross profit	836,904,894	1,003,950,184	1,533,240
Administrative and selling expenses	(300,254,777)	(271,383,420)	(414,459)
<b>Operating income</b>	<b>536,650,117</b>	<b>732,566,764</b>	<b>1,118,781</b>
<b>Non-operating income and expense:</b>			
Interest income	72,001,799	54,944,497	83,912
Equity participation in income of related companies	4,414,996	3,523,584	5,381
Other non-operating income	450,001,303	190,906,981	291,555
Equity participation in losses of related companies	(4,340,479)	(13,910,766)	(21,245)
Amortization of goodwill	(69,625,055)	(77,988,545)	(119,105)
Interest expense	(485,479,435)	(436,089,073)	(665,998)
Other non-operating expenses	(115,427,232)	(177,032,205)	(270,365)
Price-level restatement, net	(14,807,760)	2,111,724	3,225
Foreign currency translation, net	(1,215,264)	(29,962,583)	(45,759)
<b>Non-operating expense, net</b>	<b>(164,477,127)</b>	<b>(483,496,386)</b>	<b>(738,399)</b>
<b>Income before income taxes, minority interest and amortization of negative goodwill</b>	<b>372,172,990</b>	<b>249,070,378</b>	<b>380,382</b>
Less: Income taxes	(142,061,655)	(132,706,349)	(202,670)
<b>Income before minority interest and amortization of negative goodwill</b>	<b>230,111,335</b>	<b>116,364,029</b>	<b>177,712</b>
Minority interest	(178,640,998)	(121,507,397)	(185,567)
<b>Income before amortization of negative goodwill</b>	<b>51,470,337</b>	<b>(5,143,368)</b>	<b>(7,855)</b>
Amortization of negative goodwill	41,404,813	46,069,614	70,358
<b>Net income for the year</b>	<b>92,875,150</b>	<b>40,926,246</b>	<b>62,503</b>
<i>The accompanying notes are an integral part of these consolidated financial statements.</i>			

# Audited Consolidated Statements of Changes in Shareholders' Equity

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

(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, 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 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
<b>As of December 31, 2000</b>	<b>8,291,020</b>	<b>707,398,979</b>	<b>31,423,970</b>	<b>7,266,721</b>	<b>264,427,970</b>	<b>90,082,590</b>	<b>1,100,600,230</b>
<b>As of December 31, 2000 (1)</b>	<b>8,291,020</b>	<b>729,328,347</b>	<b>32,398,114</b>	<b>7,491,989</b>	<b>272,625,237</b>	<b>92,875,150</b>	<b>1,134,718,837</b>
As of January 1, 2001	8,291,020	707,398,979	31,423,970	7,266,721	264,427,970	90,082,590	1,100,600,230
Transfer of prior year income to retained earnings	-	-	-	-	90,082,590	(90,082,590)	-
Dividends	-	-	-	-	(14,976,824)	-	(14,976,824)
Price-level restatement of capital	-	21,929,368	974,144	225,268	10,615,407	-	33,744,187
Cumulative translation adjustment	-	-	-	18,892,550	-	-	18,892,550
Net income for the year	-	-	-	-	-	40,926,246	40,926,246
<b>As of December 31, 2001</b>	<b>8,291,020</b>	<b>729,328,347</b>	<b>32,398,114</b>	<b>26,384,539</b>	<b>350,149,143</b>	<b>40,926,246</b>	<b>1,179,186,389</b>
<i>(1) Restated in thousands of constant Chilean pesos as of December 31, 2001.</i>							

# 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, 2001, and thousands of US dollars)

	Years ended December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Cash flows from operating activities:</b>			
Net income for the year	92,875,150	40,926,246	62,503
Gain (losses) from sales of assets:			
Gain on sales of property, plant and equipment	(61,064,928)	(5,567,418)	(8,503)
Gain on sale of investments	(202,046,395)	-	-
<b>Charges (credits) to income which do not represent cash flows:</b>			
Depreciation	388,953,861	413,612,079	631,671
Amortization of intangibles	33,080,473	8,678,208	13,253
Write-offs and accrued expenses	91,397,809	80,871,961	123,508
Equity participation in income of related companies	(4,414,996)	(3,523,584)	(5,381)
Equity participation in losses of related companies	4,340,479	13,910,766	21,245
Amortization of goodwill	69,625,055	77,988,545	119,105
Amortization of negative goodwill	(41,404,813)	(46,069,614)	(70,358)
Price-level restatement, net	14,807,760	(2,111,724)	(3,225)
Foreign currency translation, net	1,215,264	29,962,583	45,759
Other credits to income which do not represent cash flows	(48,132,142)	(106,474,373)	(162,608)
Other charges to income which do not represent cash flows	110,037,719	82,984,300	126,734
<b>Changes in assets which affect cash flows:</b>			
Decrease (increase) in trade receivables	(106,207,841)	116,467,244	177,870
Decrease in inventory	22,432,568	1,176,106	1,796
Decrease (increase) in other assets	(51,806,718)	23,717,139	36,221
<b>Changes in liabilities which affect cash flows:</b>			
Decrease in accounts payable associated with operating results	(2,662,939)	(60,374,730)	(92,205)
Increase in interest payable	97,040,399	14,669,615	22,404
Increase (decrease) in income tax payable	11,139,307	(52,498,394)	(80,176)
Decrease in other accounts payable associated with non-operating results	(73,222,347)	7,961,412	12,159
Net decrease in value added tax and other similar taxes payable	(1,622,900)	(114,201,522)	(174,409)
Income attributable to minority interest	178,640,998	121,507,397	185,567
<b>Net cash flows provided by operating activities</b>	<b>523,000,823</b>	<b>643,612,242</b>	<b>982,930</b>

	Years ended December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Cash flows from financing activities:</b>			
Issuance of shares	305,169,385	-	-
Proceeds from the issuance of debt	1,553,604,420	1,880,485,153	2,871,890
Proceeds from bond issuances	51,007,966	272,208,589	415,719
Other sources of financing	43,556,446	29,450,901	44,978
Dividends paid	(145,933,415)	(140,259,670)	(214,206)
Payment of debt	(2,061,623,319)	(1,815,594,628)	(2,772,789)
Payment of bonds	(204,237,868)	(154,631,146)	(236,154)
Payment of loans obtained from related companies	(81,388,242)	(97,961,304)	(149,607)
Payment of bond issuance costs	-	(967,133)	(1,477)
Payment of other loans from related companies	(71,874,189)	-	-
Other disbursements for financing	(178,854,087)	(32,356,128)	(49,415)
<b>Net cash used in financing activities</b>	<b>(790,572,903)</b>	<b>(59,625,366)</b>	<b>(91,061)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sales of property, plant and equipment	136,145,406	19,142,442	29,234
Sale of investment in related companies	503,776,350	-	-
Proceeds from loans obtained from related parties	3,743,364	5,365,011	8,193
Other loans received from related companies	15,879	-	-
Other receipts from investments	208,465,508	13,277,523	20,278
Additions to property, plant and equipment	(333,018,938)	(331,605,569)	(506,430)
Long-term investments	(313,721,205)	(12,504,600)	(19,097)
Investment in financial instruments	(1,844,601)	-	-
Other loans granted to related companies	-	(226,811)	(346)
Other investment disbursements	(32,089,850)	(182,418,471)	(278,591)
<b>Net cash provided by (used) in investing activities</b>	<b>171,471,913</b>	<b>(488,970,475)</b>	<b>(746,759)</b>
Positive (negative) net cash flow for the year	(96,100,167)	95,016,401	145,110
Effect of price-level restatement on cash and cash equivalents	3,995,572	(72,811)	(111)
Net increase (decrease) in cash and cash equivalents	(92,104,595)	94,943,590	144,999
Cash and cash equivalents beginning of year	208,644,113	116,539,518	177,980
<b>Cash and cash equivalents end of year</b>	<b>116,539,518</b>	<b>211,483,108</b>	<b>322,979</b>



# 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, 2001, except as stated)

## Note 1

### Description of Business:

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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 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, 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,			
	2000	2001		Total
	Total	Direct	Indirect	
Chilectra S.A.	97.97	98.24	-	98.24
Compañía Eléctrica del Río Maipo S.A.	98.40	98.74	-	98.74
Synapsis Soluciones y Servicios IT Ltda.	99.99	99.99	0.01	99.99
Inmobiliaria Manso de Velasco Ltda.	100.00	99.99	0.00	100.00
Cia. Americana de Multiservicios Ltda.	100.00	99.93	0.07	100.00
Endesa Chile S.A. (1)	59.98	59.98	-	59.98
Energis de Argentina S.A.	100.00	99.99	0.00	100.00
Energis International Ltd.	100.00	100.00	-	100.00
Inversiones Distrilima S.A.	53.93	14.79	39.75	54.54
Empresa Distribuidora Sur S.A. (Edesur)	64.29	16.02	49.07	65.09
Empresa Eléctrica de Panamá S.A.	99.61	81.00	18.67	99.67
Energis Investment S.A.	100.00	-	-	-
Interocean Developments Inc.	100.00	100.00	-	100.00
Luz de Bogotá S.A. (2)	44.21	25.71	18.95	44.66
Cerj (2)	57.38	8.00	50.16	58.16
Investluz (2)	46.50	-	47.02	47.02
Cia. Americana de Multiservicios Uno Ltda.	100.00	99.99	0.01	100.00
Electric investment	100.00	-	-	-
Energis Energía de Colombia S.A.	100.00	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 International, 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, 2000 and 2001, and the results of its operations, the changes in its shareholders' equity and its cash flows for the years ended December 31, 2000 and 2001.

(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, 2001 was approximately 10.66%.

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 24).

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, 2000	106.82	4.7%
November 30, 2001	110.10	3.1%

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, 2000	106.94	4.5%
December 31, 2001	109.76	2.6%

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, 2000	15,769.92
December 31, 2001	16,262.66

### Comparative financial statements

For comparative purposes, the historical December 31, 2000 and 2001 consolidated financial statements and their accompanying notes have been presented in constant Chilean pesos as of December 31, 2001. 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, 2001, as follows:

Period	Change in Index
2000	3.1% (1)
<i>(1) Equivalent to the amounts for 2000 multiplied by the change in the CPI for 2001.</i>	

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, 2001 of Ch\$ 654.79 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 31. These amounts have been stated at the observed exchange rates reported by the Central Bank of Chile as of each year-end as follows:



Currency	Symbol used	2000 Ch\$	2001 Ch\$
United States dollar (Observed)	US\$	573.65	654.79
British pound sterling	£	856.58	948.01
Colombian peso	\$ Col	0.26	0.29
New Peruvian sol	Soles	162.69	190.29
Brazilian real	R\$	294.33	282.97
Italian lira (2)	Lira	0.28	0.30
Japanese yen	¥	5.01	4.99
Euro	—	538.84	578.18
French Franc (2)	FFr	82.15	88.36
Pool Unit (IBRD)(1)	UP	7,230,629.88	7,742,160.26
Unidad de Fomento (UF)	UF	15,769.92	16,262.66
Unit of Account (IBD)(1)	UC	850.92	929.26
Argentine peso (3)	\$ Arg	573.65	654.79

(1) Units of measurement used by the International Bank for Reconstruction and Development (IBRD) and Interamerican Development Bank (IDB) to express the weighted-average of multicurrency loan obligations granted using fixed currency ratios to the US dollar, at a determined date.

(2) Beginning on January 1, 2002, these currencies will be expressed in the Euro.

(3) During the years ended December 31, 2000 and 2001, the Argentine peso has been pegged to the US dollar at a rate of 1 Argentine peso to 1 US dollar. In early December 2001, restrictions were put in place that prohibited cash withdrawals above a certain amount and foreign money transfers, with certain limited exceptions. While the legal exchange rate remained at 1 peso to 1 US dollar, financial institutions were allowed to conduct only limited activity due to these controls, and currency exchange activity was effectively halted except for personal transactions in small amounts. In January 2002, the Argentine government announced its intent to create a dual currency system with a "official" fixed exchange rate of 1.4 pesos to 1 US dollar for import, and export transactions and a "free" floating exchange rate for other transactions. On January 11, 2002, the exchange rate market holiday ended and closing new "free" floating exchange rates ranged from 1.6 to 1.7 pesos to 1 US dollar. In accordance with SVS Circular No. 81 the conversion of Argentine subsidiary financial statements reflect the conversion of 1.7 pesos to 1 US dollar.

(e) **Time deposits and Marketable securities**

Time deposits are presented at cost plus accrued interest and UF indexation adjustments, as applicable. Marketable securities consist of short-term highly liquid Chilean Government debt securities valued at cost plus accrued interest, which approximates market value.

(f) **Allowance for doubtful accounts:**

Accounts receivable is classified as current or long-term, depending on their collections terms. Current and long-term trade accounts receivable, notes receivable and other receivables are presented net of allowances for doubtful accounts (see Note 5). Write-offs of uncollectible accounts amounted to ThCh\$ 10,291,653 and ThCh\$ 6,155,429 for the years ended December 31, 2000 and 2001, respectively.

(g) **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.

**(h) Property, plant and equipment:**

Property, plant and equipment were previously valued at net replacement cost as determined by the former Superintendency of Electric and Gas Services (SEG) adjusted for price-level restatement in accordance with D.F.L. No. 4 of 1959 until 1980.

Property, plant and equipment are currently shown at contributed amounts or cost, as appropriate, plus price-level restatement. The interest cost on debt directly obtained in the construction projects is capitalized during the period of construction.

In 1986, an increase based upon a technical appraisal of property, plant and equipment was recorded in the manner authorized by the SVS in Circulars No.'s 550 and 566 dated October 15 and December 16, 1985, respectively, and Communication No. 4790, dated December 11, 1985.

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.

**(i) Depreciation**

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. Depreciation expense was ThCh\$ 388,953,861 and ThCh\$ 413,612,079 as of December 31, 2000 and 2001, respectively. Depreciation expense of ThCh\$ 375,916,142 and ThCh\$ 401,771,524 were included in Costs of sales and ThCh\$ 13,037,719 and ThCh\$ 11,840,555 were included in Administrative and selling expenses, respectively.

**(j) 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.

**(k) 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 11).

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

**(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) Revenue recognition:**

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 unbilled amount is presented in current assets as trade receivables and the corresponding cost is included in cost of operations. The Company also recognizes revenues for amounts received from highway tolls for motorized vehicles.

**(o) Income tax and deferred income taxes:**

The Company records income taxes in accordance with Technical Bulletin No. 60 of the Chilean Association of Accountants, and with circular No. 1466 issued on January 27, 2000 by the SVS, 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 calculated using the tax rates to be in effect at the time of reversal. For the years ended

December 31, 2000 and 2001, the Company recorded current tax expense according to the tax laws and regulations within each country of ThCh\$ 155,527,993 and ThCh\$ 124,813,922, respectively.

**(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) Statements of cash flows:**

The Consolidated Statements 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) Financial derivative contracts:**

As of December 31, 2000 and 2001 the Company has forward contracts, currency swaps, and interest swaps and colars 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 to the current year's method of presentation.

(x) **Investments in other companies**

The investments in other companies is presented at acquisition cost adjusted for price-level restatement.

(y) **Research and development costs**

Costs incurred in research and development by the Company are either general in nature (water-level studies, hydroelectric research, seismic-activity surveys) which are expensed as incurred, or studies related to specific construction projects which are capitalized.

## Note 3

### Change in Accounting Principles:

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There were no changes in accounting principles during the current year that would effect the comparison with the prior year's financial statements.

**Time deposits:**

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

Financial Institution	Annual Rate %	Scheduled Maturity	As of December 31,	
			2000 ThCh\$	2001 ThCh\$
ABN Amro Bank	-	-	2,066,798	-
Banco Alfa	-	-	617,317	-
Banco Bilbao Vizcaya	1.80	Feb 28, 2002	2,465,685	28,032,671
Banco Boston	1.10	Jan 2, 2002	3,197,684	492,066
Banco Boston	1.40	Jan 31, 2002	1,793,070	791,845
Banco CCF Brasil	1.38	Jan 31, 2002	-	788,954
Banco CCF-Comodities	0.00	-	684,866	-
Banco Chile New York	2.15	Jan 2, 2002	-	482,965
Banco Chile New York	1.25	Jan 2, 2002	-	2,759,402
Banco Colpatría	12.30	Feb 1, 2002	3,992,979	8,402,145
Banco Crédito del Perú	1.50	Jan 2, 2002	20,694	1,114,899
Banco de Bogotá	12.00	Feb 28, 2002	355,671	431,810
Banco de Chile	0.02	Jan 2, 2002	-	477,436
Banco de Crédito del Perú	2.25	Jan 2, 2002	-	285,524
Banco de Crédito del Perú	1.50	Jan 2, 2002	-	311,090
Banco do Estado do Ceara	14.92	Jan 2, 2002	985,937	4,815,225
Banco Galicia	0.00	-	2,258,091	-
Banco Ganadero	13.92	Jan 2, 2002	16,631,081	10,795
Banco Interbank	3.00	Jan 2, 2002	-	380,250
Banco Itau	0.00	-	2,905	-
Banco Liberal	1.38	Jan 31, 2002	318,099	468,221
Banco Nationale de Paris	1.67	Jan 3, 2002	-	12,668,715
Banco Rio de la Plata	12.80	Jan 2, 2002	6,518,480	9,546
Banco Santander	1.39	Jan 31, 2002	470,601	773,530
Banco Santander CDB	11.75	Feb 2, 2002	-	1,027,375
Banco Santander Do Brasil	19.00	Feb 18, 2002	-	883,434
Banco Sudameris	12.00	Feb 1, 2002	5,810,411	3,689,513
Banco Tequendama	12.30	Feb 2, 2002	703,082	2,851,334
Banco Union Colombiano	12.30	Jan 2, 2002	-	2,641,692
Banco Wiese Sudameris	3.25	Jan 3, 2002	148,369	161,606
Bank of America	1.55	Jan 2, 2002	-	17,042,269
Bonos de Solidaridad	10.00	Jan 2, 2002	-	655
Bradesco	13.11	Jan 2, 2002	1,357,408	663,467
Caja Ahorro en Dólares	0.00	-	773	-
Caja Ahorro en Pesos	0.00	-	4,894	-
Chase Manhattan Bank	0.00	-	670,685	-
Citibank New York	0.69	Jan 3, 2002	15,692,170	52,847,915
Citiliquid Reserves - NY	0.00	-	3,337,446	-
Colcorp S.A.	12.20	Jan 1, 2002	-	1,625,167
Corfivalle	12.00	Jan 1, 2002	2,948,422	9,526,560
Corporacion las villas	12.50	Mar 1, 2002	-	3,378,917
Remunerada	3.25	Jan 2, 2002	-	2,669,232
Fiduciaria Banco Colpatría	11.32	Jan 2, 2002	-	18,882
Fiduciaria Banco de Bogotá	12.24	Jan 2, 2002	443	6,109,593
Fiduciaria Cancolombia	11.43	Jan 2, 2002	451	1,390,090
Fiduciaria Cititrust	10.53	Jan 2, 2002	1,044	40,629
Fiduciaria de Crédito	11.15	Jan 2, 2002	865	288,840
Fiduciaria de Santander	10.91	Jan 2, 2002	83,026	22,854
Fiduciaria Lloyds Bank	10.94	Jan 2, 2002	-	50,813
Fiducolombia	13.15	Jan 2, 2002	592	121,473
Fiducrédito	0.00	-	92,250	-
Fiduganadero	11.70	Jan 2, 2002	131	752,007
Fiduoccidente	12.03	Jan 2, 2002	4,082	4,922
HSBC - Bamerindus	1.41	Jan 31, 2002	4,139,900	-
Megabanco	2.00	Jan 31, 2002	-	41,064
Time Deposit	1.21	Jan 2, 2002	-	1,008,377
<b>Total</b>			<b>77,376,402</b>	<b>172,925,470</b>



# Note 5

## Accounts, notes and other receivables:

Current accounts, notes and other receivables and related allowances for doubtful accounts as of each December 31, are as follows:

Account	As of December 31,							
	2000				2001			
	Under 90 days ThCh\$	91 days to 1 year ThCh\$	Allowance ThCh\$	Total ThCh\$	Under 90 days ThCh\$	91 days to 1 year ThCh\$	Allowance ThCh\$	Total ThCh\$
Accounts receivable	530,315,529	60,736,066	(116,164,380)	474,887,215	559,676,985	16,801,935	(42,256,598)	534,222,322
Notes receivable	5,329,546	5,023,314	(844,875)	9,507,985	6,112,015	6,545,612	(989,466)	11,668,161
Other receivables	50,315,604	10,699,093	(790,050)	60,224,647	41,498,773	30,519,962	(8,051,897)	63,966,838
<b>Total</b>	<b>585,960,679</b>	<b>76,458,473</b>	<b>(117,799,305)</b>	<b>544,619,847</b>	<b>607,287,773</b>	<b>53,867,509</b>	<b>(51,297,961)</b>	<b>609,857,321</b>

Long-term other receivables as of December 31, 2000 and 2001 are ThCh\$ 46,112,705 and ThCh\$ 98,935,497, respectively.

Current and long-term accounts receivables per country as of each December 31, are as follows:

Country	2000		2001	
	ThCh\$	%	ThCh\$	%
Chile	129,174,389	21.87	175,332,739	24.74
Peru	36,431,631	6.17	38,977,828	5.50
Argentina	112,182,759	18.99	72,931,374	10.29
Colombia	127,007,176	21.50	123,402,281	17.41
Brasil (1)	185,936,597	31.48	298,148,596	42.06
<b>Total</b>	<b>590,732,552</b>	<b>100.00</b>	<b>708,792,818</b>	<b>100.00</b>

(1) In accordance with Decree Law No. 14 and Resolution No. 91 of the Council for Managing the Electric Energy Crisis (CGCEE), both dated December 21, 2001, and based on Resolution No. 31 of the National Agency of Electric Energy (ANEEL) dated January 24, 2002, the Company's distribution subsidiaries in Brasil have recongized as of December 31, 2001, a regulated asset, which will be recovered through extraordinary tariffs in order to recover losses experienced during the period of energy rationing from June 1, 2001 to December 31, 2001.

The regulated asset recorded by the Company's distribution subsidiaries (Cerj and Coelce) was ThCh\$ 94,486,000 as of December 31, 2001, and is recorded as revenue during 2001. This revenue represents lost revenues resulting from the Program of Emergency Reduction of Electric Energy Consumption (Program of Rationing). This regulated asset will be recovered through the increase of energy prices, over a period estimated to be three years. This amount is to be confirmed by ANEEL.

In order to record this asset as revenue, the Company's subsidiaries and other companies in the Energy Sector must agree to forfeit any future claim related to the events and regulations derived from the Program of Rationing and increases through the extraordinary tariff.

# Note 6

## Transactions with Related Companies:

Balances of accounts receivable and payable classified according to the nature of the transaction are as follows as of December 31, 2000 and 2001:

### a. Notes and accounts receivable:

Company Name	As of December 31,			
	Short-term		Long-term	
	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$
Aguas Santiago Poniente S.A.	1,973,046	2,423,833	-	-
Atacama Finance Co.	5,227,247	4,172,183	142,507,800	164,268,594
Central Geradora Term. de Fortaleza	-	11,051	-	-
Cia. Interconexión Energética S.A.	8,147,965	2,917,350	-	-
Com. de Energía del Mercosur	-	3,271,536	-	-
Consortio B & R Ingendesa Ltda.	78,234	-	-	-
Consortio Energetico Punta Cana-Macao	968	939	-	-
Distrilec Inversora S.A.	-	6,612	-	-
Edenor S.A.	977,306	181,667	-	-
Electrogas S.A.	1,550	-	-	-
Elesur S.A.	27,411	19,785	-	-
Empresa Eléctrica de Bogotá S.A.	27,750	130,076	-	-
Empresa Eléctrica Piura S.A.	34,069	97,262	-	-
Endesa España	-	353,985	-	-
Endesa Internacional S.A.	757,232	2,318,129	-	-
Etevensa	42,568	185,033	-	-
Gasoducto Atacama y Cia Ltda.	458	-	-	-
Gasoducto Tal Tal Ltda.	715,868	304,679	-	-
Gesa S.A.	242,699	-	-	-
Inversiones Electrica Quillota S.A.	-	1,000	-	-
Nopel S.A.	171,851	47,790	-	-
Sacme	240,044	169,949	-	-
Smartcom S.A.	545,160	870,156	-	-
Soc. de Inv. Chispa Uno S.A.	1,535	806	-	-
Transmisora Eléctrica de Quillota Ltda.	196,560	10,915	1,427,568	1,428,291
Unelco S.A.	89,696	-	-	-
<b>Total</b>	<b>19,499,217</b>	<b>17,494,736</b>	<b>143,935,368</b>	<b>165,696,885</b>

b. Notes and accounts payable:

Company Name	As of December 31,			
	Short-term		Long-term	
	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$
Aguas Santiago Poniente S.A.	-	8	-	-
Com. de Energía del Mercosur	-	6,966,606	-	-
Compañía Transmisión del Mercosur S.A.	-	329,359	-	-
Consortio B & R Ingendesa Ltda.	18,054	-	-	-
Edenor S.A.	69,755	-	-	-
Electrogas S.A.	195,971	-	-	-
Elesur S.A.	11,711,657	16,785,722	1,033,330,967	956,291,278
Empresa Eléctrica de Bogotá S.A.	14,053,669	3,523,412	-	-
Empresa Eléctrica Piura S.A.	1,193,192	699,585	-	-
Endesa Internacional S.A.	483,429	332,678	17,406,657	16,239,944
Etevensa	957,044	1,084,373	-	-
Gasoducto Cuenca Noreste Ltda.	262,991	-	-	-
Gasoducto Tal Tal Ltda.	-	207,378	-	-
Mundivia S.A.	45,064	74	-	-
Nopel S.A.	2,721,840	-	-	-
Sacme	273,645	180,391	-	-
Smartcom S.A.	18,602	63,336	-	-
Transmisora Eléctrica de Quillota Ltda.	39,952	41,300	-	-
<b>Total</b>	<b>32,044,865</b>	<b>30,214,222</b>	<b>1,050,737,624</b>	<b>972,531,222</b>

c. Effects in income (expense) for each year-ended December 31 are as follows:

Company	Nature of Transaction	Income (expense)	
		2000 ThCh\$	2001 ThCh\$
Atacama Finance Co.	Interest	10,701,400	9,763,386
	Monetary correction	4,913,981	4,442,082
	Exchange difference	3,679,900	16,537,140
Com. de Energía del Mercosur	Sale of energy	-	22,146,226
	Purchase of energy	-	(14,900,189)
Com. Transmisión del Mercosur S.A.	Purchase of energy	-	(3,869,809)
Cía. Interconexión Energética S.A.	Sale of energy	38,540,741	45,475,475
	Services	457,702	877,070
Inv. Eléctr. Transquillota S.A.	Interest	128,481	130,492
	Services	(461,597)	-
Nopel Ltda.	Services	(1,582,825)	315,897
Empresa Eléctrica Piura S.A.	Sale of energy	2,400,156	911,023
	Purchase of energy	-	(9,596,258)
	Services	(1,176,074)	1,177,815
	Exchange difference	-	(785)
Gasoducto Tal tal Ltda.	Services	611,474	-
Elesur S.A.	Interest	(71,361,781)	(50,012,000)
	Services	8,656	19,882
	Monetary correction	(50,290,063)	(29,657,462)
	Exchange difference	-	(731,275)
Etevensa	Sale of energy	(10,294,455)	2,974,089
	Services	(44,830)	3,152,840
Exchange difference	-	(547)	-
Electrogas S.A.	Services	(2,251,599)	(2,378,285)
Edenor S.A.	Sale of energy	37,597,406	-
	Services	2,756,147	4,305,339
Smartcom S.A.	Services	823,896	3,974,420
Aguas Santiago Poniente S.A.	Interest	-	203,326
	Services	-	28,930
Endesa Internacional S.A.	Services	(8,145)	235,839
	Interest	(2,925,860)	(2,129,579)
Sacme	Services	(749,657)	(799,542)
Gasoducto Atacama y Cia Ltda.	Services	121,323	-
Mundivia S.A.	Services	-	59,376
Soc. de Inv. Chispa Uno S.A.	Services	17,270	6,390
<b>Total</b>		<b>(36,964,353)</b>	<b>3,052,220</b>

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 most significant transactions are as follows:

Company	Type	Due Date	Interest Currency	Capital	Rates
Elesur S.A.	Note payable	May 2003	UF	35,827,780	4.66%
	Note payable	May 2003	UF	22,873,999	5.38%
	Note payable	Aug 2003	UF	101,103	5.38%
Endesa Internacional	Note payable	Nov 2003	Reales	57,550,000	14.00%
Transmisora Eléctrica de Quillota Ltda.	Note receivable	2006 (total)	UF	87,846	9.00%
Atacama Finance Co.	Note receivable	2016 (total)	US\$	250,872,179	4.59%

## Note 7

### Inventories:

Inventories include the following items and are presented net of a provision for obsolescence amounting to ThCh\$ 6,448,500 and ThCh\$ 3,985,169 as of December 31, 2000 and 2001, respectively:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Real estate under development	31,261,062	26,468,905
Materials in transit	2,757,448	485,401
Operation and maintenance materials	30,373,445	40,722,575
Other	8,744,496	7,492,123
<b>Total</b>	<b>73,136,451</b>	<b>75,169,004</b>

## Note 8

### Deferred income taxes:

a. Income taxes recoverable (payable) as of each year-end are as follows:

	As of December 31,	
	2000 M\$	2001 M\$
Income tax payable	(115,542,094)	(75,032,060)
Income tax recoverable	69,488,255	55,835,050
<b>Net</b>	<b>(46,053,839)</b>	<b>(19,197,010)</b>



- b. The Company incurred taxable losses in the amount of ThCh\$ 110,436,055 and ThCh\$ 87,130,898 for the years ended December 31, 2000 and 2001, respectively.
- c. The balance of taxed retained earnings and the related tax credits are as follows:

Year	Retained Deficit ThCh\$	Credit ThCh\$
2000	-	-
2001	(17,630,654)	-

- d. The net effect of timing differences, amortization of complementary accounts, changes in valuation allowance, and other charges or credits generated a net credit to income of ThCh\$ 13,466,338 and a net charge of ThCh\$ 7,892,427 during the years ended December 31, 2000 and 2001, respectively
- e. In accordance with BT No. 60 and 69 of the Chilean Association of Accountants, and Circular No. 1,466 of the SVS, the Company and its subsidiaries have recorded consolidated deferred income taxes as of December 31, 2000 and 2001 as follows:

	As of December 31, 2000				As of December 31, 2001			
	Asset		Liability		Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Depreciation	-	3,070,129	6,883,666	292,975,488	-	6,019,042	113,225	360,880,877
Severance indemnities	-	-	-	1,756,225	297,431	187,066	-	1,942,208
Allowance for doubtful accounts	28,470,379	7,247,866	-	-	25,302,734	10,103,789	-	-
Actuarial deficit (companies in Brazil)	-	-	-	-	7,269,312	2,503,693	-	-
Intangibles	-	-	-	218,529	-	2,864,105	13,898	1,771,789
Deferred income	563,725	571,788	-	-	718,919	633,433	-	-
Deferred charges	-	-	795,102	4,182,262	-	-	1,866,600	14,103,501
Obsolescence of raw materials	1,069,495	283,093	-	-	623,068	327,037	-	-
Finance costs	-	-	-	3,259,679	-	-	196,662	7,361,514
Derivative contracts	-	564,072	2,241,772	-	2,694	971,830	-	497,368
Vacation accrual	1,585,058	-	-	-	1,377,759	-	-	-
Tax losses	16,563,317	70,907,551	-	-	3,898,560	77,125,508	-	111,450
Contingencies	6,631,376	26,503,369	1,619,068	7,217,566	4,199,633	33,281,255	-	-
Leasing receivables	-	-	137,319	-	-	-	-	-
Hld. El Chocón investments	-	-	-	-	-	-	-	5,233,893
Metered energy	-	-	6,620,972	-	-	-	4,693,305	-
Salaries for construction in progress	-	6,314,140	-	-	-	5,673,299	-	-
Reserves utilized	-	-	-	3,020,289	-	-	-	3,251,844
Residual value	-	-	-	6,470,837	-	-	-	7,014,763
Imputed interest on construction	-	-	-	4,482,547	-	-	-	4,689,434
Cost of studies	-	-	-	4,506,077	-	-	-	4,539,456
Other events	1,867,467	2,163,547	885,436	5,271,785	1,411,194	3,418,966	1,870,888	2,620,122
Complementary accounts, net	(7,851,744)	(61,954,731)	(8,625)	(258,838,763)	(12,906,460)	(44,829,924)	(17,584)	(283,955,007)
Valuation allowance	(54,784)	(1,138,679)	-	-	-	(3,225,561)	-	-
<b>Total</b>	<b>48,844,289</b>	<b>54,532,145</b>	<b>19,174,710</b>	<b>74,522,521</b>	<b>32,194,844</b>	<b>95,053,538</b>	<b>8,736,494</b>	<b>130,063,212</b>

f. Income tax expense for the years ended December 31, 2000 and 2001 is as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
<b>Tax expense</b>		
Income tax provision	155,527,760	123,520,780
<b>Deferred taxes</b>		
Adjustment for tax expense prior year	233	1,293,142
Deferred taxes	26,202,873	18,341,175
Benefits for tax losses	(27,236,631)	(10,793,195)
Amortization of complementary accounts	(21,772,292)	(2,409,719)
Change in valuation allowance	1,157,819	1,528,476
Other charges or credits	8,181,893	1,225,690
<b>Total</b>	<b>142,061,655</b>	<b>132,706,349</b>

## Note 9

### Other current assets:

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

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Forward contracts and swaps (1)	115,920,897	107,509,356
Guarantees and indemnities	1,043,875	1,733,084
Deferred expenses	6,465,146	3,024,796
Post-retirement benefits	859,863	858,456
Deposits for commitments and guarantees	2,946,013	4,815,945
Investment projects	2,960,545	2,957,200
Reverse repurchase agreements (2)	-	1,853,782
Other	3,987,078	782,556
<b>Total</b>	<b>134,183,417</b>	<b>123,535,175</b>
<i>(1) See detail in Note 28.</i>		
<i>(2) The details of reverse repurchase agreements as of December 31, 2001 are as follows:</i>		

Issuer	Purchase Date	Maturity Date	Market Value as of	
			Purchase Date	December 31, 2001
			ThCh\$	ThCh\$
Bank of Boston	Dec 2001	Jan 2002	8,295	8,296
ABN Amro Bank	Dec 2001	Jan 2002	660,581	660,701
Banco Scotiabank	Dec 2001	Jan 2002	154,480	154,508
Banco Central	Dec 2001	Jan 2002	43,101	43,123
Banco Central	Dec 2001	Jan 2002	986,837	987,154
<b>Total</b>			<b>1,853,294</b>	<b>1,853,782</b>

## Note 10

### Property, plant and equipment:

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

	As of December 31,	
	2000	2001
	ThCh\$	ThCh\$
<b>Land</b>	<b>135,520,049</b>	<b>152,826,632</b>
Buildings and infrastructure	5,681,038,075	6,121,635,261
Distribution and transmission lines and public lighting	3,987,368,931	4,565,625,336
Less: third party contributions	(45,197,449)	(54,108,614)
Sub-total	9,623,209,557	10,633,151,983
<b>Machinery and equipment</b>	<b>1,631,034,099</b>	<b>1,770,039,183</b>
Work in progress	313,389,846	307,796,507
Construction materials	51,756,288	62,021,434
Leased assets (1)	2,246,761	2,478,402
Furniture and fixtures, tools, and computing equipment	13,495,554	80,522,684
Vehicles	10,582,720	15,141,402
Equipment in transit	7,818,583	7,954,982
Other assets	14,122,432	13,532,624
Sub-total	413,412,184	489,448,035
Technical appraisal	602,049,118	660,687,154
Total property, plant and equipment	12,405,225,007	13,706,152,987
Less: accumulated depreciation	(3,720,940,728)	(4,361,444,579)
<b>Total property, plant and equipment, net</b>	<b>8,684,284,279</b>	<b>9,344,708,408</b>
<i>(1) Leased assets consist primarily of a leasing contract from July 1, 2000 to December 31, 2001, in the amount of US\$ 250,000 a month, with a purchase option during January 2002.</i>		

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

Related Companies	Number of Shares	Percentage Owned %	Related Equity ThCh\$	Carrying Value		Equity in net earnings (losses)	
				2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$
Cía. de Interconexión Energética S.A.	128,270,527	45.00	109,315,645	49,542,022	49,192,040	(1,517,689)	(5,657,136)
Nopel Ltda.	-	50.00	70,487,168	34,918,355	35,243,584	(2,519,643)	(3,340,813)
Gasoducto Cuenca Noroeste Ltda.	-	50.00	54,174,024	28,575,990	27,087,012	279,161	(4,550,161)
Gasoducto Atacama Ltda.	-	50.00	45,043,484	17,445,367	22,521,741	2,867,285	3,207,553
Inversiones Eléctricas Quillota S.A.	608,676	50.00	14,761,592	7,687,935	7,380,796	597,987	(28,926)
Inversiones Electrogas S.A.	425	42.50	13,792,501	5,828,237	5,861,813	291,491	33,098
Com. de Energía del Mercosur S.A.	6,305,400	45.00	10,097,650	4,061,417	4,543,943	190,578	47,449
Transquillota Ltda.	-	50.00	4,639,559	2,255,228	2,319,780	93,851	85,282
Atacama Finance Co.	3,150,000	50.00	4,961,934	2,134,962	2,480,967	88,164	117,300
Endesa Market Place	210	15.00	3,898,873	810,580	584,831	(303,147)	(326,609)
Sacme	12,000	50.00	81,196	68,772	40,599	2,914	(7,121)
Consorcio Ing. B y R Ingendesa Ltda.	-	-	-	4,370	-	3,452	-
Electrogas S.A.	85	00.02	9,313,363	1,943	1,979	163	36
Distriec. Inversora S.A.	4,416,141	51.50	21,282	-	10,960	-	10,959
Consorcio Ingendesa – Minmetal Ltda.	-	50.00	45,869	-	22,935	-	21,907
Central Geradora Termeléctrica Fortaleza S.A.	20,246,908	48.82	10,712,307	-	5,229,748	-	-
Ingendesa do Brasil Limitada	-	100.00	48,154	-	48,154	-	-
<b>Total</b>				<b>153,335,178</b>	<b>162,570,882</b>	<b>74,517</b>	<b>(10,387,182)</b>

b) Income and (losses) recognized by Enersis S.A. according to the participation in the related companies as of December 31, 2001, amounted to ThCh\$ 4,414,996 and ThCh\$ 3,523,584, and (ThCh\$ 4,340,479) and (ThCh\$ 13,910,766), in 2000 and 2001, respectively.

c) In accordance with Technical Bulletin No. 64 of the Chilean Association of Accountants for the years ended December 31, 2000 and 2001, the company has recorded foreign exchange gains and losses on liabilities related to net investments in foreign countries that are denominated in the same currency as the functional currency of those foreign investments. Such gains and losses are included in the cumulative translation adjustment account in shareholders' equity, and in this way, act as a hedge of the exchange risk affecting the investments. As of December 31, 2001 the corresponding amounts are as follows:

Company	Country of Origin	Investment ThCh\$	Reporting Currency	Liability ThCh\$
Central Hidroeléctrica Betania	Colombia	505,455,998	US\$	304,116,982
Cachoeira Dourada	Brasil	471,739,965	US\$	557,582,569
Edegel S.A.	Perú	203,771,911	US\$	221,862,388
Cía. Interconexión Energética S.A.	Brasil	49,192,040	US\$	57,017,606
Atacama Finance Co.	Islas Caymán	2,480,967	US\$	3,646,107
Hidroeléctrica El Chocón S.A.	Argentina	233,231,560	US\$	118,843,799
Com. de Energía del Mercosur S.A.	Argentina	4,511,219	US\$	4,119,537
Central Costanera S.A.	Argentina	91,317,516	US\$	68,369,818
Edesur S.A.	Argentina	452,788,607	US\$	371,447,581
Edenor S.A.	Perú	104,336,669	US\$	33,495,123
Cía. do Electricidade do Rio do Janeiro	Brasil	405,722,190	US\$	387,370,348
Codensa S.A.	Colombia	287,219,528	US\$	319,535,193
Coelce	Brasil	135,421,280	US\$	100,161,314
<b>Total</b>		<b>2,947,189,450</b>		<b>2,547,568,365</b>

- d) The investments made by Enersis S.A. and its affiliates during the year ended December 31, 2001, amounted to ThCh\$12,504,600, which are detailed as follows:

Acquisitions	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Central Termoeléctrica Fortaleza S.A.	5,739,102	-
Chilectra S.A.	4,837,695	215,784,091
Compañía Eléctrica del Río Maipo S.A.	483,628	13,621,454
Cachoeira Dourada S.A.	1,444,175	-
Cerj	-	77,920,070
Other	-	6,395,590
<b>Total</b>	<b>12,504,600</b>	<b>313,721,205</b>

## Note 12

### Investments in other companies:

Investments in other companies at December 31, 2000 and 2001 are as follows:

Company	Number of shares	Percentage owned %	As of December 31,	
			2000 ThCh\$	2001 ThCh\$
Club de la Banca y Comercio	2	-	5,914	2,497
Club Empresarial	1	-	2,366	6,144
Edegas	1	-	1,819	2,540
Empresa Eléctrica de Aysen S.A.	2,516,231	-	1,920,450	1,920,418
Inmobiliaria España S.A.	1	-	95	95
Inverandes S.A.	1,011,899	-	3,288	3,321
Cooperativa Eléctrica de Chillán	-	-	12,529	12,531
CDEC-SIC Ltda.	-	-	148,567	148,641
Empresa Eléctrica de Bogotá S.A.	6,409,132	5.50	129,049,898	142,874,547
Autopista del Río Maipo S.A.	-	-	66	4,686
Financiera Eléctrica Nacional	-	-	-	120,393
Saelpa	-	-	1,077	1,006
Teleceara	-	-	767	716
Supra CCVM Ltda.	-	-	39,416	36,802
Banco Destak	-	-	63,820	59,588
Menescal Produções Artísticas	-	-	8,676	8,101
Soproco	-	-	4,687	-
Coger	-	-	3,024	2,825
<b>Total</b>			<b>131,266,459</b>	<b>145,204,851</b>



- a. In accordance with current standards, recognition has been given to the excess of purchase price of the proportional equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 2000 and 2001, as follows:

Company	As of December 31,			
	2000		2001	
	Amortization ThCh\$	Net Balance ThCh\$	Amortization ThCh\$	Net Balance ThCh\$
Central Costanera S.A.	(1,434,198)	21,202,462	(1,587,837)	21,885,925
Chilectra S.A.	(1,009,716)	111,564,970	(5,998,849)	109,150,041
Cia. de Electricidade do Rio de Janeiro	(5,965,463)	95,983,132	(6,604,509)	99,660,748
C. Hidroeléctrica Cachoeira Dourada	(3,578,330)	60,831,607	(3,961,656)	63,386,494
Coelce	(10,673,844)	186,792,263	(11,817,271)	194,984,978
Codensa	(1,471,550)	24,771,336	(1,629,118)	25,796,107
Distrielec Inversora S.A.	(579,368)	10,161,201	(641,435)	10,608,278
Edegel S.A.	(33,235)	567,772	(36,796)	591,799
Edesur S.A.	(560,868)	8,366,290	(620,951)	8,641,573
Emgesa S.A.	(1,330,008)	22,388,470	(1,472,484)	23,314,335
Empresa Eléctrica de Colina S.A.	(179,794)	2,831,752	(179,794)	2,651,958
Endesa (Chile)	(41,707,068)	731,610,790	(41,707,069)	689,903,722
Gasoducto Atacama y Cia Ltda.	(4,633)	84,172	(4,633)	79,541
Hidroeléctrica El Chocón S.A.	(492,731)	5,806,052	(545,515)	5,882,504
Hidroinvest S.A.	(68,133)	1,203,677	(75,431)	1,257,188
Inversiones Distrilma S.A.	(1,235)	17,285	(1,367)	17,768
Investluz S.A.	(54,631)	956,043	(60,483)	997,974
Lajas Inversora S.A.	(92,494)	1,572,397	(102,402)	1,638,437
Luz de Bogotá S.A.	(353,159)	5,944,818	(390,989)	6,190,662
Cia. Eléctrica del Río Maipo S.A.	(34,597)	10,633,471	(549,956)	10,487,406
<b>Total</b>	<b>(69,625,055)</b>	<b>1,303,289,960</b>	<b>(77,988,545)</b>	<b>1,277,127,438</b>

- b. Following current standards, recognition has been given to the excess of the equity in the net assets purchased over the purchase price (negative goodwill) in the purchase of shares as of December 31, 2000 and 2001 as follows:

Company	As of December 31,			
	2000		2001	
	Amortization ThCh\$	Net Balance ThCh\$	Amortization ThCh\$	Net Balance ThCh\$
Synapsis Soluciones y Servicios IT Ltda.	14,868	167,282	14,870	152,411
Edelnor S.A.	1,023,974	4,265,826	1,133,666	3,589,135
Central Hidroeléctrica Betania S.A.	29,691,397	78,749,377	32,782,251	54,403,096
Cia. Eléctrica Cachoeira Dourada	1,721,820	30,131,832	1,938,603	33,361,175
Edegel S.A.	8,315,520	68,863,741	9,379,933	66,860,786
Empresa de Energía de Bogotá S.A.	209,708	3,565,052	232,174	3,714,781
Cia. de Electricidade do Rio de Janeiro	-	2,073,715	114,794	2,181,068
Coelce	427,526	7,980,463	473,323	8,362,042
<b>Total</b>	<b>41,404,813</b>	<b>195,797,288</b>	<b>46,069,614</b>	<b>172,624,494</b>

## Note 14

### Other assets:

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

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Bond discount	11,819,650	23,554,931
Forward contracts and swaps (1)	-	7,826,657
Deferred expenses	42,679,447	47,480,297
Loan costs	14,074,843	17,124,937
Concession rights	934,997	5,885,140
Post-retirement benefits	4,565,030	46,035,301
Deposits	18,567,769	18,111,793
Others	13,316,406	26,733,815
<b>Total</b>	<b>105,958,142</b>	<b>192,752,871</b>

(1) See detail in Note 28.

a. Short-term debt due to banks and financial institutions:

Financial Institution	Foreign Currency					Local Currency				Total	
	2000 ThCh\$	US\$	Other foreign currencies		UF	Ch\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	
		2001 ThCh\$	2000 ThCh\$	2001 ThCh\$							
American Express	29,696,906	-	-	-	-	-	-	-	-	29,696,906	-
Atlantic Security	18,965,581	-	-	-	-	-	-	-	-	18,965,581	-
Banco Alfa	-	-	-	9,687,512	-	-	-	-	-	-	9,687,512
Banco Bandeirantes	-	-	2,584,490	-	-	-	-	-	-	2,584,490	-
Banco Bansur	-	-	3,059,181	2,857,889	-	-	-	-	-	3,059,181	2,857,889
Banco Barings	-	6,570,818	-	-	-	-	-	-	-	6,570,818	-
Banco Bayerische Landes	2,529,569	3,786	-	-	-	-	-	-	-	2,529,569	3,786
Banco Brasiletros	-	-	-	315,762	-	-	-	-	-	-	315,762
Banco BBVA Bhif	-	11,349,564	1,708,088	-	-	-	40,992,650	252	42,700,738	11,349,816	-
Banco BBVA Argentina	-	18,819,302	14,996,964	-	-	-	-	-	14,996,964	18,819,302	-
Banco Beal	520,986	-	-	-	-	-	-	-	520,986	-	-
Banco Bice	19,845	-	-	-	-	-	-	-	19,845	-	-
Banco Bradesco	-	11,582,199	7,650,992	6,449,924	-	-	-	-	7,650,992	18,032,123	-
Banco Colombia	-	-	5,940,031	-	-	-	-	-	5,940,031	-	-
Banco Continental-Perú	37,707	5,914,464	3,402,433	14,612,464	-	-	-	-	3,440,140	20,526,928	-
Banco Crédito - Chile	23,535,568	6,067	9,070,340	4,273,096	-	-	-	8,232,356	91	40,838,264	4,279,254
Banco Crédito - Perú	-	-	-	20,122,780	-	-	-	-	-	-	20,122,780
Banco Deutsche	-	3,408,065	-	-	-	-	-	-	-	3,408,065	-
Banco de Chile	221,738	-	-	-	-	-	13,527,124	-	13,748,862	-	-
Banco Estado	-	-	-	-	15,299,768	-	15,383,403	-	30,683,171	-	-
Banco do Brasil	254,249	-	-	-	-	-	-	-	254,249	-	-
Banco Francés	12,216,016	-	-	-	-	-	-	-	12,216,016	-	-
Banco Ganadero	-	-	8,449,069	8,085,958	-	-	-	-	8,449,069	8,085,958	-
Banco HBSC	12,842,359	-	-	-	-	-	-	-	12,842,359	-	-
Banco Interamericano Des.	-	-	-	-	-	-	4,620,368	-	4,620,368	-	-
Banco Itaú	-	14,435,270	-	-	-	-	-	-	-	14,435,270	-
Banco Lloyd's	-	12,354,392	-	-	-	-	-	-	-	12,354,392	-
Banco Nationale de Paris	5,405,967	5,292,569	-	-	-	-	-	-	5,405,967	5,292,569	-
Banco Nazionale del Lavoro	12,226,086	25,241	-	-	-	-	-	-	12,226,086	25,241	-
Banco Real	-	3,189,990	5,180,866	-	-	-	-	-	5,180,866	3,189,990	-
Banco Rio	7,471,414	15,313,969	365,498	22,085	-	-	-	-	7,836,912	15,336,054	-
Banco Safra	4,423,599	4,486,709	-	-	-	-	-	-	4,423,599	4,486,709	-
Banco Santander	7,198,846	1,461,690	14,945,883	8,195,398	-	-	20,636,218	-	42,780,947	9,657,088	-
Banco Santiago	1,539,519	1,366,383	-	-	-	-	50,121,671	2,295,006	51,661,190	3,661,389	-
Scotiabank	-	-	-	-	-	-	8,185,707	-	8,185,707	-	-
Banco Wiese Perú	-	35,478	-	22,596	-	-	-	-	-	58,074	-
Bank Boston	21,488,352	22,216,619	11,643,500	12,466,197	-	-	-	-	33,131,852	34,682,816	-
Bank of America	12,554,142	17,513,640	-	-	-	-	-	-	12,554,142	17,513,640	-
Bank of Tokio	13,368,588	125,795	-	-	-	-	670,908	-	14,039,496	125,795	-
Bndes	-	-	5,336,715	-	-	-	-	-	5,336,715	-	-
Caixa General de Depósito	-	-	-	2,857,937	-	-	-	-	-	2,857,937	-
Chase Manhattan Bank	-	561	-	-	-	-	-	-	-	561	-
Citibank	6,754,453	22,264,421	872	7,396,952	-	-	-	-	6,755,325	29,661,373	-
Interbank	25	-	-	169	-	-	-	-	25	169	-
Unibanco	-	5,018,583	-	-	-	-	-	-	-	5,018,583	-
Santander Overseas Bank	-	9,825,138	-	-	-	-	-	-	-	9,825,138	-
Standard Chartered	6,124,388	-	4,873,744	-	-	-	-	-	10,998,132	-	-
<b>Total</b>	<b>199,395,903</b>	<b>192,580,713</b>	<b>99,208,666</b>	<b>97,366,719</b>	<b>15,299,768</b>	<b>-</b>	<b>162,370,405</b>	<b>2,295,349</b>	<b>476,274,742</b>	<b>292,242,781</b>	<b>-</b>
<b>Total principal</b>	<b>187,899,403</b>	<b>156,362,585</b>	<b>99,208,666</b>	<b>64,526,899</b>	<b>12,878,761</b>	<b>-</b>	<b>162,282,268</b>	<b>2,295,349</b>	<b>462,269,098</b>	<b>223,184,833</b>	<b>-</b>
Weighted average annual interest rate	7.55%	10.98%	12.06%	11.28%	6.00%	-	7.58%	-	9.03%	10.99%	-
		As of December 31,									
		2000	2001								
		%	%								
Percentage of debt in foreign currency:	62.70	99.21									
Percentage of debt in local currency:	37.30	0.79									
<b>Total</b>	<b>100.00</b>	<b>100.00</b>									

To develop investment plans the Company obtained financing from banks and financial institutions through the issuance of debt in local and foreign markets which have financial and non-financial covenants.



Long-term portion of debt due to banks and financial institutions :

Financial Institution	Currency	As of December						Total long term portion ThCh\$	Annual interest rate %
		31, 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 but within 10 years	After 10 years		
		Long-term portion ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
ABN Amro Bank	US\$	5,024,236	317,756	317,756	635,512	635,517	-	1,906,541	5.63
	US\$	-	65,479,000	-	-	-	-	65,479,000	3.31
Banco Bayernische Landes	US\$	16,268,960	2,024,396	-	-	-	-	2,024,396	10.55
Banco BBVA	US\$	-	31,593,618	363,408,450	-	-	-	395,002,068	2.70
Banco Beal	US\$	11,839,684	-	-	-	-	-	-	-
Banco de Chile	UF	17,100,627	-	-	-	-	-	-	-
Banco del Estado	UF	25,097,071	2,193,231	19,774,400	34,371,115	-	-	56,338,746	6.43
	US\$	2,172,150	834,673	4,195	-	-	-	838,868	6.50
Banco do Brasil	R\$	9,953,915	1,728,870	864,393	1,728,786	4,321,965	1,080,490	9,724,504	14.66
	US\$	3,913,537	122,368	88,472	562,890	1,244,733	2,217,780	4,236,243	7.04
Banco Hermes	US\$	5,731,848	-	-	-	-	-	-	-
Banco Medio Credito	US\$	34,566,502	4,028,268	4,028,268	4,028,268	4,028,268	18,127,483	34,240,555	1.75
Banco Nacional Desarrollo Soc.	R\$	-	1,236,944	618,472	618,472	-	-	2,473,888	13.49
Banco Nacional del Lavoro	US\$	-	3,206,897	-	-	-	-	3,206,897	7.89
Banco Rio Argentaria	US\$	4,140,032	-	-	-	-	-	-	-
	\$ Arg	21,613	-	-	-	-	-	-	-
	US\$	130,115,293	-	-	-	-	-	-	-
Banco Santander	US\$	-	7,114,429	-	-	-	-	7,114,429	8.24
	US\$	-	-	7,504,151	-	-	-	7,504,151	8.43
	US\$	-	344,042	344,043	-	-	-	688,085	5.83
	UF	17,100,626	-	-	-	-	-	-	-
Banco Santander Central His.	US\$	247,810,490	-	-	127,029,260	-	-	127,029,260	3.04
	US\$	118,403,934	93,798,668	261,916,000	-	-	-	355,714,668	2.99
Scotiabank	US\$	615,707	20,078	-	-	-	-	20,078	2.10
Banesto	US\$	35,223,808	3,986,725	3,986,725	7,973,450	15,946,901	-	31,893,801	4.86
Bank Boston	US\$	2,676,777	13,832,374	-	-	-	-	13,832,374	6.61
Bank of America	US\$	82,150,064	26,780,910	-	-	-	-	26,780,910	3.46
	US\$	41,400,321	-	-	-	-	-	-	-
Bank of Tokyo Mitsubishi	US\$	17,513,206	14,354,629	-	-	-	-	14,354,629	7.48
	US\$	-	7,901,616	-	-	-	-	7,901,616	10.30
	US\$	22,699,164	6,481,120	6,282,699	6,084,276	-	-	18,848,095	3.70
	Lira	365,377	94,926	94,926	94,926	-	-	284,778	4.44
	Libra	1,345,021	360,957	360,957	360,957	-	-	1,082,871	5.38
	Yen	1,572,630	379,814	379,814	379,814	-	-	1,193,442	0.90
Banque Nationale Paris	US\$	60,269,249	3,822,130	2,988,733	19,407,954	37,518,001	-	63,736,818	5.59
Bco. do Estado de Ceará	R\$	118,852	53,756	53,756	53,756	-	-	161,268	8.00
Bco. do Nordeste do Brasil	R\$	395,832	112,106	56,053	46,711	-	-	214,870	10.00
BIRF	U.P.	2,869,506	983,441	1,013,242	-	-	-	1,996,683	5.32
BNDES	R\$	14,685,008	-	9,166,621	-	-	-	9,166,621	10.00
	R\$	3,207,090	-	-	-	-	-	-	-
Bnp España	US\$	50,271,817	-	-	-	-	-	-	-
Chase Manhattan Bank	US\$	2,362,022	35,977	35,977	-	-	-	71,954	5.61
	US\$	64,001,767	-	-	36,013,450	16,369,750	-	52,383,200	8.53
	US\$	34,303,123	-	5,238,320	-	-	-	5,238,320	3.36
Citibank N.A.	US\$	41,400,321	-	-	51,447,785	-	-	51,447,785	5.38
	US\$	65,057,647	35,253,894	-	-	-	-	35,253,894	2.28
	US\$	119,100,019	-	-	351,622,230	-	-	351,622,230	2.80
Dresner B. Luxemburg	US\$	173,792,631	75,366,329	-	-	-	-	75,366,329	2.93
Electrobras - Brasil	US\$	14,785,829	-	-	-	-	-	-	-
	R\$	5,535,877	508,754	-	-	-	-	508,754	19.20
Export. Develop. Corp.	US\$	7,845,484	1,152,158	950,810	1,901,620	3,327,836	-	7,332,424	4.69
HBSC Bank	US\$	-	9,821,850	-	-	-	-	9,821,850	2.96
Kreditanstalt Fur Weideraubau	US\$	2,426,507	358,192	358,192	716,384	895,480	-	2,328,248	4.85
Lloyds Bank	US\$	-	6,547,900	-	-	-	-	6,547,900	7.82
	US\$	-	-	982,185	-	-	-	982,185	6.70
Midland Bank	US\$	74,520,577	-	12,160,385	-	-	-	12,160,385	3.02
	US\$	8,871,497	-	-	-	-	-	-	-
Santander Investment Bank	US\$	12,479,239	5,696,673	3,339,429	-	-	-	9,036,102	7.25
Skandinaviska Enskilda Banken	US\$	10,751,213	2,164,186	2,164,186	4,328,267	-	-	8,656,639	0.65
Societe Generale	US\$	19,460,364	1,674,218	1,255,663	-	-	-	2,929,881	2.24
Unibanco	R\$	254,233	140,080	35,020	-	-	-	175,100	8.50
<b>Total</b>		<b>1,643,588,297</b>	<b>431,907,953</b>	<b>709,772,293</b>	<b>649,405,883</b>	<b>84,288,451</b>	<b>21,425,753</b>	<b>1,896,800,333</b>	
		<b>As of December 31,</b>							
		<b>2000</b>	<b>2001</b>						
		<b>%</b>	<b>%</b>						
Percentage of debt in foreign currency:		96.39	97.03						
Percentage of debt in local currency:		3.61	2.97						
<b>Total</b>		<b>100.00</b>	<b>100.00</b>						



Note **17**

**Other current liabilities:**

Other current liabilities for each year-end are as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Advances on construction	8,464,108	6,605,063
Taxes payable	1,108,387	4,168,111
Contingencies	19,587,259	16,369,457
Customer advances	4,322,620	4,214,924
Charity fund	9,978,975	-
Employee obligations	1,404,786	3,094,714
Forward contracts and swaps	115,126,482	111,046,267
Emergency energy provision	2,744,883	1,281,231
Other current liabilities	3,437,629	3,851,516
<b>Total</b>	<b>166,175,129</b>	<b>150,631,283</b>

Note **18**

**Promissory notes:**

Financial Instrument	Face Value ThCh\$	Maturity Date	Interest Rate %	As of December 31,	
				2000 ThCh\$	2001 ThCh\$
2001-029	42,328,262	May 13, 2002	18.13	-	42,328,262
2000-040	7,640,750	Nov 21, 2000	-	16,635,381	-
Commercial paper	10,456,868	Feb 01, 2002	08.48	-	10,710,814
<b>Total</b>				<b>16,635,381</b>	<b>53,039,076</b>

**Bonds payable:**

a) Details of the current portion of bonds payable is as follows at each year-end:

Instrument	Face Value Series	Interest Currency	Maturity Outstanding ThCh\$	Par Value Rate %	Date	2000 ThCh\$	2001 ThCh\$
Bonds – Distrilima	1	Soles	49,919,000	9.61	Feb 01, 2011	5,834	5,656
Bonds – Distrilima	2	Soles	28,529,386	5.50	Oct 01, 2011	28,467,203	-
Bonds – Distrilima	3	US\$	8,975,023	7.70	Jul 01, 2001	8,891,455	-
Bonds – Distrilima	1st Prog	Soles	15,104,316	7.50	Jul 01, 2006	-	560,818
Bonds – Distrilima	1st Prog	Soles	18,949,365	6.90	Oct 01, 2006	-	265,109
Bond No.269	B1 – B2	UF	422,614	5.63	Jun 15, 2009	-	7,124,286
Yankee Bonds – Enersis	1	US\$	300,000,000	6.90	Nov 21, 2006	986,213	1,091,861
Yankee Bonds – Enersis	2	US\$	350,000,000	7.45	Nov 21, 2016	1,233,960	974,781
Yankee Bonds – Enersis	3	US\$	150,000,000	6.63	Nov 21, 2026	471,668	522,194
Bonds Endesa	1	US\$	230,000,000	7.88	Feb 01, 2027	4,463,472	4,465,325
Bonds Endesa	2	US\$	220,000,000	7.33	Feb 01, 2037	3,971,228	4,396,643
Bonds Endesa	3	US\$	200,000,000	8.13	Feb 01, 2097	4,004,496	881,043
Bonds Endesa	1	US\$	400,000,000	7.75	July 15, 2008	8,403,279	9,303,474
Bonds Endesa	1	US\$	400,000,000	8.50	Apr 01, 2009	5,027,182	5,565,715
Bonds Endesa	E-1, E-2	UF	6,000,000	6.20	Aug 01, 2006	-	2,482,820
Bonds Endesa Internacional	C	US\$	150,000,000	7.20	Apr 01, 2006	1,632,355	1,767,933
Bonds Endesa	B-1, B-2	UF	750,000	6.00	Oct 01, 2001	12,374,337	-
Bonds Endesa	C1, C2, D1, D2	UF	1,439,153	6.80	May 01, 2010	2,157,170	2,264,334
Bonds Pehuénche	1	US\$	170,000,000	7.30	May 01, 2003	1,223,281	1,354,324
Bonds Edegel	1	US\$	30,000,000	8.75	June 13, 2007	118,246	135,589
Bonds Edegel	2	US\$	30,000,000	8.41	Feb 14, 2007	554,509	629,499
Bonds Edegel	3	US\$	30,000,000	8.75	Jun 03, 2006	76,016	88,834
Bonds Edegel	4	US\$	20,000,000	8.44	Nov 21, 2005	108,661	120,301
Bonds Edegel	5	US\$	10,000,000	11.50	Aug 22, 2003	-	272,091
Bonds Emgesa	B-1	\$ Col.	85,000,000	15.80	Jun 01, 2006	-	1,671,716
Bonds Emgesa	B-5	\$ Col.	12,750,006	13.62	Oct 09, 2004	120,225	115,575
Bonds Emgesa	B-7	\$ Col.	19,500,010	13.94	Oct 09, 2006	187,372	180,930
Bonds Emgesa	B-10	\$ Col.	229,825,122	14.26	Oct 09, 2009	2,249,637	2,181,610
Bonds Emgesa	C-10	\$ Col.	19,777,918	10.07	Oct 09, 2009	167,330	132,386
Bonds Emgesa	B-10 2nd	\$ Col.	60,000,031	14.19	Jan 09, 2009	275,282	326,721
Bonds Emgesa	A-5	\$ Col.	70,568,381	8.34	Feb 09, 2002	174,220	221,893
Bonds Emgesa	B-3	\$ Col.	31,525,018	11.75	Feb 09, 2002	14,243	9,186,308
Bonds Emgesa	A-1	\$ Col.	15,000,006	13.43	July 09, 2006	-	105,663
Bonds Endesa	F	UF	1,500,000	6.20	Aug 01, 2022	-	620,705
Eurobonds	First	Euro	400,000,000	3.34	July 24, 2003	3,300,934	2,001,651
<b>Total</b>						<b>90,659,808</b>	<b>61,017,788</b>

b) Details of the long-term portion of bonds payable is as follows at each year-end:

Instrument	Face Value Series	Interest Currency	Maturity Outstanding ThCh\$	Par Value Rate %	Date	2000 ThCh\$	2001 ThCh\$
Bonds – Distrilima	1	Soles	825,918	9.61	Feb 01, 2011	821,388	930,072
Bonds – Distrilima	1st Prog	Soles	15,104,316	7.50	July 01, 2006	-	15,104,316
Bonds – Distrilima	1st Prog	Soles	18,949,365	6.90	Oct 01, 2006	-	18,949,365
Bonds Endesa	1	US\$	230,000,000	7.88	Feb 01, 2027	136,029,625	134,808,820
Bonds Endesa	2	US\$	220,000,000	7.33	Feb 01, 2037	130,115,293	144,053,800
Bonds Endesa	3	US\$	200,000,000	8.13	Feb 01, 2097	118,286,630	26,463,993
Bonds Endesa	1	US\$	400,000,000	7.75	July 15, 2008	236,573,260	261,916,000
Bonds Endesa	First	US\$	400,000,000	8.50	Apr 01, 2009	236,573,260	261,916,000
Bonds Endesa	E-1, E-2	UF	6,000,000	6.20	Aug 01, 2006	-	97,575,960
Bonds Endesa	F	UF	1,500,000	6.20	Aug 01, 2022	-	24,393,990
Bonds Endesa	C1, C2: D1, D2	UF	1,439,153	6.80	Nov 01, 2010	23,398,880	21,401,008
Bonds Pehuenche	First	US\$	170,000,000	7.30	May 01, 2003	100,543,636	111,314,300
Bonds Edegel	1	US\$	30,000,000	8.75	Jun 13, 2007	17,742,995	19,643,700
Bonds Edegel	2	US\$	30,000,000	8.41	Feb 14, 2007	17,742,995	19,643,700
Bonds Edegel	3	US\$	30,000,000	8.75	Jun 03, 2006	17,742,995	19,643,700
Bonds Edegel	4	US\$	20,000,000	8.44	Nov 21, 2005	11,828,663	13,095,800
Bonds Edegel	5	US\$	10,000,000	11.50	Aug 22, 2003	-	6,654,370
Bonds Emgesa	A-1	\$ Col.	15,000,006	13.43	Jul 09, 2006	-	4,286,809
Bonds Emgesa	B-1	\$ Col.	85,000,000	15.80	Jun 01, 2006	-	24,291,915
Bonds Emgesa	B-3	\$ Col.	404,908	14.79	Oct 09, 2002	414,178	-
Bonds Emgesa	B-5	\$ Col.	12,750,006	13.62	Oct 09, 2004	3,462,801	3,643,787
Bonds Emgesa	B-7	\$ Col.	19,500,010	13.94	Oct 09, 2006	5,296,048	5,572,851
Bonds Emgesa	B-10	\$ Col.	229,825,122	14.26	Oct 09, 2009	62,420,029	65,681,051
Bonds Emgesa	C-10	\$ Col.	19,777,918	10.07	Oct 09, 2009	4,644,438	5,652,274
Bonds Emgesa	B-10 2nd	\$ Col.	60,000,031	14.19	Jan 09, 2009	14,473,532	17,147,234
Bonds Endesa Internacional	First	US\$	150,000,000	7.20	Apr 01, 2006	88,714,972	98,218,500
Bond No. 269	B1, B2	UF	5,874,406	5.63	Jun 15, 2009	-	95,533,472
Yankee Bonds – Enersis	1	US\$	300,000,000	6.90	Nov 21, 2006	177,429,945	196,437,000
Yankee Bonds – Enersis	2	US\$	350,000,000	7.45	Nov 21, 2016	207,001,600	163,523,326
Yankee Bonds – Enersis	3	US\$	150,000,000	6.63	Nov 21, 2026	88,714,974	98,218,500
Eurobonds	First	Euro	400,000,000	3.34	July 24, 2003	225,454,317	249,605,948
<b>Total</b>						<b>1,925,426,454</b>	<b>2,225,321,561</b>

c) Bonds payable are comprised of the following:

i) Enersis S.A. Series A

On September 10, 1999, Enersis S.A. registered a bearer bond issue as of June 7, 1999 for a maximum amount of UF 7,000,000, as follows:

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

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 5.80%, compounded semi-annually.

No placements from this registration have been made as of December 31, 2001.

ii) Enersis S.A. Series B1-B2

On September 11, 2001, Enersis S.A. registered two series of bearer bonds as of June 14, 2001, as follows:

Series	Total amount In UF	No. of bonds per series	Face value In UF.
B1	1,000,000	1,000	1,000
B1	3,000,000	300	10,000
B2	1,000,000	1,000	1,000
B2	1,500,000	150	10,000

The scheduled maturity of the Series B-1 bonds is 8 years, interest and principal payable semi-annually. Annual interest is 5.50%, compounded semi-annually.

The scheduled maturity of the Series B-2 bonds is 21 years, principle payments beginning after 5 years, interest and principal payable semi-annually. Annual interest is 5.75%, compounded semi-annually.

iii) Enersis S.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 In US\$	Years to maturity	Stated annual interest rate
1	300,000,000	10	6.90%
2	350,000,000	20	7.40%
3	150,000,000	30	6.60%

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders have an option to require the Company to redeem all or any US\$ 1,000 portion thereof on December 31, 2003 at a redemption price equal to face value.

#### **Repurchase of Yankee Bonds**

During November 2001, the Company made a tender offer to repurchase all or a portion of the Series 2 Yankee Bonds. The offer expired November 21, 2001 and the Company repurchased a total of US\$ 100,266,000 in bonds with accrued interest, at a price of US\$ 95,536,000, generating a financial gain of US\$ 8,201,000 (ThCh\$ 5,369,952), which is included in other non-operating income (see Note 23a).

#### iv) Edelnor Bonds (Subsidiary of Distrilima S.A.)

##### **First issue**

Date of Issue	:	March 1, 1996
Number of bonds subscribed	:	49,919
Face value	:	100 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	:	1000 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

#### **First program of corporate bonds**

##### **First issue**

Date of Issue	:	October 29, 2001
Face value	:	30,000 soles each
Redemption term	:	2 years
Interest rate	:	7.5%
Interest payment	:	Periodically accrued



**Second issue**

Date of Issue	:	October 19, 2001
Number of bonds subscribed	:	20,000
Face value	:	5,000 soles each
Redemption term	:	5 years
Interest rate	:	6.9%
Interest payment	:	Periodically accrued

## v) Endesa Chile

l) The Company made four 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 UF 5,000,000, 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 UF 6,000,000, 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 UF 4,000,000. Of this issuance the amount of UF 2,030,000 has been placed as of December 31, 1997. The balance of UF 1,970,000 has been cancelled due to the expiration of the placement period.
- On August 9, 2001, the fourth bond issuance was registered under No. 264 in the amount of UF 7,500,000, and was fully placed as of December 31, 2001.

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 (UF 5,000,000) divided into: <ul style="list-style-type: none"> <li>- Series A-1: 300 bonds at UF 10,000 each</li> <li>- Series A-2: 2,000 bonds at UF 1,000 each</li> </ul>
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.

Placement period : 24 months from the registration date in the Securities Register of the Chilean Superintendency of Securities and Insurance.

The first issuance has been fully repaid as of December 31, 2001.

### 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 (UF 6,000,000) divided into:  
- Series B-1: 360 bonds at UF 10,000 each  
- Series B-2: 2,400 bonds at UF 1,000 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\$ 0, (ThCh\$ 180,247 in 2000), and is shown under current liabilities.  
Placement period : 24 months from the registration date in the Securities Register of the Chilean Superintendency of Securities and Insurance.

The second issuance has been fully repaid as of December 31, 2001.

### 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 (UF 4,000,000) divided into:  
- Series C-1: 120 bonds at UF 10,000 each  
- Series C-2: 800 bonds at UF 1,000 each  
- Series D-1: 120 bonds at UF 10,000 each  
- Series D-2: 800 bonds at UF 1,000 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\$ 260,889 (ThCh\$ 281,732 in 2000), 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.

#### Fourth Issuance

Issuer	:	Empresa Nacional de Electricidad S.A.
Securities issued	:	Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value (1)	:	Seven and a half million (UF 7,500,000) divided into: Series E-1: 1,500 bonds at UF 1,000 each. Series E-2: 600 bonds at UF 10,000 each. Series F: 200 bonds at UF 10,000 each.
Readjustment	:	Variation in the UF
Amortization period	:	Series E-1 and E-2: August 1, 2006. Series F: August 1, 2022.
Early redemption	:	Only in the case Series F, beginning February 1, 2012.
Nominal interest rate	:	6,2% annually, compounded quarterly y efectiva, sobre el capital insoluto reajustado por el valor de la Unidad de Fomento. The interest rate applied quarterly will be equal to 3.0534%.
Placement period	:	36 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance.
Interest payments	:	Accrued interest as of December 31, 2001 amounts to ThCh\$ 3,103,525 which is shown under current liabilities.

*(1) The Company holds a currency swap that swaps UF payments to US dollars, and which has a fair value of ThCh\$ 2,978,245 as of December 31, 2001 and is included in other assets.*

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% of them 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\$ 13,771,736 (ThCh\$ 12,439,196 in 2000), 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	:	Series 1 full expiration on July 15, 2008. period
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\$ 9,303,474 (ThCh\$ 8,403,279 in 2000), 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	:	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\$ 5,565,715 and ThCh\$ 5,027,182 in 2001 and 2000, respectively, which is shown under current liabilities.

The risk rating of these bonds is as follows as of the date of these financial statements:

	Category
- Standard & Poor's	BBB +
- Moodys Investors Services	Baa1
- Fitch	A -

#### Repurchase of Yankee Bonds

During November 2001, the Company made a tender offer to repurchase all or a portion of the Series 1 and 3 Yankee Bonds. The offer expired November 21, 2001 and the Company repurchased a total of US\$ 24,119,000 and US\$ 159,584,000 of Series 1 and 3 bonds, respectively, with accrued interest, at prices of US\$ 21,324,000 and US\$ 134,828,000 for Series 1 and 3, respectively, generating a financial gain of US\$ 27,551,000 (ThCh\$ 18,040,575) which is included in other non-operating income (see Note 23a).

- vi) 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 December 31, 2001:

	Category
- Standard & Poor's	BBB +
- Moodys Investors Services	Baa1

#### ISSUANCE TERMS

##### First Issuance

Issuer	: Endesa Chile Internacional.
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 April 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\$ 1,767,933 (ThCh\$ 1,632,355 in 2000) and is shown under current liabilities.
Guarantee	: Guarantee from Empresa Nacional de Electricidad S.A. As of July 24, 2000, the first registration of Eurobonds (European Medium Term Note Programme) was registered in England, for a total of 1,000 million Euros.

#### ISSUANCE TERMS

##### First Registration

Securities registered	: 1,000 million Euros
Issuance value	: Euros 400,000,000
Capital amortization	: Principal due July 24, 2003
Nominal interest rate	: Euribor + 0.80
Interest payments	: Quarterly beginning 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, 2001 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.

##### 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 period end amounts to ThCh\$ 1,354,324 (ThCh\$ 1,223,280 in 2000) and is shown under Other Current Liabilities.



III) Edegel S.A. issued bonds on June 4, 1999, February 15, 2000, June 14, 2000 and November 27, 2000 and August 22, 2001 as per the following:

**First Issuance**

Issuer : Edegel S.A.  
Securities issued : Marketable securities denominated in US\$ (120,000 bonds).  
Issuance value : US\$ 120,000,000  
Capital amortization : June 3, 2006, February 14, 2007, June 13, 2007, November 26, 2005 and August 22, 2003, respectively.  
Nominal interest rate : 8.75%, 8.41%, 8.75%, 8.4375% and 11.50% annually  
Interest payments : Interest will be paid semi-annually, starting December 3, 1999. Accrued interest as of the year-end amounts to ThCh\$ 1,246,314 ThCh\$ 857,432 in 2000) and is shown under Other Current Liabilities.

IV) Emegesa S.A. issued bonds on October 8, 1999 and July 9, 2001 as per the following:

**First Issuance**

Issuer : Emegesa S.A.  
Securities issued : Marketable securities denominated in Colombian pesos  
Issuance Value : \$Col 530,000,000  
Capital amortization : Full expiration as of 2002, 2004, 2006, 2007, 2009 and 2010 for \$Col 1,525,000; \$Col 15,000,000; \$Col 85,000,000; \$Col 81,407,744; \$Col 19,500,000; \$Col 297,567,256 and \$Col 30,000,000 respectively  
Interest nominal rate : 15.5% annual average rate  
Interest payment: : Interest will be paid semi-annually. Accrued interest as of the period end amounts to ThCh\$ 5,549,184 (ThCh\$ 3,188,309 in 2000) and is shown under current liabilities.

Bond discounts of Enersis S.A. and its affiliates of ThCh\$ 11,819,650 and ThCh\$ 23,554,931 as of December 31, 2000 and 2001, respectively are included in Other Assets (see Note 14).

**Accrued expenses**

a. **Short-term accruals:**

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

	As of December 31,	
	2000	2001
	ThCh\$	ThCh\$
Profit sharing and other employee benefits	23,921,296	28,724,702
Litigation and contingencies	21,900,309	21,182,380
Construction and other	4,505,562	7,531,593
Energy purchases and other	2,491,126	9,713,578
Income tax installments and other taxes	7,041,515	186,441
Pension accruals	942,526	1,245,328
Suppliers and services	1,604,411	2,807,106
Other accruals	9,014,845	6,201,424
<b>Total</b>	<b>71,421,590</b>	<b>77,592,552</b>

b. **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 is as follows:

	As of December 31,	
	2000	2001
	ThCh\$	ThCh\$
Opening balance as of January 1	65,572,705	62,567,721
Increase in accrual	22,440,136	52,647,753
Post retirement benefits provision	8,100,748	8,469,983
Payments during the period	(19,410,679)	(34,014,488)
Sub-total	76,702,910	89,670,969
Complementary pension and others	46,069,477	137,891,107
<b>Total</b>	<b>122,772,387</b>	<b>227,562,076</b>

- 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, 2000			As of December 31, 2001		
	Equity	Participation	Total	Equity	Participation	Total
	ThCh\$	%	ThCh\$	ThCh\$	%	ThCh\$
Autopista Los Libertadores S.A.	24,516,214	0.05	12,259	24,559,995	0.05	12,280
Cam Argentina S.A.	2,032,864	0.10	2,033	667,054	0.10	667
Cam Colombia S.A.	584,928	0.001	8	1,050,283	0.001	14
Capital de Energia S.A.	485,074,156	49.00	237,686,337	519,220,980	49.10	254,937,501
Central Hidroeléctrica Betania S.A.	441,180,655	14.38	63,432,072	480,028,205	14.38	69,017,495
Central Cachoeira Dourada	441,708,509	1.16	5,138,528	484,651,568	0.49	2,381,239
Central Costanera S.A.	113,569,387	48.32	54,876,728	133,695,741	48.07	64,264,150
Central Termoelectrica Buenos Aires S.A.	36,585,872	22.17	8,111,088	-	-	-
Cia. do Electricidade do Rio do Janeiro	432,230,436	41.25	178,293,878	475,231,501	41.25	196,031,700
Chilectra S.A.	442,322,327	2.03	8,955,973	483,782,188	1.76	8,515,315
Cia. Eléctrica San Isidro S.A.	30,697,271	50.00	15,348,636	29,477,896	50.00	14,738,948
Cia. Peruana de Electricidad S.A.	35,676,365	49.00	17,481,418	38,775,842	48.99	18,995,550
Codensa S.A.	967,292,763	51.52	498,302,343	1,080,269,268	51.52	556,526,974
Companhia Energetica Do Ceara - Coelce	600,678,337	43.41	260,756,166	639,500,724	43.41	277,609,074
Compañía Eléctrica del Río Maipo S.A.	21,757,680	1.61	350,842	21,612,434	1.26	271,788
Constructora y Proyectos Los Maitenes S.A.	1,389,998	45.00	625,499	909,507	45.00	409,278
Edegel S.A.	578,589,126	30.16	174,482,229	642,400,210	36.44	234,115,048
Edelnor S.A.	244,833,070	40.00	97,933,228	264,228,004	40.00	105,691,202
Edesur S.A.	572,068,097	34.11	195,142,384	657,526,144	34.11	224,269,136
Emgesa S.A.	810,845,898	51.52	417,708,492	892,683,376	51.52	459,882,803
Empresa Eléctrica Pangué S.A.	51,461,296	7.52	3,869,889	57,838,517	7.52	4,349,456
Endesa	1,336,793,430	40.02	534,972,375	1,404,416,926	40.02	562,034,673
Endesa Argentina S.A.	37,325,663	0.01	3,732	29,753,985	0.01	2,975
Generandes Perú S.A.	335,394,369	45.74	153,399,322	341,721,553	40.37	137,949,642
Hidroeléctrica El Chocón S.A.	200,353,152	34.81	69,742,932	233,476,738	34.36	80,232,067
Hidroinvest S.A.	95,672,777	30.07	28,768,804	108,421,438	30.07	32,602,326
Inecsa 2000 S.A.	24,736,309	2.68	662,933	24,767,669	2.68	663,774
Infraestructura 2000 S.A.	60,770,139	40.00	24,308,056	61,737,393	40.00	24,694,957
Ingenlesa S.A.	2,632,196	2.36	62,186	2,407,806	2.36	56,884
Inmobiliaria Centro Nuevo Ltda.	(10,281)	0.08	(7)	(11,692)	0.08	(9)
Inmobiliaria y Constructora Stgo. 2000 Ltda.	69,903	7.50	5,243	72,586	7.50	5,444
Inversiones Distrilima S.A.	142,723,272	32.75	46,741,871	155,063,394	32.75	50,783,262
Investluz S.A.	486,276,684	37.55	182,596,894	516,620,463	37.55	193,990,984
Luz de Bogotá S.A.	560,298,331	55.00	308,164,082	624,508,581	55.00	343,479,726
Pehuenche S.A.	143,253,570	7.45	10,672,391	172,767,050	6.34	10,953,431
Soc. Agrícola de Cameros Ltda.	6,050,651	42.50	2,571,527	5,889,990	42.50	2,503,246
Soc. Agrícola Pastos Verdes Ltda.	46,400,092	45.00	20,880,043	51,002,358	45.00	22,951,062
Túnel El Melón S.A.	601,209	0.05	301	(1,274,892)	0.05	(637)
<b>Total</b>				<b>3,622,062,715</b>		<b>3,954,923,425</b>

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, 2000			Year-ended December 31, 2001		
	Net	Participation	Total	Net	Participation	Total
	Income		ThCh\$	Income		ThCh\$
	ThCh\$	%	ThCh\$	ThCh\$	%	ThCh\$
Autopista Los Libertadores	135,873	0.05	68	43,780	0.05	22
Cam Argentina S.A.	197,055	0.10	197	(1,387,142)	0.10	(1,387)
Cam Colombia S.A.	(55,003)	0.001	(39,742)	402,696	0.001	5
Capital de Energía S.A.	20,230,464	49.00	9,912,928	8,351,781	49.10	4,100,725
Central Hidroeléctrica Betania S.A.	(6,719,783)	14.38	(966,157)	(8,413,609)	14.38	(1,209,692)
Central Cachoeira Dourada	23,307,773	1.16	271,147	25,089,146	0.49	123,271
Central Costanera S.A.	16,043,071	48.32	7,752,011	(11,230,971)	48.07	(5,398,443)
Central Termoeléctrica Buenos Aires S.A.	950,353	22.17	210,693	-	-	-
-	-	-	-	-	-	-
Cia. de Electricidade do Rio do Janeiro	(4,930,306)	41.25	(3,445,356)	(3,301,312)	41.25	(1,361,782)
Chilectra S.A.	65,015,793	2.03	17,543,802	71,053,639	1.76	1,341,797
Cia. Eléctrica San Isidro S.A.	2,403,992	50.00	1,201,997	(98,331)	50.00	(49,166)
Cia. Peruana de Electricidad S.A.	1,916,830	49.00	939,247	2,985,048	49.00	1,462,674
Codensa S.A.	20,976,637	51.52	11,947,829	22,134,848	51.52	11,403,305
Companhia Energetica Do Ceara - Coelce	18,367,800	43.41	7,973,514	13,048,931	43.41	5,664,577
Compañía Eléctrica del Río Maipo S.A.	9,869,354	1.61	1,464,494	8,992,219	1.36	130,032
Constructora y Proyectos Los Maitenes S.A.	(45,007)	45.00	(20,253)	(480,492)	45.00	(216,221)
Edegel S.A.	32,830,769	30.16	9,900,611	27,802,116	36.44	10,132,148
Edelnor S.A.	11,175,926	40.00	4,470,370	18,128,290	40.00	7,251,316
Edesur S.A.	58,524,553	34.11	21,101,585	81,242,223	34.11	27,710,112
Emgesa S.A.	36,585,243	51.52	18,846,944	18,249,066	51.52	9,401,353
Empresa Eléctrica Pangué S.A.	(2,012,815)	7.52	(151,364)	6,377,221	7.52	479,567
Endesa	111,577,566	40.02	44,652,310	70,058,270	40.02	28,036,672
Endesa Argentina S.A.	3,587,403	0.01	359	(10,508,051)	0.01	(1,051)
Generandes Perú S.A.	34,166,265	45.74	15,626,624	27,115,992	40.37	10,946,460
Hidroeléctrica El Chocón S.A.	9,730,502	34.81	3,387,188	8,669,848	34.81	3,017,974
Hidroinvest S.A.	2,831,660	30.07	851,480	2,559,227	30.07	769,560
Inecsa 2000 S.A.	98,621	2.68	2,643	31,360	2.68	840
Infraestructura 2000 S.A.	436,948	40.00	174,779	967,254	40.00	386,902
Ingendesa S.A.	904,445	2.36	21,367	848,232	2.36	20,039
Inmobiliaria y Constructora Stgo. 2000 Ltda.	2,607	7.50	196	2,683	7.49	201
Inmobiliaria Centro Nuevo Ltda.	(1,407)	0.08	-	-	-	-
Inversiones Distrilima S.A.	7,701,062	32.75	2,522,098	11,982,797	32.75	3,924,366
Investluz	(7,064,924)	37.55	(2,652,880)	(11,379,476)	37.55	(4,272,993)
Luz de Bogotá S.A.	10,229,443	55.00	5,626,193	11,188,397	55.50	6,153,618
Pehuenche S.A.	(6,159,340)	7.45	(458,871)	4,819,025	6.34	305,526
Soc. Agrícola de Cameros Ltda.	(1,806)	42.47	(767)	10,661	42.50	(68,281)
Soc. Agrícola Pastos Verdes Ltda.	(56,112)	45.00	(25,249)	2,942,867	45.00	1,324,289
Túnel El Melón S.A.	(2,073,785)	0.05	(1,037)	(1,876,100)	0.05	(938)
<b>Total</b>				<b>178,640,998</b>		<b>121,507,397</b>

**Shareholders' equity:**

a. **Issuance**

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 or US\$ 520,000,000.

b. **Dividends**

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

Dividend Number	Payment date	Historical value Ch\$ per share	Type of dividend	Related to
71	April 2001	1.806391	Final	2000

c. **Number of shares**

As of December 31, 2001			
Number of shares			
Series	Subscribed	Paid	With voting rights
First	8,291,020,100	8,291,020,100	8,291,020,100

d. **Subscribed and paid capital is as follows as of the year-end:**

As of December 31, 2001		
Series	Capital subscribed ThCh \$	Capital paid ThCh\$
First	729,328,347	729,328,347

e. **Net losses from operations and accumulated net earnings (losses) of development-stage subsidiaries are as follows:**

As of December 31, 2001		
Net Earnings (Losses)		
Company	Of the period ThCh\$	Accumulated ThCh\$
Central Termelétrica Fortaleza S.A.	(352,381)	(352,381)
Empresa Nacional de Electricidad S.A.	(47,006)	44,287
<b>Total</b>	<b>(399,387)</b>	<b>(308,094)</b>



f. Other reserves

Other reserves are composed of the following as of December 31, 2001:

	As of December 31, 2001 ThCh\$
Accumulated net losses of development - stage subsidiaries	(308,094)
Reserve for variations in equity	2,318,686
Reserve for accumulated conversion differences	24,373,947
<b>Total</b>	<b>26,384,539</b>

Detail of changes in the cumulative translation adjustment are as follows for the year ended December 31, 2001:

	Initial Balance ThCh\$	Reserve for Assets ThCh\$	Reserve for Liabilities ThCh\$	Final Balance ThCh\$
Cumulative translation adjustment	5,082,010	129,217,211	(109,925,274)	24,373,947
<b>Total</b>	<b>5,082,010</b>	<b>129,217,211</b>	<b>(109,925,274)</b>	<b>24,373,947</b>

The changes in the cumulative translation adjustment due to gains and losses on assets and liabilities for the year ended December 31, 2001 are as follows:

	As of December 31, 2001 ThCh\$
Distrilec Inversora S.A.	1,194,316
Inversiones Distrillima S.A.	1,988,910
Cía. Peruana de Electricidad S.A.	3,646,102
Edesur S.A.	7,704,951
Cía. de Electricidade do Rio de Janeiro	4,083,256
Luz de Bogotá S.A.	1,366,696
Investluz	4,445,832
Endesa Market Place	100,857
Central Termoeléctrica Fortaleza S.A.	(156,973)
<b>Total</b>	<b>24,373,947</b>

Other income and expenses:

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

	Year ended December 31,	
	2000	2001
	ThCh\$	ThCh\$
Adjustments to investments in related companies	11,209,486	8,425,321
Gain on sale of property, plant and equipment	95,670,427	12,471,667
Gain on forward contracts and swaps	7,518,624	17,303,868
Services to companies and customers	30,446,760	22,538,187
Penalties charged to contractors and suppliers	5,928,996	14,700,345
CDEC-SING power settlement gain	8,091,340	6,298,308
Gain on sale of investments (1)	202,046,395	3,071,188
Cost recoveries	12,406,174	6,164,200
Recoverable taxes	4,081,070	7,880,395
Effect of application of BT 64 (2)	43,038,825	56,094,130
Comahue fourth line income	12,652,645	399,371
Gain on repurchase of bonds	-	23,410,527
Other	16,910,561	12,149,474
<b>Total</b>	<b>450,001,303</b>	<b>190,906,981</b>
<i>(1) Before taxes</i>		
<i>(2) These amounts correspond to the net adjustments related to the translation of financial statements of foreign affiliates from the respective local country currency to US dollars. As discussed in Note 2(d), the Company used an exchange rate of 1.7 Argentine pesos to the US dollar for financial statement accounts as of December 31, 2001. The Company has direct and indirect investments in Argentina, which are recorded according to the Chilean Association of Accountants, Technical Bulletin No. 64. These investments represent 14.3% of total assets, 26.9% of total revenues, and 20.8% of total operating income. The application of SVS Circular No. 81 for the Company's Argentine subsidiaries, amounted to a charge of approximately US\$3,000,000, net of minority interest.</i>		

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

	Year ended December 31,	
	2000	2001
	ThCh\$	ThCh\$
Adjustments to investments in related companies	10,746,456	2,118,353
Cost of sales – materials	5,321,069	14,375,298
Cost of projects, inspections and other	22,234,627	8,048,850
Effect of application of BT 64 (2)	4,685,633	33,523,957
Contingencies and litigation	9,647,802	34,139,791
Deferred expense amortization	28,803,537	4,712,409
SIC power settlement loss	9,487,263	9,174,807
Loss on forward contracts	3,159,830	22,888,497
Pension plan expense	6,025,008	21,754,812
Penalties and fines	2,594,321	15,206,939
Other	12,721,686	11,088,492
<b>Total</b>	<b>115,427,232</b>	<b>177,032,205</b>

**Price-Level Restatement:**

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

	As of December 31,	
	2000	2001
	TnCh\$	TnCh\$
<b>Assets</b>		
Inventory	280,611	659,997
Current assets	13,007,196	84,296
Accounts receivable from subsidiaries	4,913,981	4,442,082
Fixed assets	99,753,518	67,580,431
Investment in subsidiaries	7,649,844	4,694,240
Investment in other companies	2,791,103	24,997,762
Amortization of goodwill	35,813,492	26,822,216
Other assets	20,741,732	24,370,396
Credit to income statement for asset accounts	6,282,755	8,351,108
Net credits from assets	191,234,232	162,002,528
<b>Liabilities and Shareholders' equity</b>		
Shareholders' equity	(37,305,988)	(33,744,187)
Current and long-term liabilities	(124,518,645)	(108,276,041)
Minority interest	14,803,241	22,357,727
Accounts payable to subsidiaries	(50,290,063)	(29,657,462)
Non-monetary liabilities	204,268	(659,450)
Charge to income statement for liability and shareholders' equity accounts	(8,934,805)	(9,911,391)
<b>Net charges from liabilities and shareholders' equity accounts</b>	<b>(206,041,992)</b>	<b>(159,890,804)</b>
<b>Net credits (charges) to income</b>	<b>(14,807,760)</b>	<b>2,111,724</b>

The (charge) credit to income for foreign currency translation as of each year-end is as follows:

Assets				Liabilities			
Current assets	Currency	As of December 31,		Current liabilities	Currency	As of December 31,	
		2000	2001			2000	2001
		ThCh\$	ThCh\$			ThCh\$	ThCh\$
Cash	US\$	(63,704)	1,452,351	Short-term debt due to banks and financial institutions	US\$	(357,394)	(6,625,198)
	Other	(260)	(54,651)		Other	(238,830)	(1,835)
Time deposits	US\$	-	196,392	Current portion of long-term debt due to banks and financial institutions	US\$	(290,473)	(2,278,463)
	Other	-	(75,135)		Yen	-	25,485
Marketable securities	US\$	-	11,454,143	Current portion of bonds payable	Other	-	(61,718)
	Other	-	(1,831)		US\$	-	(3,719,994)
Accounts receivable, net	US\$	25,195	101,067	Current portion of notes payable	US\$	(465,275)	(1,384,555)
	Other	-	(47,246)		Other	-	18,570
Other accounts receivable, net	US\$	21,108	1,091,930	Dividends payable	Other	-	98
	Other	79,364	50,966	Account payable	US\$	-	276,421
Inventory	Other	-	(11,480)	Notes payable	Other	-	187,774
Prepaid expenses	US\$	152,338	164,064		US\$	-	(298,816)
	Other	-	(2,296)	Miscellaneous payables	Other	-	(79,511)
Other current assets	US\$	277,027	11,185,514		US\$	(528,591)	(417,755)
	Other	9,414	(256,752)	Other current liabilities	Other	(38,444)	189,714
					US\$	-	(894,814)
				Accrued expenses	Other	-	(11,575)
					US\$	(3,341)	36,617
				Deferred income	Other	-	(29,075)
					US\$	-	(55,126)
<b>Non-current assets</b>				<b>Long-term liabilities</b>			
Long-term receivables	US\$	(17,968)	1,023,441	Due to banks and financial institutions	US\$	(13,543,112)	(40,845,317)
	Other	1,523	269,093		Yen	28,582	22,175
Amounts due from related companies	US\$	6,201,890	16,537,140		Other	898	(239,731)
Deferred expenses	US\$	1,013,659	239,669	Bonds payable	US\$	(12,907,392)	(50,519,854)
Other Assets	US\$	-	27,510,759	Notes payables	US\$	(2,171,656)	(6,538,747)
Forward contracts and swaps	US\$	27,303,869	34,962,341	Accounts payable	US\$	(217,349)	(966,616)
				Other long-term liabilities	US\$	(5,483,599)	(21,568,881)
					Other	(2,743)	28,665
<b>Total (loss) gain</b>		<b>35,003,455</b>	<b>105,789,479</b>	<b>Total (loss) gain</b>		<b>(36,218,719)</b>	<b>(135,752,062)</b>
				<b>Net charges to income</b>		<b>(1,215,264)</b>	<b>(29,962,583)</b>

**Bond issuance costs:**

The bond issuance costs related to the registration and issuance of the Enersis S.A. Series B-1 and Series B-2 Bonds incurred as of December 31, 2001 are as follows:

	Series B-1 ThCh\$	Series B-2 ThCh\$	Series E-1, E-2 ThCh\$	Series F ThCh\$	Total ThCh\$
Registration taxes	780,373	487,782	1,167,376	291,844	2,727,375
Broker commission	104,050	50,811	165,989	41,497	362,347
Other issuance costs	19,630	12,268	-	-	31,898
<b>Total</b>	<b>904,053</b>	<b>550,861</b>	<b>1,333,365</b>	<b>333,341</b>	<b>3,121,620</b>

Bond issuance costs are included in Other Current Assets and Other Assets, and will be amortized over the life of the bonds. The amortization period for the Series B-1 is 8 years, Series B-2 and Series F is 21 years, and Series E-1 and E-2 is 6 years, respectively.

**Supplemental cash flows disclosure:**

Further detail of the Statement of cash flows for each year is as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
<b>Detail of other receipts from investments:</b>		
Payment to Cono Sur from Graña and Montero	4,015,549	-
Proceeds from sale of Transelec	193,473,192	-
Other	10,976,767	13,277,523
<b>Total</b>	<b>208,465,508</b>	<b>13,277,523</b>
<b>Detail of other investment disbursements:</b>		
Disbursements for highway construction costs	26,317,670	8,925,575
Disbursements for bond repurchases	-	170,583,474
Other	5,772,180	2,909,422
<b>Total</b>	<b>32,089,850</b>	<b>182,418,471</b>

**Financial derivatives:**

As of December 31, 2001 the Company and its subsidiaries held the following financial derivative contracts with financial institutions with the object of decreasing exposure to interest rate and foreign currency risk according to the following detail:

Type (1)	Nominal Amount US\$	Date of Maturity	Item	Sales/ Purch.	Hedged Item	As of December 31, 2001	
						Initial Hedged Amount ThCh\$	Closing Hedged Amount ThCh\$
FR	214,000,000	I Quarter 02	Exchange rate	P	Bank Obligations and Bonds	140,125,060	140,125,060
FR	198,850,000	I Quarter 02	Exchange rate	P	Bank Obligations	126,141,617	130,204,992
FR	164,000,000	I Quarter 02	Exchange rate	P	(2)	-	-
FR	125,000,000	I Quarter 03	Exchange rate	P	Bank Obligations	84,354,436	81,848,750
FR	28,550,000	II Quarter 02	Exchange rate	P	Bank Obligations	19,981,164	18,694,255
FR	3,000,000	I Quarter 02	Exchange rate	P	Yankee Bonds	1,981,208	1,964,370
EO	50,000,000	II Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	50,000,000	II Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	27,500,000	II Quarter 05	Interest rate	P/S	Bank Obligations	18,006,725	18,006,725
EO	50,000,000	II Quarter 06	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	50,000,000	II Quarter 06	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	275,000,000	III Quarter 04	Interest rate	P/S	Bank Obligations	180,067,250	180,067,250
EO	125,000,000	III Quarter 04	Interest rate	P/S	Bank Obligations	81,848,750	81,848,750
EO	50,000,000	III Quarter 05	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
S	46,630,000	I Quarter 02	Exchange rate	P/S	Bank Obligations	22,250,919	30,532,858
S	20,360,000	I Quarter 02	Interest rate	P/S	Bank Obligations	13,331,524	13,331,524
S	156,390,000	I Quarter 03	Exchange rate	P/S	Bank Obligations	87,308,888	102,402,608
S	100,000,000	I Quarter 03	Interest rate	P/S	Bank Obligations	65,479,000	65,479,000
S	100,000,000	I Quarter 03	Interest rate	P/S	Bank Obligations	65,479,000	65,479,000
S	13,400,000	I Quarter 04	Exchange rate	P/S	Bank Obligations	7,764,030	8,774,186
S	50,000,000	I Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
S	3,330,000	II Quarter 02	Exchange rate	P	Bank Obligations	1,742,361	2,183,064
S	119,530,000	II Quarter 02	Exchange rate	P/S	Bank Obligations	61,697,218	67,201,098
S	104,560,000	II Quarter 02	Interest rate	P/S	Bank Obligations	68,464,842	68,464,842
S	3,330,000	II Quarter 03	Exchange rate	P	Bank Obligations	1,742,361	2,183,064
S	3,100,000	II Quarter 03	Exchange rate	P/S	Bank Obligations	1,625,702	2,029,849
S	92,163,783	II Quarter 09	Currency	P	Bonds	61,749,743	61,749,743
S	2,840,000	III Quarter 02	Exchange rate	P/S	Bank Obligations	1,819,528	1,859,604
S	383,110,000	III Quarter 03	Exchange rate	P/S	Bank Obligations	209,224,267	250,856,597
S	41,930,000	III Quarter 04	Exchange rate	P/S	Bank Obligations	28,419,735	27,455,345
S	50,000,000	III Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
S	144,470,000	III Quarter 06	Currency	P	Bonds	97,575,960	94,597,715
S	3,330,000	IV Quarter 02	Exchange rate	P	Bank Obligations	1,742,361	2,183,064
S	40,550,000	IV Quarter 02	Exchange rate	P/S	Bank Obligations	13,560,222	15,125,649
S	14,920,000	IV Quarter 02	Interest rate	P/S	Bank Obligations	9,769,467	9,769,467
S	3,330,000	IV Quarter 03	Exchange rate	P	Bank Obligations	1,742,361	2,183,064

(1) Fr = Forward, EO = European Option, S = Swap.  
(2) Non-hedging instruments



**Commitments and contingencies:**

Direct guarantees held by third parties:

Guarantee	Subsidiary	Type	As of December 31, 2001			
			Guarantee Released			
			Under 1 year	1 to 3 years	Over 3 years	Total
ThCh\$	ThCh\$	ThCh\$	ThCh\$			
Dirección Gral. de Obras Públicas	Autopista del Sol	Contract completion	154,495	-	496,011	650,506
Banco del Estado de Chile	Pehuenche S.A.	Security deposit	-	10,961,804	-	10,961,804
Director Aduana de Chile	Pangué S.A.	Letter of credit	-	58,931	-	58,931
Bancos Acreedores	Pangué S.A.	Mortgage security	3,875,883	14,441,428	64,581,238	82,898,549
Mitsubishi Corp.	San Isidro S.A.	Security deposit	-	-	69,246,537	69,246,537
Dir. Gral. De Obras Públicas	Autop. Los Libertadores	Contract completion	154,495	-	-	154,495
Dir. Gral. De Obras Públicas	Autop. Los Libertadores	Contract completion	650,506	-	-	650,506
Ministerio de Obras y Serv. Público	Boston	Personal guarantee	-	-	2,207,502	2,207,502
Banco del Estado	Túnel El Melón	Security deposit	-	-	1,285,845	1,285,845
Sec. De Energía de la Rep. Argentina	EASA	Security deposit	-	-	60,932,875	60,932,875
<b>Total</b>			<b>4,835,379</b>	<b>25,462,163</b>	<b>198,750,008</b>	<b>229,047,550</b>

Indirect guarantees held by third parties:

Guarantee	Subsidiary	Type	As of December 31, 2001			
			Guarantee Released			
			Under 1 year	1 to 3 years	Over 3 years	Total
ThCh\$	ThCh\$	ThCh\$	ThCh\$			
Chase Manhattan Bank	Endesa Chile Int'l	Warrant	-	-	38,555,260	38,555,260
CitibanK N.A.	Endesa Chile Int'l	Warrant	-	327,931,354	-	327,931,354
CitibanK N.A.	Endesa Chile Int'l	Warrant	-	-	24,444,620	24,444,620
Midlanbank	Endesa Chile Int'l	Warrant	-	-	17,097,871	17,097,871
B. Santander C. Hispánico	Endesa Chile Int'l	Warrant	-	-	127,418,895	127,418,895
J.P. Morgan and CSF Boston	Endesa Chile Int'l	Warrant	-	99,986,433	-	99,986,433
Banco San Paolo	Endesa Chile Int'l	Warrant	-	-	65,542,037	65,542,037
BNP	Endesa Chile Int'l	Warrant	125,820,068	-	-	125,820,068
BBVA	Endesa Chile Int'l	Warrant	125,787,533	-	-	125,787,533
YPF S.A.	Endesa Chile Int'l	Warrant	-	-	3,548,599	3,548,599
Mitsubishi Co.	San Isidro S.A.	Warrant	-	52,184,585	-	52,184,585
B. Santander C. Hispánico	Celta S.A.	Warrant	2,133,080	-	-	2,133,080
Chase Manhattan Bank	Celta S.A.	Warrant	-	-	2,664,352	2,664,352
Banco Español de Crédito	Celta S.A.	Warrant	-	36,061,757	-	36,061,757
ABN Amro Bank	Celta S.A.	Warrant	5,912,684	-	-	5,912,684
B. Estado de Chile and Santander	Autopista Del Sol S.A.	Warrant	-	-	51,861,623	51,861,623
Chase Manhattan Bank	Endesa Colombia S.A.	Warrant	176,774,993	-	-	176,774,993
B. Santander C. Hispánico	Cono Sur S.A.	Personal Guarantee	-	120,504,758	-	120,504,758
Banco Exterior de España	Gasoducto Laltal	Warrant	-	-	6,680,297	6,680,297
<b>Total</b>			<b>436,428,358</b>	<b>636,668,887</b>	<b>337,813,554</b>	<b>1,410,910,799</b>

**Litigation and other legal actions:**

**Enersis S.A. Individual**

- i. 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: First petition ruling period.  
Amounts involved: US\$ 250,000.
- ii. Court : International court of the International Chamber of Commerce, Paris, France  
Process number : 11046/KGA  
Cause : On May 30, 2000, Pecom Energia S.A. and PCI Power Edesur Holding Limited (together, "Pérez Companc") commenced an action against Endesa - Chile, Chilectra and Enersis before the Arbitration Court of the International Chamber of Commerce, Paris, France. Pérez Companc has petitioned the court to either recognize its alleged right to nominate both a director and an alternate director in addition to the directors whom it already has the right to nominate; or to state that Pérez Companc and the Enersis group should each have an equal number of directors in Distriec Inversora. Enersis, Endesa - Chile and Chilectra have contested Pérez Companc's action.  
Process status : Final allegations presented, awaiting decision.  
Amounts involved : A fixed amount for the case was set between US\$ 180 million and US\$ 200 million.
- iii. Court : Honorable resolute 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., asserting the transaction has considerably increased the vertical integration in the electric sector, affecting free competition.  
Process status : The discussion stage has ended and the corresponding complaints have been made. The case is now in the sentencing stage. It is important to note the Commission decided not to receive the case in trial. Additionally, the petitions of the Fiscalía Nacional Económica have changed since the beginning of the case, limiting the request to the inability of Enersis S.A. and Endesa Chile to have common directors and the necessity for these companies to hire different external auditors.  
Amounts involved: Undetermined.
- iv. Chilean Internal Revenue Service review on taxable income for the 1999, 2000 and 2001 tax years, and the tax trial in first petition for the difference of First Category Income Tax and Reintegration of Monthly Tax Prepayments for absorbed net income in the amount of ThCh\$ 62,400, corresponding to the 1998 tax year.
- v. Court : 25th Civil Court of Santiago  
Process number : 3151-00  
Cause : Complaint filed for compensation of damages by Mrs. Odette Legrand Halcartegaray against Enersis S.A..  
Process status : First petition sentencing stage  
Amounts involved: ThCh\$ 50,000
- vi. Court : 2nd Labor Court of Santiago  
Process number : 6061-2001  
Cause : Complaint filed for severance pay for years of service on December 19, 2001 by Mr. Guillermo Calderón Ortega against Enersis S.A.

Process status : First petition reconciliation and evidence stage.

Amounts involved: ThCh\$ 50,000

#### **Chilectra S.A.**

As of December 31, 2001, there are certain complaints against the Company for damages, which management believes are not significant based on reports from its legal counsel or for which the Company has made provisions up to the corresponding insurance coverage deductibles.

#### **Compañía Eléctrica del Río Maipo S.A.**

As of December 2001 and 2000 there are complaints against the Company for compensation of damages, which Management and its legal counsel believe are not significant since they have insurance coverage for these types of events.

#### **Inmobiliaria Manso de Velasco S.A.**

- i. Court : Arbitration Court  
Process number : N/A  
Cause : Originates in Mr. Valero's intention to charge professional fees for measures related to reducing the value of the Company's Real Estate Taxes  
Process status : First petition resolution, being appealed.  
Amounts involved: Ch\$ 100 million was claimed. The first petition resolution was for a sum of Ch\$ 37 million, which is being appealed. A provision was made for 50% of the claim.
- ii. Court : Arbitration Court  
Process number : N/A  
Cause : Inmobiliaria Manso de Velasco Ltda., which jointly owns a piece of real estate with other owners in the community of La Dehesa, is initiating a proceeding to forcibly liquidate the community.  
Process status : Pending decision.  
Amounts involved: Undeterminable.
- iii. Court : 25th Courthouse  
Process number : 4008 – 98  
Cause : Complaint filed by Agregados Livianos S.A. against Sociedad Agrícola Pastos Verdes Ltda. (a subsidiary of Inmobiliaria Manso de Velasco S.A.), with the purpose of imposing a mining easement on the Company's land.  
Process status : Final sentence, being appealed before the Santiago Court  
Amounts involved: Indemnity of UF 5,800 for each year of effective occupation. The set indemnity has not been consigned, therefore the legal easement has not been constituted. No provision of any kind is necessary.
- iv. Court : 11th Court  
Process number : 5918 – 99  
Cause : Complaint filed by Agregados Livianos S.A. against Sociedad Agrícola Pastos Verdes Ltda. (a subsidiary of Inmobiliaria Manso de Velasco S.A.), with the purpose of imposing a mining easement on the Company's land.  
Process status : The Judge determined an indemnity that did not satisfy the owner, therefore the pertinent legal actions were taken, appealed before the Santiago Court  
Amounts involved: Undeterminable.

- v. Court : Court of Appeals  
Process number : 4087 - 2000  
Cause : Sociedad Agrícola Pastos Verdes Ltda. (a subsidiary of Inmobiliaria Manso de Velasco S.A.), filed Indemnity Assessment Complaint Proceeding for expropriation of Access Road to Aeropuerto Arturo Merino Benitez. The Chilean Government expropriated a piece of land for construction of the access road; experts in accordance with the Expropriation Procedure appraised the indemnity paid. The Appraisal was protested, there is a first petition judgment that raised the indemnity by approximately UF 35,000.  
Process status : Pending in the Court of Appeals.  
Amounts involved: Undeterminable.
- vi. Court : 13th Court  
Process number : 44 – 2001  
Cause : Expropriation for Construction of San Pablo Junction, San Pablo - Ruta 68 - Américo Vespucio. In conformity with D.L. 2.186 the provisional indemnity amount established by the Government was contested, commencing the respective litigations.  
Process status : The Government renounced the expropriation, therefore the proceeding has concluded.  
Amounts involved: None.

**Cam Ltda.**

On October 27, 1998, Cam Ltda., was notified of closure by a municipal inspector by municipal decree No. 694 dated September 15, 1998. To date conversations are taking place with the Municipality of Santiago to revoke such closure.

**Cerj S.A.**

The Company has civil, fiscal and labor legal proceedings for which it has made a provision of approximately R\$ 261 million.

**Coelce S.A.**

The Company has legal proceedings of a civil, fiscal and labor nature, for which it has recorded provisions of approximately R\$ 20 million.

**Edesur S.A.**

According to the present litigation, Transportes Metropolitanos General Roca (T.M.G.R.) intends to charge the Company an annual rental fee for each crossing or stretch of electrical lines parallel to the right of way, existing or future, over areas destined to railroad service. The Company's Management and their legal counsel estimate that the outcome of the stated issue would not have a significant impact on the financial statements taken as a whole.

On December 14, 1999, Edesur filed a legal complaint against Alstom Argentina S.A. and its representative Alstom Energietechnik GmbH for approximately US\$ 77 million, in relation to their responsibility in the accident that occurred on February 15, 1999 at the Azopardo Substation. As of the date of issuance of these financial statements the proceeding is at the evidence stage, the parties attended, formulated reciprocal oppositions and the judge's resolution is pending.

**Endesa-Chile Individual**

Pending litigation

There is litigation pending against Endesa-Chile, for which defenses have been filed, totaling ThCh\$730,260 and ThCh\$2,176,946 as of December 31, 2000 and 2001, respectively.

#### Other litigation

- i. Court : Supreme Court of Argentina  
Process number : 2753-4000/97  
Cause : Dirección Provincial de Rentas, Provincia de Neuquén versus TGN (Transportadora de Gas del Norte S.A.). Resolution regarding Stamp Tax sum that eventually should be paid jointly by TGN and ENDESA.  
Process status : TGN requested a precautionary measure before the Supreme Court of Argentina to paralyze the proceeding filed by the Province of Neuquen, which was accepted. Therefore the administrative complaint proceeding is paralyzed and does not constitute a contingency for San Isidro S.A.  
Amounts involved: \$Arg 13,943,572.54 (Includes tax, interest and fines).
- ii. Court : Arbitration Court  
Process number : N/A  
Cause : On December 27, 2001, Empresa Nacional de Electricidad S.A. was notified of an arbitration to resolve controversies related to insurance policy No. 94.676, issued by Compañía de Seguros Generales Consorcio Allianz, currently AGF/Allianz Chile Compañía de Seguros Generales S.A., in favor of Endesa, for the construction of the Ralco Hydroelectric Plant.  
Process status : Claimant and the Insurance Company have a period of 20 days to corroborate the complaint.  
Amounts involved: Undeterminable.

#### Endesa-Chile Subsidiaries

##### Pehuenche S.A.

- i. Court : 20th Civil Courthouse of Santiago  
Process number : 5863-2001  
Cause : Empresa Eléctrica Pehuenche S.A. versus Empresa Eléctrica Colbún S.A. This complaint is for services rendered by Pehuenche S.A. to Colbún during the drought period.  
Process status : Colbún S.A. was recently notified of the complaint.  
Amounts involved: Undeterminable.
- ii. Court : Court of Appeals of Talca  
Process number : 39945  
Cause : Asociación del Canal Maule versus DGA Resolution 1768 dated November 1984 related to the approval of reservoir works and building of the Colbún power plant. Pehuenche also filed a complaint to reinforce the claim of the irrigation subscribers that it is the obligation of Colbun S.A. to operate a reservoir above an elevation of 425 meters above sea level.  
Process status : Pending resolution.  
Amounts involved: Undeterminable.
- iii. Court : Court of Appeals of Talca  
Process number : 39945  
Cause : Asociación del Canal Maule versus DGA Resolution 1768 dated November 1984 related to the approval of reservoir works and building of the Colbún power plant. Pehuenche also filed a complaint to reinforce the claim of the irrigation subscribers that it is the obligation of Colbun S.A. to operate a reservoir above an elevation of 425 meters above sea level.  
Process status : Pending resolution.  
Amounts involved: Undeterminable.

- iv. Actions were filed related to the payment of compensation as per Supreme Decree No. 287, dated 1999 and issued by the Ministry of Economy, Development and Reconstruction and modification of Art. 99 bis of DFL No. 1/82 of Mining Law.
  
- v. Court : 24th Civil Court of Santiago  
Process number : 3908-99  
Cause : A precautionary prejudicial measure was presented and was denied by the Tribunal. In the same proceeding Pehuenche presented an ordinary public law motion to vacate against Sociedad Austral de Electricidad S.A. Witnesses gave evidence.  
Process status : Expert Appraisal.  
Amounts involved: Undeterminable.
  
- vi. Court : 17th Civil Courthouse of Santiago  
Process number : 3940-99  
Cause : Pehuenche versus Chilectra S.A. A precautionary prejudicial measure was presented and denied by the Tribunal. Pehuenche presented in the same case, an ordinary demand to annul public right against Chilectra S.A.  
Process status : Expert Appraisal, Appeal of inapplicability Process number 4798-2000 with Supreme Court.  
Amounts involved: Undeterminable.
  
- vii. Court : 20th Civil Courthouse of Santiago  
Process number : 4005-99  
Cause : A precautionary prejudicial measure was presented and denied by the Tribunal. Pehuenche presented in the same case, an ordinary demand to annul public right against Empresa Electrica Atacama S.A.  
Process status : Expert Appraisal.  
Amounts involved: Undeterminable.
  
- viii. Court : Santiago Court of Appeals  
Process number : 6515-99  
Cause : CDEC-SIC failure to provide timely information to the CNE. Resolution 1,557 dated October 1, 1999. The State Defense Council made itself a party to the case.  
Process status : Expert Appraisal.  
Amounts involved: Five fines for a total of 1,610 UTM.
  
- ix. Court : 5th Civil Courthouse of Santiago  
Process number : 2272-99  
Cause : Resolution 631 dated April 27, 1999, for not establishing Dispatch Center before January 1, 1999. The court informed a resolution that it received the case for trial. Pending official letter to the Superintendency of Electricity and Fuels (SEC).  
Process status : Pending sentence.  
Amounts involved: Fine of 500 UTM.
  
- x. Court : 16th Civil Courthouse of Santiago  
Process number : 4164-97  
Cause : Claim against Resolution 856, resulting in a fine imposed on October 16, 1997, for failure on May 11, 1997.  
Process status : Pending reopening of the file.  
Amounts involved: Fine of 450 UTM



- xi. Court : 16th Civil Courthouse of Santiago  
Process number : 1928-98  
Cause : Claim against Resolution 331 dated May 8, 1998, for failure on October 13, 1997.  
Process status : Pending reopening of the file.  
Amounts involved: Fine of 300 UTM
  
- xii. Court : SEC  
Process number : N/A  
Cause : Reposition appeal before the SEC for Resolution 805 dated May 2, 2000 for a fine for failure on July 14, 1999.  
Process status : Pending resolution.  
Amounts involved: Fine of 400 UTA
  
- xiii. Court : 20th Civil Courthouse of Santiago  
Process number : 6549-99  
Cause : Inversiones Tricahue with Pehuenche and Endesa. Minority shareholders' claim.  
Process status : Arbitrator declared the document preparation and exhibition stage complete, and before expiry of his nomination, offered to mediate between the parties in each meeting, pending concretion of measures to avoid the lawsuit.  
Amounts involved: Undeterminable.
  
- xiv. Court : 3rd Local Police Court of Santiago  
Process number : 50419-AGO  
Cause : SERNAC with Pehuenche, claim for lack of electrical supply  
Process status : Pending sentence.  
Amounts involved: Undeterminable.
  
- xv. Court : 24th Civil Court  
Process number : 1407-2001  
Cause : GTD Teleductos S.A. with Pehuenche S.A. Acknowledgement of debt summons. The debt was denied. There were previous conversations with the commercial manager of the petitioner, who did not authorize the basis of the invoice.  
Process status : Pending sentence.  
Amounts involved: ThCh\$ 344
  
- xvi. Court : 5th Labor Court of Santiago  
Process number : 2923-2001  
Cause : Labor lawsuit for work accident. There are incidents of former adjudication and prescription pending verdict. Second petition verdict confirming First Petition verdict. Pending confirmation of appeal for dismissal.  
Process status : Pending confirmation of appeal for dismissal.  
Amounts involved: Undeterminable.

#### **Empresa Eléctrica Pangue S.A.**

- i. Court: 1st Civil Court of Santiago  
Process number : 1294-99  
Cause : Claim against Resolution SEC 415 dated March 12, 1999 which fined Pangue for not complying with Article 9 of rationing Decree 640, which is to inform the SEC of normal customer consumption of its customers.

Process status : Remitted the file to the Santiago Court of Appeals.

Amounts involved: Fine of 10 UTM.

- ii. Court: 1st Civil Court of Santiago  
Process number : 2273-99  
Cause : Claim against SEC Resolution No. 631 dated April 27, 1999 that fined Pangue for infraction of Article 183 of the Regulation when it did not build an independent Dispatch and Control Center.  
Process status : Reception of case to trial was notified. A motion to set aside was presented against the writ of evidence.  
Amounts involved: Fine of 500 UTM.
- iii. Court: 23rd Court  
Process number : 4293-97  
Cause : Claim against SEC Resolution No. 856 dated October 16, 1997, which fined for a blackout on May 1, 1997.  
Process status : Appealed to the Court of Appeals and is pending hearing.  
Amounts involved: Fine of 450 UTM.
- iv. Court: 23rd Court  
Process number : 1910-98  
Cause : Claim against SEC Resolution No. 331 dated May 8, 1998 that fined Pangue for a blackout on October 13, 1997. The Tribunal rejected the recourse in its verdict dated July 30, 1999.  
Process status : Appealed to the Court of Appeals and is pending hearing.  
Amounts involved: Fine of 500 UTM.
- v. Court: SEC  
Process number : N/A  
Cause : Appeal to set aside before the SEC by SEC Resolution No. 740 dated April 26, 2000 which fined Pangue for blackout on July 14, 1999.  
Process status : Pending motion to set aside verdict.  
Amounts involved: Fine of 300 UTA.
- vi. Court: 18th Civil Court of Santiago  
Process number : 3886-99  
Cause : Ordinary public right annulment complaint. Request to annul obligation to pay compensation to regulated price users derived from electric rationing decree No. 287 issued by the Ministry of Economy.  
Process status : At the evidence stage.  
Amounts involved: Undeterminable.
- vii. There are 37 administrative oppositions presented by Pangue S.A. before the Provincial Government of Malleco, to the corresponding requests of diverse individuals to regularize water use rights in the Commune of Lonquimay.

#### **San Isidro S.A.**

- i. Court: 7th Civil Court of Santiago  
Process number : 2195-99  
Cause : Claim against Resolution No. 628 dated April 27, 1999, which applied a fine for infraction of Article 183 of D.S. No. 327 dated 1997. (Non construction of independent Dispatch Center).

Process status : Official reports are being filed at the evidential stage.

Amounts involved: Fine of 500 UTM

ii. Court: SEC

Process number : N/A

Cause : Appeal to set aside before the SEC for SEC Resolution No. 719 dated April 24, 2000, which fined San Isidro 150 UTA, for blackout on July 14, 1999.

Process status : Pending reinstatement verdict.

Amounts involved: Fine of 150 UTA

**Compañía Eléctrica de Tarapacá S.A.**

i. Court: Customs Court of Iquique

Process number: 97-99

Cause : Pre-trial for customs fraud for alleged infraction by Celta S.A. to General Customs Ordinance in clearing a crane for the Port of Patache and other merchandise.

Process status : First petition sentencing declared.

Amounts involved: Fine of 5 UTM for each SRF improperly issued

ii. Court: SEC

Process number: Official Letter 4966

Cause : Formulation of SEC charges, dated August 3, 2000 for SING blackout on September 23, 1999.

Process status : Pending SEC Resolution.

Amounts involved: Undeterminable.

iii. Court: 20th Civil Court of Santiago

Process number: 2760-2000

Cause : Verification of Credit in Inmobiliaria La Cascada Agreement for ThCh\$ 203,718. There was a first distribution of funds from the sale of goods.

Process status : Report No. 1 from the Liquidating Commission was received.

Amounts involved: Celta received ThCh\$ 60,558.

**Ingendesa S.A.**

i. Court: Court of First Petition of Santa Bárbara

Process number: 420-00

Cause : Labor lawsuit for alleged unjustified dismissal

Process status : Court rejected lawsuit, currently being appealed.

Amounts involved: ThCh\$ 24,462.

ii. Court: 8th Work Court of Santiago

Process number: 5085-99

Cause : Labor lawsuit for labor services

Process status : Court rejected lawsuit, appeal expected.

Amounts involved: Undeterminable.

iii. Court: 4th Work Court of Santiago

Process number: 6224-99

Cause : Labor lawsuit for alleged unjustified dismissal. The lawsuit requests reincorporation to work, and secondly payment of alleged pending services rendered.

Process status : The first petition judgment was in favor of Ingendesa and appeal by the claimant is at a recital stage at the Santiago Court of Appeals.

Amounts involved: Ingendesa has made provisions for the allegedly owed services rendered.

iv. Court: 4th Work Court of Santiago

Process number: 6224-99

Cause : The claim requests payment of professional fees in the amount of ThCh\$ 2,000. The claimant worked as an attorney at the external counsel's law firm.

Process status: Replied to the complaint, awaiting first petition judgment.

Amounts involved: Undeterminable.

#### **Infraestructura Dos Mil S.A.**

i. Court: Talagante Local Police Court

Process number: 217-00

Cause : Damage indemnity complaint for stoning at the Talagante Overpass

Process status: Pending judgment.

Amounts involved: Approximate amount of ThCh\$ 3,840.

#### **Autopista del Sol S.A.**

There are lawsuits pending in favor of the company for indemnity claims for damages to the Autopista del Sol. The total amount is ThCh\$ 174,423.

There are lawsuits pending against the company, for which the corresponding defense has been filed. The total amount is for ThCh\$ 357,000.

i. Court: Arbitration Commission

Process number: 217-00

Cause : A complaint was filed due to larger sums that the Autopista del Sol S.A. has had to pay the Treasury to finance the expropriations needed to carry out the works of the concession contract and for greater costs and expenses which the agent has had to incur to support the expropriation processes carried out by the Ministry of Public Works to take timely material possession of the land required to carry out the works.

Process status: Final judgment was handed down on April 12, 2001, condemning the Ministry of Public Works to pay Autopista del Sol.

Amounts involved: UF 45,510

#### **Inecsa Dos Mil S.A.**

i. Court: Arbitration Commission

Process number: 3049-2000

Cause : Complaint for annulment of the public right of the bidding called by the Ministry of Public Works for the Northeast Santiago Access.

Process status: Complaint has been suspended by court resolution

Amounts involved: Undeterminable.

#### **Central Cachoeira Dourada**

The Company has made a provision of US\$ 213,000 for payment of labor lawsuits.

## **Hidroeléctrica el Chocón S.A.**

Federal Public Revenues Administration – General Tax Services

The Federal Public Revenues Administration – General Tax Services (FPRA-GTS) 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 Hidroeléctrica el Chocón S.A. in the calculation of taxable income, which the FPRA-GTS considers to be capitalizable costs to be depreciated in accordance with the terms of the concession. In addition, the FPRA-GTS 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 equals approximately US\$ 9.7 million, which does not include accrued interest. The Company is disputing these charges.

On December 28, 2000 the FPRA-GTS notified the Company of Resolution No. 166/00 in the amount of US\$ 1,754,938 on withholding taxes for foreign-source incomes. In addition it deemed that the Company should submit US\$ 3,987,219 for accrued interest up to December 20, 2000. Finally, the FPRA-GTS assessed a penalty of US\$ 1,228,457 for alleged infraction of Article 45 of Law 11,683. Regarding the complaint against treatment of certain startup and financing expenses, it prescribed on January 1, 2001.

On December 28, 2000 the Company was notified of Resolution No. 204/00, which officially determined that the tax credits and debits for the period from December 1993 to July 1995, equaled to US\$ 794,095 for interest assessed as of December 11, 2000. Additionally, it was resolved to fine the Company US\$ 1,002,504 for alleged infraction of Article 45 of Law 11,683. The FPRA-GTS considers the moment at which the Company determined that the taxable event was generated to be in error, therefore it deems Article 18 of Regulatory Decree of the Value Added Tax Law to be applicable.

The Company rejected the pretension of the FPRA-GTS to apply Article 18 of the Regulatory Decree of the Value Added Tax Law to the taxable events mentioned previously, before the date of publication of the regulation in the Official Bulletin. They invoked the unconstitutionality of the above-mentioned regulation and the application of decree 493/95, which condoned interest and fines for obligations or infractions overdue or committed as of July 31, 1995. On February 20, 2001, the Company filed an appeal before the Fiscal Court of the Nation.

## **Royalties**

On June 26, 2000, the Company was notified of a complaint for interest charged for royalties allegedly paid outside the terms, initiated by the province of Neuquén before the Nation's Court of Supreme Justice. The complaint includes an initial amount of approximately US\$ 1,574,000.

Additionally, on September 27, 2000 the Company was notified regarding a new complaint from the province of Neuquén against the National State and hydroelectric generators of Comahue to obtain royalties charged on accumulated funds in the Sales Account. The mentioned complaint does not state a precise amount or date as of which the sums claimed are considered as owing, but the action would seek to charge each generator 12% of the funds the plaintiff understands were contributed by them to the referred account.

## **Provincial Revenue Service of the Province of Buenos Aires**

On September 10, 2001, the Company received the notification from the Provincial Revenue Services of the Province of Buenos Aires of the beginning of an official determination for US\$ 1,732,564 (amount that does not include interest or

fines), for taxes on gross income for the fiscal periods from February 1995 to December 1998. The differences claimed originate in: a) lack of presentation of tax in the Province of Buenos Aires between February 1995 and June 1996 for contracts signed by the Company and b) for the use of an estimated tax payment less than what the government deemed applicable.

Subsequently the Company resorted to a moratorium from the Province of Buenos Aires in which it input the differences claimed by the government for lack of tax revenue in that province for contracts signed by the Company in the sum of US\$ 642,575, rejecting the differences claimed related to the applied estimated tax payment.

In the opinion of the Company's Management and their legal counsel the complaints made by the government organizations mentioned above are not applicable, except for the concepts mentioned in the previous paragraph, therefore it is not probable that those matters will generate a significant adverse effect on the Company's shareholders' equity situation and income as of December 31, 2001.

#### **Edegel S.A.**

##### **National Superintendency of Tax Administration – Income Tax and General Sales Tax**

As of December 31, 2001, the National Superintendency of Tax Administration (NSTA) has completed its compliance oversight of tax obligations mainly related to Income Tax and General Sales Tax for the Company's tax years from 1995 to 1999, and as a result of this oversight, NSTA gave notice in December 2001 through determination resolutions and fines amounting to US\$ 86,601,000 (equivalent to ThCh\$ 56,705,818) for Income Tax and approximately US\$ 732,000 (equivalent to ThCh\$ 479,133) for General Sales Tax. In this respect, management filed an appeals claim against the mentioned resolutions on January 4 and 7, 2002. Thus, on January 10, 2002 an arbitration process has begun against the State in which it submits to arbitration the controversy regarding noncompliance by the Peruvian State of its obligation with respect to the régime of legal stability signed by the company on November 29, 1995. In the opinion of management and their legal advisors these arbitration processes will be resolved in favor of the Company.

On December 28, 1998, the government published Law 27,034, which in the Seventh Transitory and Final Disposition, effected 1999, states that "the amount of depreciation corresponding to the greater value attributed to a voluntary revaluation of assets due to an achieved reorganization is not deductible as an expense under Law 26283, regulatory and complementary standards". As indicated, in 1995 the Company signed a 10-year tax legal stability agreement, that permits it to maintain, among others, the Income Tax regime in force on the date of signing the agreement. In 1995 the Company reevaluated its property, plant and equipment, which originated a revaluation surplus, as a consequence of the ruling made under Law 26283 and D.S. 120-94-EF. As of the date of the signing of the agreement, the tax regime considered tax deductible the expense for depreciation of the greater amount due to revaluation made under Law 26283 and D.S.120-94-EF.

Company management and their external legal counsel consider that the mentioned legal standard is unconstitutional, since it violates the principle of non-retroactivity of the law stated in Article 103 of the Constitution, which orders that "no law will have retroactive force or effect".

Thus, if the NSTA should persist in relation to fiscal years subsequent to 2005, in the application of the mentioned standard to not acknowledge depreciation taken on revalued asset values, Edegel will have the possibility of formulating complaints based on the law. Therefore the company has not determined any effect of the application of that legal standard in their financial statements.



The sworn income tax declaration for 2000 tax year is pending review. Any expense that exceeds the provisions made to cover tax obligations will be charged to income in year in which the final adjustment is made.

#### **ESSALUD**

Lawsuits filed by (ESSALUD) for payment of contributions under Law Decrees 22482, 19990 and 18846 amounting to US\$ 4,282,000 (equivalent to ThCh\$ 2,804,013). In the opinion of management and their legal counsel, these proceedings will be resolved in favor of Edegal S.A..

#### **Talleres Moyopampa S.A.**

Resolutions of Determination and fines in the amount of US\$ 1,184 (equivalent to Ch\$ 775,592) were issued against the Talleres Moyopampa S.A. for which Edegal S.A. has filed the corresponding complaints and appeals when the referred company divided. Said complaints and appeals are pending final resolution by Tax Administration. It is the opinion of management and their legal advisors that these actions will not have a significant negative effect, independently or jointly, on the financial position, operating income, or liquidity of Edegal S.A..

#### **Municipality of Huarochiri-Matucana**

Resolutions of non-tax fines issued by the Municipality of Huarochiri-Matucana for payment of building license in the amount of US\$ 698,000 (equivalent to ThCh\$ 457,138). On November 12, 1999 the Superior Court of Justice of Lima admitted a precautionary measure in favor of the company, ordering the suspension of the coercive collection procedure of the imposed fine. On the 4th, 6th and 16th of October and the 29th of December of 2000, the objections presented by the company against the mentioned Resolutions were declared to have foundation, which have been appealed by the Huarochiri-Matucana Municipality. In the opinion of management and their legal advisors, the final resolution will be in favor of the company.

#### **Edegal's Workers Syndicate**

Complaint filed by Edegal's workers syndicate, which seeks that the percentage of participation, which the law sets at 5%, be risen to 10%, in this way duplicating the payment of profits for fiscal years 1994, 1995 and 1996 by approximately US\$ 4,780,000 (equivalent to ThCh\$ 3,129,935). On August 24, 2000 the sentence was issued in the first petition, declaring the action unfounded. By means of the sentence dated December 12, 2000 (notified November 13, 2001) the Second Labor Court Room of the Superior Court of Lima annulled the first petition sentence which declared the syndicate's action unfounded. The Company filed a motion to vacate against said sentence, which was not admitted, whereby the file will return to the court for the issuing of a new sentence.

As of December 31, 2001, Generandes Peru's sworn declarations on the Income Tax Statements from 1997 to 2001, are presently pending review by the tax authorities. Any major expense which exceeds the provisions made to cover tax obligations, will be charged to income in the years in which the final liquidations are produced.

#### **Central Hidroeléctrica de Betania S.A.**

There are pending lawsuits against the Company in which the corresponding defense actions have been filed, the Company registers a provision in the amount of ThCh\$ 847,494.

#### **Restrictions:**

##### **Enersis S.A.**

The Company's loan agreements establish an obligation to comply with the following financial ratios, on a consolidated level:

- The ratio between debt and debt plus equity, not exceeding 0.8;

- The ratio between operational cash flow and payment of debt interest, not less than 1.7;
- Net tangible equity not less than UF 27 million;
- Assets corresponding to companies whose business is regulated, no less than 50% of total consolidated assets.

#### **Chilectra S.A.**

The Company does not have any management restrictions or financial covenants during the years ended December 31, 2000 and 2001.

The Company holds long-term energy purchase contracts with Endesa, Gener S.A., Pangué S.A., Colbún Machicura S.A., Carbomet Energía S.A., Empresa Eléctrica Puyehue S.A. (formerly Pilmaiquén), Sociedad Canalistas del Maipo and Iberoamerica de Energia IBENER S.A., the terms of which extend subsequent to 2001, in order to ensure its supply and corresponding cost.

#### **Compañía Eléctrica del Río Maipo S.A.**

The Company holds signed energy purchase contracts with Chilectra S.A. and Gener S.A., in order to assure its supply and corresponding cost.

The Company does not have any management restrictions or financial covenants during the years ended December 31, 2000 and 2001.

#### **Endesa S.A.**

On a consolidated level, Endesa must comply with financial covenants and requirements derived from loan agreements with financial institutions, among which the following are emphasized:

- Gross Cash Flows equal to or greater than 12% of the average consolidated financial debt for terms longer than one year, plus short-term bank debt if its term is extendable to more than one year, obtained according to the debt reflected in the consolidated financial statements at the closing date of the last four quarters.
- Gross Cash Flow equal to or greater than 1.7 times the consolidated financial expenses, obtained according to the expenses reflected in the consolidated financial statements at the closing date of the last four quarters.
- The financial debt for terms longer than one year, plus short-term bank debt if its term is extendable to more than one year, cannot exceed 60% of the sum of shareholders' equity, plus minority interests, plus the financial debt for terms longer than one year and short-term bank debt.

#### **Pehuenche S.A.**

The Santander Investment Bank Ltd. and the Chase Manhattan Bank N.A., in relation to loans granted to the Company, place obligations and restrictions on Pehuenche S.A., some of which are of a financial nature, such as: long-term financial liabilities not exceeding 1.5 times the shareholders' equity, and a minimum company equity of UF 9,500,000.

#### **Empresa Eléctrica Pangué S.A.**

The following is a summary of the main obligations, which Empresa Eléctrica Pangué S.A. must comply with as per agreements with the financial institutions:

- Maintain their creditors duly informed regarding the financial situation.

- Different conditions with the objective of guaranteeing a healthy financial situation. Thus, the institutions have defined some indexes such as restrictions for the payment of dividends and indebtedness, and acceleration clauses. In regard to the long-term debt limit for loans in cash, for these events, the limit is 2.0 Shareholders' equity.
- Insure and maintain insured all assets.

As of December 31, 2000 and 2001 all these obligations have been complied with.

#### **Infraestructura Dos Mil S.A.**

As of February 21, 1996, the Company signed a Syndicated Credit Contract with the Banco del Estado, Banco de Chile and the Banco Santander, in favor of its subsidiary Sociedad Concesionaria Autopista del Sol S.A.. The contract was formed to finance the construction and/or the execution of public works named "Autopista Santiago - San Antonio", for an amount of up to UF 3,189,000 with a six-year term, constituting in the favor of the banks who signed the Syndicated Loan Contract a pledge on all the shares issued by Sociedad Concesionaria Autopista del Sol S.A. belonging to Infraestructura Dos Mil S.A. Furthermore, due to this credit agreement the following indirect obligations also exist:

- The Company is obligated to complete and facilitate the conclusion on time and in form of the previously identified work, comply timely with all obligations imposed by the concession contract with the Department of Public Works, and to sign and pay for shares for capital increases in its subsidiary in proportion to its current ownership participation.
- There is a commitment not to diminish its current participation in the ownership of shares issued by Sociedad Concesionaria Autopista del Sol S.A., until all concession work is definitively placed in service. Subsequent to such event, its participation cannot be less than 51%.

#### **Autopista del Sol S.A.**

Derived from financing obtained through financial institutions through the "Opening of Credit and Agreement" contract, the Company must comply with the obligations and indicators mentioned below:

- Conclude and facilitate the construction on time and in form, of the applicable portion of the fiscal public works in concession.
- Partial and total restriction of every type of dividend distribution during the term of the credit agreement.
- Capital increase to UF 1,831,000.
- Recovery of the guaranteed performance bonds that the Ministry of Public Works executed, both during the construction period and in the operation period.
- Total restriction on modification of company stock, except with previous authorization from the creditor banks.
- Handing over of financial, operating and expropriation information.
- Maintain a relationship of debt to equity of no more than 2 to 1.
- Maintain insurance coverage as stipulated in the bank agreement.

- Hire the services of the engineering company, Ingendesa S.A. to carry out the inspections of the work and submit a monthly report to the creditor banks.
- Do not accumulate sanctions from the Ministry of Public Works.
- Obtain bank authorization to carry out actions or contracts which involve guarantees in favor of third parties, investments in related companies or signing of new construction contracts.
- Maintain in custody, at a syndicated bank, the guarantees received on behalf of the contractor in charge of the works.
- Do not acquire obligations with third parties, except when the object is to pay or prepay the total loan.
- Do not agree with the Ministry of Public Works for an early termination to the concession.

The Company has complied with all the aforementioned restrictions and limits.

As of December 31, 2001 the project has had excess costs that reached approximately 16% of the original budget, which has been financed through the Company's own resources.

#### **Autopista Los Libertadores S.A.**

Autopista Los Libertadores S.A. was established as a Public Works Concession Special Pledge, as defined in the Concession Law, in favor of the Banco de Chile and Bank of Santiago. In accordance to the financing agreement signed on December 29, 1998, the pledge amounts to UF 4,000,000. The object of the mentioned loan is to finance a part of the project's total investment. Endesa S.A. is the endorsing guarantor and co-debtor for these loans.

#### **Central Costanera S.A.**

Central Costanera S.A. is not in compliance with one of the financial ratios established in the Company's Union credit agreement. The Company's management is negotiating a waiver to exempt the Company from this requirement. Because of the non-compliance, the related debt has been classified as short-term in these financial statements.

#### **Edegel S.A.**

Financial indicators originated by credit contracts and Bonds Program:

- Net shareholders' equity not less than Soles 2,400 million adjusted for inflation.
- EBITDA for the period / Interest expenses from the subsequent period, of no less than 3.5 to 1.0.
- Total Financial Debt / EBITDA, not greater than 3.5 to 1.0.

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#### **Sureties obtained from third parties:**

##### **Chilectra S.A.**

The Company presents among its current liabilities, guarantees received in cash for the use of temporary connections by customers of the company in the amounts of ThCh\$ 121,027 and ThCh\$ 123,112 for the years ended December 31, 2000 and 2001, respectively.

**Inmobiliaria Manso de Velasco Ltda.**

The Company has received guarantees from contractors and third parties to guarantee jobs and construction of ThCh\$ 26,042,732 as of December 31, 2001.

**Compañía Americana de Multiservicios Uno Ltda.**

Deposits and guarantees received by the Company were ThCh\$ 128,080 as of December 31, 2001.

**Compañía Americana de Multiservicios Ltda.**

Deposits and guarantees received by the Company were ThCh\$ 988,728 as of December 31, 2001.

**Endesa S.A.**

The Company has received guaranteed performance bonds from contractors and third parties to guarantee jobs and construction (mainly the Ralco Project), in the amount of ThCh\$ 28,467,566 as of December 31, 2001.

**San Isidro S.A.**

Deposits and guaranteed performance bonds received of ThCh\$ 4,258,356 as of December 31, 2001.

**Compañía Eléctrica de Tarapacá S.A.**

The Company has received documents in guarantee of ThCh\$ 893,944 as of December 31, 2001.

**Autopista Los Libertadores S.A.**

The Company has deposits and guaranteed performance bonds of UF 73,510 and ThCh\$ 27,177 as of December 31, 2001.

**Sociedad Concesionaria Autopista del Sol S.A.**

The Company has deposits and guaranteed performance bonds of UF 25,713 and ThCh\$ 27,341 as of December 31, 2001.

**Pangué S.A.**

The Company has received from contractors, bank guaranteed performance bonds of ThCh\$ 328,070 as of December 31, 2001.

**Túnel El Melón S.A.**

The Company has submitted documents in guarantee from Banco Santiago for UF 20,000.

**Foreign currencies:**

As of December 31, 2000 and 2001, foreign currency denominated assets and liabilities are as follows:

a. Current assets

Account	Currency	As of December 31,	
		2000	2001
		ThCh\$	ThCh\$
Cash	UF	35,380	484,319
	Ch\$	3,174,324	6,751,948
	US\$	647,163	2,280,485
	Yen	-	277
	\$ Col.	9,201,241	12,263,258
	Soles	3,755,499	1,829,763
	\$ Arg.	2,172,985	2,177,695
	Reales	8,268,990	10,764,484
Time deposits	US\$	4,252,848	112,597,902
	\$ Col.	43,909,969	46,091,602
	Soles	148,369	827,380
	\$ Arg.	16,130,531	3,193,573
	Reales	12,934,685	10,215,013
Marketable securities	Ch\$	4,714	4,683
	US\$	120,108	192,474
	\$ Arg.	11,827,883	-
Accounts receivable, net	UF	-	7,302,079
	Ch\$	77,785,606	92,842,117
	US\$	5,687,239	10,115,931
	\$ Col.	98,355,073	100,510,997
	Soles	30,042,478	29,788,527
	\$ Arg.	104,367,200	68,022,172
	Reales	158,649,619	225,640,499
Notes receivable	Ch\$	1,025,659	2,948,858
	US\$	435,163	741,077
	\$ Col.	374,113	-
	Soles	5,074,909	5,510,489
	\$ Arg.	-	53,355
	Reales	2,598,141	2,414,382
Other receivables	UF	-	3,532,682
	Ch\$	18,268,315	10,511,378
	US\$	938,723	8,626,527
	\$ Col.	19,837,648	18,732,713
	Soles	590,108	1,294,155
	\$ Arg.	3,886,333	2,898,476
	Reales	15,740,963	17,364,759
	U.C.	962,557	1,006,148



Account	Currency	As of December 31,	
		2000	2001
		ThCh\$	ThCh\$
Amounts due from related companies	Ch\$	3,711,673	3,658,373
	US\$	6,317,842	7,053,439
	\$ Col.	27,750	130,076
	Soles	76,637	463,962
	\$ Arg.	9,365,315	6,188,886
Inventories, net	Ch\$	44,455,086	43,587,495
	\$ Col.	10,670,467	12,454,075
	Soles	11,093,850	13,086,808
	\$ Arg.	5,616,633	4,770,358
	Reales	1,300,415	1,270,268
Income taxes recoverable	Ch\$	35,049,268	32,634,102
	\$ Col.	2,814,892	1,320,070
	Soles	841,028	208,192
	\$ Arg.	20,784,306	13,362,460
	Reales	9,998,761	8,310,226
Prepaid expenses and other	UF	491	786
	Ch\$	304,942	649,152
	US\$	3,572,360	3,274,026
	\$ Col.	1,855,894	162,591
	Soles	1,439,618	1,191,776
	\$ Arg.	1,342,132	934,059
Deferred income taxes	Reales	951,441	7,352,238
	Ch\$	11,290,612	4,859,626
	\$ Arg.	3,156,580	1,672,027
-	Reales	15,222,387	16,926,697
Other current assets	UF	-	123,975
	Ch\$	16,919,978	15,047,244
	US\$	116,493,650	107,646,809
	\$ Col.	-	-
	\$ Arg.	769,789	458,265
	Reales	-	258,882
<b>Total current assets</b>		<b>996,648,333</b>	<b>1,128,589,120</b>

b. Fixed assets

Account	Currency	As of December 31,	
		2000	2001
		ThCh\$	ThCh\$
Land	Ch\$	74,466,518	74,514,339
	\$ Col.	27,968,791	30,957,731
	Soles	8,352,102	9,246,249
	\$ Arg.	8,083,400	9,262,877
	Reales	16,649,238	28,845,436
Buildings, Infrastructure and Works in Progress	Ch\$	3,461,795,188	3,540,927,768
	\$ Col.	2,603,583,190	2,925,165,203
	Soles	945,374,264	1,075,117,074
	\$ Arg.	1,292,191,193	1,494,615,317
	Reales	1,320,265,722	1,597,326,621
Machinery and equipment	Ch\$	50,218,406	51,624,615
	\$ Col.	22,076,061	23,851,224
	Soles	375,852,386	407,507,288
	\$ Arg.	685,119,584	715,242,107
	Reales	497,767,662	571,813,949
Other fixed assets	Ch\$	29,347,416	50,091,748
	US\$	513,568	333,835
	\$ Col.	5,961,046	7,763,522
	Soles	36,042,919	47,763,896
	\$ Arg.	97,113,713	155,291,796
Technical appraisal	Ch\$	25,963,542	25,867,622
	\$ Col.	57,998,074	62,873,345
	Soles	416,810,362	461,460,872
	Reales	101,277,140	110,485,315
	Accumulated depreciation	Ch\$	(1,378,564,379)
\$ Col.		(409,467,304)	(546,659,892)
Soles		(748,581,237)	(861,134,630)
\$ Arg.		(681,612,434)	(854,828,192)
Reales		(502,715,374)	(649,138,480)
<b>Total property, plant and equipment</b>		<b>8,684,284,279</b>	<b>9,344,708,408</b>

c. Other assets

Account	Currency	As of December 31,	
		2000 ThCh\$	2001 ThCh\$
Investments in related companies	Ch\$	96,723,617	100,487,795
	US\$	56,542,791	62,042,489
	\$ Arg.	68,770	40,598
Investments in other companies	Ch\$	2,089,682	2,089,692
	\$ Col.	129,049,897	142,994,940
	Soles	10,099	11,181
	Reales	116,781	109,038
Goodwill, net	Ch\$	861,187,271	816,476,110
	US\$	177,798,259	239,870,243
	\$ Col.	47,159,806	25,796,107
	Soles	2,140,169	-
	\$ Arg.	28,212,191	-
	Reales	186,792,264	194,984,978
Negative goodwill, net	Ch\$	(167,281)	(152,411)
	US\$	(35,770,600)	(35,542,243)
	\$ Col.	(78,749,377)	(58,117,877)
	Soles	(73,129,567)	(70,449,921)
	Reales	(7,980,463)	(8,362,042)
Long-term accounts receivable	UF	-	7,988,439
	Ch\$	15,034,838	2,877,466
	US\$	6,362,027	24,950,177
	\$ Col.	8,440,342	4,158,571
	Soles	724,136	2,384,657
	\$ Arg.	3,929,226	1,957,371
	Reales	8,947,874	52,728,956
	U.C.	2,674,262	1,889,860
Amounts due from related companies	Ch\$	1,427,568	1,428,291
	US\$	142,507,800	164,268,594
Other assets	UF	-	3,555,109
	Ch\$	38,319,086	35,926,357
	US\$	17,883,515	43,114,856
	\$ Col.	49,661,151	42,535,140
	Soles	2,867,073	4,079,790
	\$ Arg.	14,897,385	895,067
	Reales	26,261,614	107,839,767
<b>Total other assets</b>		<b>1,732,032,206</b>	<b>1,914,857,145</b>

d. Total assets

Account	Currency	As of December 31,	
		2000 ThCh\$	2001 ThCh\$
Total assets by currency	UF	35,871	22,987,389
	Ch\$	3,489,831,649	3,465,970,983
	US\$	504,302,456	751,566,621
	Yen	-	277
	\$ Col.	2,650,728,724	2,852,983,396
	Soles	1,019,525,202	1,130,187,508
	\$ Arg.	1,627,422,715	1,626,208,267
	Reales	2,117,481,382	2,535,354,224
	U.C.	3,636,819	2,896,008
	<b>Total assets</b>		<b>11,412,964,818</b>

e. Current liabilities

Account	Currency	Within 90 days				91 days to 1 year			
		As of December 31, 2000		As of December 31, 2001		As of December 31, 2000		As of December 31, 2001	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Short-term debt due to banks and financial	UF	-	-	-	-	15,299,768	6.00	-	-
	Ch\$	160,092,648	7.58	2,295,349	-	2,277,757	6.40	-	-
	US\$	128,907,070	7.55	109,591,416	10.98	70,488,833	7.55	82,989,297	10.98
	Euro	-	-	2,857,937	4.35	-	-	-	-
	\$ Col.	-	-	-	-	29,334,983	12.00	10,953,683	15.00
	Soles	19,055,477	15.05	23,977,272	12.20	-	-	28,348,833	12.20
	\$ Arg.	365,498	6.55	22,085	6.80	-	-	-	-
Reales	50,452,708	16.30	31,206,909	15.50	-	-	-	-	
Due to banks and financial institutions	UF	-	-	51,989,755	7.50	53,362,896	8.50	1,567,983	7.50
	US\$	16,027,196	7.33	42,740,798	5.17	112,284,850	7.33	303,678,157	6.15
	Yen	-	-	-	-	400,482	1.26	383,674	0.90
	\$ Col.	-	-	-	-	5,737,086	15.50	-	-
	Soles	7,619,386	10.20	-	-	-	-	-	-
	\$ Arg.	13,482	6.55	1,841	8.60	-	-	-	-
	Reales	5,198,401	10.69	5,474,159	15.50	8,040,978	11.75	1,303,349	15.50
	U.P.	-	-	-	-	1,010,772	5.26	1,035,409	5.32
	Libra	-	-	-	-	371,527	7.13	382,644	5.38
	Other	-	-	-	-	99,329	5.94	99,700	4.44
Promissory notes	Soles	-	-	4,937,956	10.00	-	-	5,772,858	6.92
	Reales	-	-	-	-	16,635,381	16.00	42,328,262	18.13
Bonds payable	UF	-	-	-	-	14,531,507	6.80	12,492,145	11.80
	US\$	2,691,842	7.50	-	-	38,474,179	7.50	31,569,607	14.87
	Euro	3,300,934	3.34	2,001,651	3.34	-	-	-	-
	\$ Col.	-	-	14,122,802	13.70	3,188,309	15.50	-	-
	Soles	-	-	831,583	10.00	28,473,037	9.61	-	-
Current portion of notes payable	Ch\$	59,031	-	-	-	-	-	87,663	-
	US\$	12,790,333	7.20	22,922,837	7.40	16,417,832	7.20	8,204,582	7.20
	Other	-	-	-	-	18,430	9.75	-	-
Dividends payable	Ch\$	936,973	-	470,178	-	1,774,999	-	1,384,632	-
	\$ Col.	10	-	-	-	2,782,259	-	-	-
	Soles	53,420	-	35,638	-	-	-	-	-
	\$ Arg.	10	-	1,402	-	2,154	-	-	-
	Reales	191,916	-	4,912,957	-	-	-	-	-
Accounts payable	Ch\$	23,081,703	-	46,946,307	-	10,635,902	-	4,202,759	-
	US\$	19,707,936	-	14,275,070	-	776	-	1,690,000	-
	Euro	28,832	-	133,907	-	-	-	-	-
	\$ Col.	40,029,407	-	19,919,818	-	3,030,351	-	8,720,835	-
	Soles	15,821,569	-	18,713,680	-	-	-	1,967,821	-
	\$ Arg.	80,697,080	-	43,527,020	-	-	-	-	-
	Reales	55,117,155	-	91,181,167	-	-	-	-	-
	Other	70,856	-	-	-	18,926	-	134,529	-
	-	-	-	-	-	-	-	-	-
Notes payable	Ch\$	351	-	210	-	-	-	-	-
	Reales	14,269,865	-	44,105,683	-	-	-	-	-
Miscellaneous payables	UF	-	-	-	-	-	-	81,878	-
	Ch\$	6,451,104	-	14,665,054	-	1,651,184	-	152,295	-
	US\$	4,460,572	-	6,030,493	-	-	-	69,896	-
	\$ Col.	8,942,447	-	8,813,215	-	182,194	-	69,598	-
	Soles	2,609,018	-	3,093,188	-	-	-	-	-
	\$ Arg.	-	-	102,327	-	6,319	-	4,267	-
	Reales	6,471,588	-	13,137,517	-	-	-	-	-
	Other	-	-	-	-	82,208	-	-	-

Account	Currency	Within 90 days				91 days to 1 year			
		As of December 31, 2000		As of December 31, 2001		As of December 31, 2000		As of December 31, 2001	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Amounts payable to related companies	UF	11,711,657	-	16,785,722	-	-	-	-	-
	Ch\$	3,257,409	9.67	312,022	9.14	-	-	-	-
	US\$	528,493	6.37	513,143	8.49	-	-	-	-
	\$ Col.	14,053,669	-	-	-	-	-	3,523,412	-
	Soles	1,193,192	-	1,783,958	-	957,044	-	-	-
	\$ Arg.	343,401	-	7,295,965	-	-	-	-	-
Accrued expenses	UF	-	-	-	-	-	-	8,131	-
	Ch\$	11,351,651	-	15,788,918	-	19,561,702	-	20,158,347	-
	US\$	139,144	-	-	-	-	-	181,374	-
	\$ Col.	6,893,007	-	4,977,736	-	2,793,947	-	3,125,981	-
	Soles	512,534	-	1,601,339	-	260,401	-	1,658,641	-
	\$ Arg.	5,488,314	-	4,399,586	-	-	-	-	-
	Reales	24,371,801	-	25,742,499	-	-	-	-	-
	Other	-	-	-	-	49,089	-	-	-
Withholdings	Ch\$	6,967,550	-	5,710,387	-	1,840,548	-	949,656	-
	\$ Col.	1,378,501	-	1,777,384	-	-	-	-	-
	Soles	3,866,571	-	2,461,130	-	-	-	-	-
	\$ Arg.	27,926,903	-	16,618,672	-	-	-	-	-
	Reales	23,578,706	-	24,868,783	-	-	-	-	-
	Other	-	-	-	-	20,700	-	-	-
Income taxes payable	Ch\$	13,034,967	-	417,935	-	40,598,181	-	8,775,666	-
	\$ Col.	15,714,970	-	15,128,924	-	2,825,312	-	2,862,659	-
	Soles	1,313,182	-	154,356	-	-	-	5,598,049	-
	\$ Arg.	14,668,326	-	9,895,238	-	-	-	-	-
	Reales	27,302,183	-	32,199,233	-	-	-	-	-
	Other	-	-	-	-	84,973	-	-	-
Deferred income	UF	-	-	245,604	-	-	-	-	-
	Ch\$	5,142,418	-	1,454,249	-	5,312,543	-	3,573,294	-
	US\$	-	-	399,688	-	-	-	5,312,179	-
	\$ Col.	220,013	-	-	-	-	-	-	-
Customer advances	UF	-	-	-	-	-	-	-	-
	Ch\$	-	-	-	-	-	-	-	-
Other current liabilities	UF	31,242,747	2.70	109,869,724	2.70	82,218,149	2.70	6,901	-
	Ch\$	455,021	-	67,088	-	4,479,446	-	5,648,188	-
	US\$	-	-	1,158,571	-	-	-	-	-
	\$ Col.	1,853,508	-	2,545,035	-	556,267	-	999,557	-
	Soles	36,302	-	44,024	-	8,111,431	-	5,551,576	-
	\$ Arg.	31,846,399	-	13,085,698	-	119	-	77	-
	Reales	5,375,740	-	11,654,844	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total current liabilities by currency	UF	42,954,404	-	178,890,805	-	165,412,320	-	14,157,038	-
	Ch\$	230,830,826	-	88,077,697	-	88,132,262	-	44,932,500	-
	US\$	185,252,586	-	197,632,016	-	237,666,470	-	433,695,092	-
	Euro	3,329,766	-	4,993,495	-	-	-	-	-
	Yen	-	-	-	-	400,482	-	383,674	-
	\$ Col.	89,085,532	-	67,284,914	-	50,430,708	-	30,255,725	-
	Soles	52,080,651	-	57,634,124	-	37,801,913	-	48,897,778	-
	\$ Arg.	161,349,413	-	94,949,834	-	8,592	-	4,344	-
	Reales	212,330,063	-	284,483,751	-	24,676,359	-	43,631,611	-
	U.P.	-	-	-	-	1,010,772	-	1,035,409	-
	Libra	-	-	-	-	371,527	-	382,644	-
Other	70,856	-	-	-	373,655	-	234,229	-	
<b>Total current liabilities</b>		<b>977,284,097</b>		<b>973,946,636</b>		<b>606,285,060</b>		<b>617,610,044</b>	

f. Long-term liabilities, December 31, 2001

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate
		ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$	%
Due to banks and financial institutions	UF	36,745,055	7.44	19,593,691	6.93	-	-	-	-
	US\$	1,580,101,125	4.01	133,119,934	4.01	80,007,109	4.04	20,304,640	1.75
	Yen	759,628	0.90	379,814	0.90	-	-	-	-
	Reales	14,574,825	12.00	2,447,725	12.00	4,281,342	10.93	1,121,113	10.93
	U.P.	1,996,683	5.32	-	-	-	-	-	-
	Libra	721,914	5.38	360,957	5.38	-	-	-	-
	Other	189,852	4.44	94,926	4.44	-	-	-	-
Bonds payable	UF	19,325,503	6.30	119,935,962	6.30	52,844,488	6.30	46,798,477	6.30
	US\$	190,607,144	7.90	242,272,300	7.90	235,724,400	7.90	906,947,665	7.90
	Euro	249,605,948	3.34	-	-	-	-	-	-
	\$ Col.	-	-	126,275,921	13.70	-	-	-	-
	Soles	-	-	34,983,753	7.50	-	-	-	-
Notes payable	US\$	53,987,031	7.13	41,130,295	7.13	69,008,816	7.13	14,278,266	7.13
	Reales	34,606,367	10.27	4,456,902	10.27	9,684,415	10.27	-	-
Accounts payable	UF	75,330	-	-	-	-	-	176,310	-
	Ch\$	2,060,718	-	-	-	-	-	17,870	-
	US\$	22,812,102	6.50	-	-	-	-	-	-
	\$ Col.	430,306	-	-	-	-	-	-	-
	Reales	8,162,265	-	-	-	-	-	-	-
Amounts payable to related parties	UF	956,291,278	4.90	-	-	-	-	-	-
	US\$	16,239,944	7.07	-	-	-	-	-	-
Accrued expenses	Ch\$	2,394,342	-	2,426,496	-	4,746,079	-	6,218,531	9.50
	\$ Col.	-	-	16,489,740	-	-	-	39,548,006	-
	Reales	8,675,629	10.00	139,604,470	10.00	1,733,874	10.00	5,724,909	10.00
Deferred income taxes	Ch\$	9,955,807	-	5,312,315	-	13,305,588	-	6,435,964	-
Reimbursable employee taxes	UF	7,308	-	8,843	-	466,591	10.00	-	-
	Ch\$	4,241,649	-	2,071,694	-	860,714	-	2,318,705	-
	Soles	3,021,814	-	352,179	-	1,963,382	-	-	-
Other liabilities	UF	492	-	-	-	-	-	-	-
	Ch\$	10,353,717	-	1,083,895	-	2,401,395	-	-	-
	Soles	2,964,629	-	-	-	-	-	-	-
	\$ Arg.	8,489,247	-	1,451,410	-	1,589,418	-	-	-
	Reales	729,238	-	-	-	-	-	-	-
Total long-term liabilities By currency	UF	1,012,444,966		139,538,496		53,311,079		46,974,787	
	Ch\$	29,006,233		10,894,400		21,313,776		14,991,070	
	US\$	1,863,747,546		416,522,529		384,740,325		941,530,571	
	Euro	249,605,948		-		-		-	
	Yen	759,628		379,814		-		-	
	\$ Col.	430,306		142,765,661		-		39,548,006	
	Soles	5,986,443		35,335,932		1,963,382		-	
	\$ Arg.	8,489,247		1,451,410		1,589,418		-	
	Reales	66,748,324		146,509,097		15,699,631		6,846,022	
	U.P.	1,996,683		-		-		-	
	Libra	721,914		360,957		-		-	
Other	189,852		94,926		-		-		
<b>Total long-term liabilities</b>		<b>3,240,126,890</b>		<b>893,853,222</b>		<b>478,617,611</b>		<b>1,049,890,456</b>	



g. Long-term liabilities, December 31, 2000

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate
		ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$	%
Due to banks and Financial institutions	UF	52,434,027	8.50	4,265,802	8.50	2,598,495	8.50	-	-
	US\$	1,239,432,391	7.33	133,685,561	7.33	83,778,001	7.33	87,069,066	7.33
	Yen	982,894	1.26	589,736	1.26	-	-	-	-
	\$ Arg.	13,485	6.10	8,128	6.10	-	-	-	-
	Reales	20,833,405	10.69	7,441,710	10.69	4,052,201	10.69	1,823,491	10.69
	U.P.	2,367,343	5.26	502,163	5.26	-	-	-	-
	Libra	840,638	7.13	504,383	7.13	-	-	-	-
	Other	228,360	5.94	137,017	5.94	-	-	-	-
Bonds payable	UF	4,142,138	6.80	4,724,622	6.80	14,532,120	6.80	-	-
	US\$	100,543,636	7.50	88,714,973	7.50	242,487,592	7.50	1,153,294,642	7.50
	Euro	225,454,317	3.34	-	-	-	-	-	-
	\$ Col.	-	-	20,271,120	15.50	70,439,906	15.50	-	-
	Soles	-	-	-	-	821,388	9.61	-	-
Notes payable	US\$	43,202,481	7.20	34,815,944	7.20	73,868,130	7.20	23,616,398	7.20
	Reales	13,349,522	8.64	23,923,520	8.64	15,176,675	8.64	534,142	8.64
Accounts payable	Ch\$	785,620	-	348,564	-	379,737	-	198,679	-
	US\$	10,829,422	8.00	11,973,927	8.90	-	-	-	-
	\$ Col.	382,615	-	320,617	-	893,831	-	-	-
	Reales	2,013,654	-	-	-	-	-	-	-
Amounts payable to Related companies	UF	1,033,330,967	6.06	-	-	-	-	-	-
	US\$	17,406,657	7.24	-	-	-	-	-	-
Accrued expenses	Ch\$	3,133,607	-	3,542,855	-	6,857,182	-	3,471,182	-
	\$ Col.	-	-	14,650,160	-	-	-	31,046,692	-
	Soles	26,127	-	-	-	-	-	-	-
	Reales	16,850	-	-	-	60,027,732	-	-	-
Deferred income taxes	Ch\$	5,146,844	-	2,089,242	-	3,717,566	-	6,110,376	-
	\$ Arg.	683,155	-	508,538	-	1,097,452	-	637,203	-
Client advances	UF	6,643	-	8,037	-	566,364	-	-	-
	Ch\$	6,048,313	-	3,807,706	-	1,835,299	-	3,600,690	-
	Soles	3,548,331	-	522,624	-	2,090,092	-	-	-
Other long-term liabilities	Ch\$	1,183,932	-	1,902,439	-	1,819,663	-	1,323,860	-
	Soles	2,353,666	-	1,176,835	-	-	-	-	-
	\$ Arg.	8,846,299	-	2,147,998	-	2,342,503	-	-	-
	Reales	7,458,911	-	-	-	895,288	-	-	-
Total long-term liabilities by currency	UF	1,089,913,775	-	8,998,461	-	17,696,979	-	-	-
	Ch\$	16,298,316	-	11,690,806	-	14,609,447	-	14,704,787	-
	US\$	1,411,414,587	-	269,190,405	-	400,133,723	-	1,263,980,106	-
	Euro	225,454,317	-	-	-	-	-	-	-
	Yen	982,894	-	589,736	-	-	-	-	-
	\$ Col.	382,615	-	35,241,897	-	71,333,737	-	31,046,692	-
	Soles	5,928,124	-	1,699,459	-	2,911,480	-	-	-
	\$ Arg.	9,542,939	-	2,664,664	-	3,439,955	-	637,203	-
	Reales	43,672,342	-	31,365,230	-	80,151,896	-	2,357,633	-
	U.P.	2,367,343	-	502,163	-	-	-	-	-
	Libra	840,638	-	504,383	-	-	-	-	-
Other	228,360	-	137,017	-	-	-	-	-	
<b>Total long-term liabilities</b>		<b>2,807,026,250</b>		<b>362,584,221</b>		<b>590,277,217</b>		<b>1,312,726,421</b>	

**Sanctions:**

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**Chilectra S.A.**

During 2001, the Superintendency of Electricity and Fuels (SEC) has not applied sanctions to the Company. Details of previous sanctions with pending judicial complaint are as follows:

Exempt Resolution: No. 356

Resolution Date: May 18, 1998.

Date of Chilectra S.A.'s Notification : June 17, 1998.

**Differences between Chilean and United States Generally Accepted Accounting Principles:**

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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 an explanation, where appropriate, of the method used in the determination of the adjustments that affect net income and total shareholders' equity. References below to "SFAS" are to Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board in the United States.

**a) Inflation accounting**

The cumulative inflation rate in Chile as measured by the Consumer Price Index for the three-years ended December 31, 2001 was approximately 10.75%. 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 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 (i), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchase price over the carrying value is recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. As part of the purchase of the majority ownership interest in Endesa-Chile, under U.S. GAAP, the cost of the purchase price would have been allocated to the fair value of property, plant and equipment.

The effect on shareholders' equity and net income for the years presented is included in paragraph (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 Chilena 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 was either offsetting or not expected to be realized. Starting January 1, 2000, the Company recorded income taxes in accordance with Technical Bulletin No. 60 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 (referred to as "complementary") asset or liability has been recorded offsetting the effects of the deferred tax assets and liabilities not recorded prior to January 1, 2000. Such complementary asset or liability are being 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 subsequent years the principal difference relates to the reversal of the complementary assets and liabilities recorded as a transitional provision for unrecorded deferred taxes as of January 1, 2000 and their corresponding amortization into income. 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 n), 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, used a real discount rate of 9.5% for the years ended December 31, 2000 and 2001, and assumed 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.

Under U.S. GAAP, this arrangement is considered to be a termination indemnity plan 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.

**g) Pension and post-retirement benefits**

The Company has obligations related to complementary pension plan benefits and other post-retirement benefits as stipulated in collective bargaining agreements. Under U.S. GAAP, post-retirement employee benefits have been accounted for in accordance with SFAS No. 87 and SFAS No. 106. The effects of accounting for post-retirement benefits under U.S. GAAP have been presented in paragraph (aa).

**h) 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) For the year beginning January 1, 2001, the recording of derivative instruments in accordance with SFAS No. 133.
- (e) The deferred income tax effects of adjustments (a), (c) and (d).

**i) 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 a straight-line basis over the estimated useful lives of the assets, ranging from 20 to 40 years. Goodwill acquired after June 30, 2001 is not amortized (see Note 33 II(o)). 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 attributable 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. For the years ended December 31, 1999, 2000, and 2001 no additional amounts were recorded for impairment under U.S. GAAP.
- (iii) During the year ended December 31, 2001, a revision of U.S. GAAP goodwill was made to previous U.S. GAAP amounts included in the reconciliation of consolidated shareholders' equity because U.S. GAAP goodwill was understated in the subsidiary Coelce by ThCh\$50,077,237 during the years ended December 31, 1999 and 2000. This revision does not have an impact on the reconciliation to consolidated net income for the years ended December 31, 1999 and 2000 as the accumulated differences of Chilean and U.S. GAAP goodwill amortization are appropriately stated. See paragraph (aa) below for the restated amounts.

The restatement of the reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

Account	As of December 31, 2000 ThCh\$
Shareholders' equity in accordance with U.S. GAAP, as previously reported	1,074,869,774
Difference due to goodwill (paragraph h)	50,077,237
Difference due to effects of minority interest on restatement	(26,559,605)
<b>Shareholders' equity in accordance with U.S. GAAP, as restated</b>	<b>1,098,387,406</b>

**j) 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.

**k) Capitalized interest and exchange differences**

In accordance with Chilean GAAP, the Company has capitalized both interest on debt directly related to property, plant and equipment under construction and finance costs corresponding to exchange differences generated by the loans associated with such assets. The capitalization of interest costs associated with projects under construction is optional when incurred on debt that is not directly related to such projects.

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. In addition, under U.S. GAAP, foreign translation exchange differences may not be capitalized. The accounting differences between Chilean and U.S. GAAP for financing costs and the related depreciation expense are included in the reconciliation to U.S. GAAP under paragraph (aa) below.

**l) Accumulated deficit during the development stage**

Under Chilean GAAP, the losses incurred during the development stage of subsidiary companies is recorded directly 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.

**m) Minimum dividend**

As required by the Chilean Companies Act, unless otherwise decided by the unanimous vote of the holders of issued and subscribed shares, the Company must distribute a cash dividend in an amount equal to at least 30% of its net income for each year as determined in accordance with Chilean GAAP, unless and except to the extent the Company has unabsorbed prior year losses. 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.

**n) 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).

**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 announced in 1997. Since that date employees have continued to be made redundant pursuant to this plan. In accordance with U.S. GAAP, in order to recognize a liability at the balance sheet date for the cost to terminate employees involuntarily, there must be a plan that specifically includes notification of such employees prior to the balance sheet date. As of December 31, 2001, 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 ("unstable" countries), and that are not considered to be an extension of the parent company's operations, are remeasured into US dollars. The Company's foreign subsidiaries in Argentina, Peru, Brazil, and Colombia all meet the criteria of foreign subsidiaries that operate in countries exposed to significant risks under BT 64, and are remeasured into US dollars. The Company has remeasured its foreign subsidiaries into US dollars under this requirement as follows:

- Monetary assets and liabilities are translated at year-end rates of exchange between the US dollar and the local currency.
- All non-monetary assets and liabilities and shareholder's equity are translated at historical rates of exchange between the US dollar and the local currency.
- Income and expense accounts are translated at average rates of exchange between the US dollar and local currency.
- The effects of any exchange rate fluctuations between the local currency and the US dollar are included in the results of operations for the period.

Under BT 64, the investment in the foreign subsidiary is price-level restated, the effects of which are reflected in income, while the effects of the foreign exchange gains or losses between the Chilean Peso and the US Dollar on the foreign investment measured in US dollars, are reflected in equity in the account "Cumulative Translation Adjustment".

The amount of foreign exchange gain included in income that is attributable to operations in unstable countries because these amounts have been remeasured into US dollars was ThCh\$168,761,152, ThCh\$43,038,825, and ThCh\$56,094,130 for the years ended December 31, 1999, 2000 and 2001, respectively (See note 23 (a)).

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 as permitted by Form 20-F.

u) **Derivative instruments**

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.

Previously, under U.S. GAAP, contracts that were designated and effective as hedges of existing assets and liabilities were recorded in the same manner as described under Chilean GAAP above. However, contracts not designated or effective as hedges were recorded at fair value with the unrealized gains and losses recognized in income. For contracts with fair values different from the values of the contracts at the closing spot exchange rate, a difference between U.S. and Chilean GAAP resulted. The effects of the difference were not considered material to the consolidated financial statements and accordingly were not previously included in paragraph (aa) below.

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133 (SFAS No. 133), "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133". In June 2000, the FASB issued Statement 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133". SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

The Company adopted SFAS No. 133, as amended, on January 1, 2001. SFAS No. 133 requires that as of the date of initial adoption, the difference between the market value of derivative instruments recorded on the balance sheet and the previous carrying amount of those derivatives be reported in net income or other comprehensive income, as appropriate, as the cumulative effect of a change in accounting principle in accordance with Accounting Principles Board Opinion No. 20, "Accounting Changes." Statement 133 cannot be applied retroactively. SFAS No. 133 must be applied to (a) derivative instruments and (b) certain embedded derivative instruments. As permitted under this standard, the Company has applied SFAS No. 133 to only those embedded instruments that were issued, acquired, or substantively modified after January 1, 1999.

SFAS No. 133, in part, allows special hedge accounting for "fair value" and "cash flow" hedges. SFAS No. 133 provides that the gain or loss on a derivative instrument designated and qualifying as a "fair value" hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk be recognized currently in earnings in the same accounting period. The accounting standard provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a "cash flow" hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, must be recognized currently in earnings. While the Company enters into derivatives for the purpose of mitigating its global financial and commodity risks, these operations do not meet the documentation requirements to qualify for hedge accounting under U.S. GAAP. Therefore changes in the respective fair values of all derivatives are reported in earnings when they occur.

Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statements. For U.S. GAAP purposes, certain implicit or explicit terms included in host contracts that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument, must be separated from the host contract and accounted for at fair value. The Company separately measures embedded derivatives as freestanding derivatives instruments at their estimated fair values recognizing changes in earnings when they occur.

Estimates of fair values of financial instruments for which no quoted prices or secondary market exists have been made using valuation techniques such as forward pricing models, present value of estimated future cash flows, and other modeling techniques. These estimates of fair value include assumptions made by the Company about market variables that may change in the future. Changes in assumptions could have a significant impact on the estimate of fair values disclosed. As a result such fair value amounts are subject to significant volatility and are highly dependent on the quality of the assumptions used (see Note 33 II(j)).

The effect of adopting SFAS No. 133 as of January 1, 2001, resulted in a cumulative effect on net income of ThCh\$20,402,957, which is presented net of deferred taxes of ThCh\$45,219,341 and minority interest under the caption "Cumulative effect of change in accounting principles." The effects of the adjustment with respect to financial derivatives, commodity derivatives, and embedded derivatives for the year ended December 31, 2001 is included in the net income and shareholders' equity reconciliation to U.S. GAAP under paragraph (aa) below. For additional disclosures required under FAS No. 133 see Note 33 II(k).

**v) Fair value of long-term debt assumed**

As discussed in paragraph (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. 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 long-term debt. The effect on shareholders' equity and net income for the years presented is included in paragraph (aa) below.

**w) Sale of subsidiaries**

Corresponds to the reversal of the December 31, 1999 accumulated adjustments to U.S. GAAP which under U.S. GAAP would have been included in the determination of any gain or loss on sale made in connection with the subsidiaries Compañía Nacional de Transmisión Eléctrica S.A. (Transec), Aguas Cordillera S.A., and Aguas Puerto S.A., as these subsidiaries were sold during 2000.

**x) 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 and in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB No. 101"), 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 estimated useful life of the fiber optic assets. The effect on shareholders' equity and net income for the years presented is included in (aa) below.

**(y) Regulated assets and deferred costs**

The electricity sector in Chile and other countries of operation in Latin America is regulated pursuant to the Chilean and other country electricity laws. Most of the Company's sales are subject to node price regulation, which is designed to ensure an adequate supply of energy at reasonable, determined prices, which considers a variety of factors. The marginal cost pricing model is not solely based upon costs incurred by the Company, and as a result, the requirements of U.S. GAAP under SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," related to businesses whose rates are regulated are not applicable to the Company's financial statements, except for the Company's operations in Brazil as described below.

As a result of changes in Brazilian Electricity Laws and Regulations, the Company's distribution subsidiaries in Brazil, Companhia de Electricidad do Rio de Janeiro (Cerj) and Companhia Energética do Ceará (Coelce), are subject to the provisions of SFAS No. 71 beginning on January 1, 2001. With the new regulations issued by the National Agency of Electric Energy (ANEEL), the rate-setting structure in Brazil is now designed to provide recovery for allowable costs incurred, which will be recovered through future increases in energy tariffs in order to recover losses experienced during the period of Brazilian Federal Government mandated energy rationing from June 1, 2001 to December 31, 2001. The Company estimates costs will be recovered over a period estimated to be three years (as described in Note 5).

Accordingly, the Company capitalizes incurred costs as deferred regulatory assets when there is a probable expectation that future revenue equal to the costs incurred will be billed and collected as a direct result of the inclusion of the costs in an increased rate set by the regulator. The deferred regulatory asset is eliminated when the Company collects the related costs through billings to customers. ANEEL performs a rate review on an annual basis. If ANEEL excludes all or part of a cost from recovery, that portion of the deferred regulatory asset is impaired and is accordingly reduced to the extent of the excluded cost. The Company has recorded deferred regulatory assets, which it expects to pass on to its customers in accordance with and subject to regulatory provisions.

The regulations also included certain VPA costs, which are certain costs that each distribution company is permitted to defer and pass on to their customers using future rate adjustments. VPA costs are limited by concession contracts to the cost of purchased power and certain other costs and taxes. Due to uncertainty in the Brazilian economy, ANEEL delayed the approval of such VPA rate increases. An Executive Order in October 2001 created a tracking account mechanism, in order to calculate the variation in the VPA costs for future rate adjustment calculation purposes. The Company has not recognized any regulatory assets for VPA costs incurred prior to 2001, because costs incurred prior to January 1, 2001, are not recoverable through the tracking account.

Under Chilean GAAP, the Company recognized revenue and deferred costs related to the regulated assets. Under U.S. GAAP, in accordance with Emerging Issues Taskforce (EITF) No. 92-7, "Accounting by Rate Regulated Utilities for the Effects of Certain Alternate Revenue Programs," revenue amounts not expected to be collected within 24 months, have been deferred. The effect of deferring revenues expected to be collected after two years is included in (aa) below.

**(z) Reorganization of subsidiaries**

Corresponds to the reorganization of the Company's subsidiaries Central Costanera and Central Buenos Aires (CBA) during 2001, in which Central Costanera acquired the minority interest in CBA from third parties and exchanged shares with Endesa Argentina. Under Chilean GAAP, the Company recorded the transactions under the pooling method, using the book values of the net assets acquired under merger accounting.

Under U.S. GAAP the exchange of shares between entities under common control is recorded at book values. To the extent that shares in CBA were acquired from third parties, the identifiable assets acquired and liabilities assumed are recorded at fair value using purchase accounting together with the shares issued by the subsidiary Central Costanera. The effect on shareholders' equity for 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,	
	2000	2001
	ThCh\$	ThCh\$
<b>Net income (loss) in accordance with Chilean GAAP</b>	<b>92,875,150</b>	<b>40,926,246</b>
Reversal of amortization of revaluation of property, plant and equipment (paragraph b)	2,521,393	1,844,446
Depreciation of property, plant and equipment (paragraph c)	(1,417,027)	(1,791,679)
Amortization of intangibles (paragraph d)	1,333,569	185,471
Deferred income taxes (paragraph e)	(67,492,919)	(27,785,276)
Staff severance indemnities (paragraph f)	-	-
Pension and post-retirement benefits (paragraph g)	(10,694,058)	3,629,742
Investments in related companies (paragraph h)	-	(17,591,894)
Amortization of goodwill (paragraph i)	(7,321,475)	(1,067,846)
Amortization of negative goodwill (paragraph j)	(18,480,660)	(26,120,033)
Capitalized interest and exchange differences (paragraph k)	33,390,506	4,745,549
Accumulated deficit during the development stage (paragraph l)	152,203	(399,387)
Capitalized general and administrative expenses (paragraph n)	(1,567,184)	(123,269)
Workers' profit sharing in Peru (paragraph o)	(278,961)	(758,454)
Involuntary employee termination benefits (paragraph p)	(2,614,610)	(8,541)
Adjustment in selling price of investment (paragraph q)	130,052	(74,203)
Elimination of amortization of capitalized legal reserve (paragraph r)	(3,241,009)	574,251
Organizational and start-up costs (paragraph s)	797,269	3,844,926
Derivative instruments (paragraph u)	-	63,290,927
Fair value of long-term debt assumed (paragraph v)	129,525	(169,155)
Sale of subsidiaries (paragraph w)	20,945,635	-
Deferred income (paragraph x)	(3,118,842)	160,601
Regulated assets (paragraph y)	-	(40,682,757)
Effects of minority interest on the U.S. GAAP adjustments	56,305,307	(4,033,211)
Deferred tax effects on the U.S. GAAP adjustments	(20,090,362)	(16,000,786)
<b>Net income (loss) in accordance with U.S. GAAP before cumulative effect of change in accounting principle</b>	<b>72,263,502</b>	<b>(17,404,332)</b>
Cumulative effect of change in accounting principle, net of tax of Ch\$45,219,341 and minority interest	-	20,402,957
<b>Net income (loss) in accordance with U.S. GAAP</b>	<b>72,263,502</b>	<b>2,998,625</b>
<b>Other comprehensive income (loss):</b>		
Cumulative translation adjustment determined under Chilean GAAP	1,298,054	18,892,550
Cumulative translation adjustment related to U.S. GAAP adjustments	(4,281,630)	(3,392,426)
<b>Comprehensive income (loss) in accordance with U.S. GAAP</b>	<b>69,279,926</b>	<b>18,498,749</b>

The reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
	Revised	
<b>Shareholders' equity in accordance with Chilean GAAP</b>	<b>1,134,718,837</b>	<b>1,179,186,389</b>
Reversal of revaluation of property, plant and equipment (paragraph b)	(66,917,222)	(66,779,833)
Reversal of accumulated amortization of revaluation of property, plant and equipment (paragraph b)	48,653,022	50,028,260
Depreciation of property, plant and equipment (paragraph c)	691,439	740,847
Intangibles (paragraph d)	(1,367,443)	(1,182,912)
Deferred income taxes (paragraph e)	(201,793,335)	(237,293,130)
Pension and post-retirement benefits (paragraph g)	(45,327,753)	(46,708,749)
Investments in related companies (paragraph h)	-	(16,879,367)
Goodwill (paragraph i)	305,441,090	322,415,294
Negative goodwill (paragraph j)	(158,745,588)	(199,880,362)
Capitalized interest and exchange differences (paragraph k)	34,464,314	43,640,699
Minimum dividend (paragraph m)	(27,862,545)	(12,277,874)
Capitalized general and administrative expenses (paragraph n)	(25,883,386)	(26,432,441)
Workers' profit sharing in Peru (paragraph o)	(3,631,641)	(4,888,327)
Reversal of accrual of certain involuntary employee termination benefits (paragraph p)	409,272	400,731
Adjustment in selling price of investment (paragraph q)	(4,074,383)	(4,092,438)
Elimination of capitalized legal reserve (paragraph r)	(8,742,566)	(9,104,855)
Organizational and start-up costs (paragraph s)	(37,958,771)	(38,180,150)
Derivative instruments (paragraph u)	-	204,240,437
Fair value of long-term debt assumed (paragraph v)	1,487,057	1,317,903
Deferred income (paragraph x)	(3,118,842)	(3,292,344)
Regulated assets (paragraph y)	-	(40,682,757)
Effects of minority interest on the U.S. GAAP adjustments	156,297,941	93,851,459
Deferred tax effect of U.S. GAAP adjustments	1,647,909	(67,103,924)
<b>Shareholders' equity in accordance with U.S. GAAP</b>	<b>1,098,387,406</b>	<b>1,121,042,556</b>

The changes in shareholders' equity in U.S. GAAP as of each year-end are as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
	Revised	
<b>Shareholders' equity in accordance with U.S. GAAP - January 1,</b>	<b>751,648,100</b>	<b>1,098,387,406</b>
Dividends paid during the year	-	(14,976,824)
Reversal of dividends payable as of previous balance sheet date	-	27,862,545
Minimum dividend (paragraph m)	(27,862,545)	(12,277,874)
Issuance of shares	305,321,925	-
Cumulative translation adjustment	(2,983,576)	15,500,124
Reorganization of subsidiaries (paragraph z)	-	3,548,554
Net income (loss) in accordance with U.S. GAAP for the year	72,263,502	2,998,625
<b>Shareholders' equity in accordance with U.S. GAAP - December 31,</b>	<b>1,098,387,406</b>	<b>1,121,042,556</b>



II. Additional Disclosure Requirements:

a) Goodwill and negative goodwill:

The following is an analysis of goodwill and negative goodwill, determined on a Chilean GAAP basis, as of December 31, 2000 and 2001, respectively:

	As of December 31,	
	2000	2001
	ThCh\$	ThCh\$
Goodwill	1,557,236,893	1,601,427,266
Less: accumulated amortization	(253,946,933)	(324,299,828)
<b>Goodwill, net</b>	<b>1,303,289,960</b>	<b>1,277,127,438</b>
Negative goodwill	349,425,728	367,703,264
Less: accumulated amortization	(153,628,440)	(195,078,770)
<b>Negative goodwill, net</b>	<b>195,797,288</b>	<b>172,624,494</b>

b) Basic and diluted earnings per share:

	Year ended December 31,	
	2000	2001
	Ch\$	Ch\$
Chilean GAAP (loss) earnings per share (Ch\$) (1)	12.94	4.94
U.S. GAAP (loss) earnings per share (Ch\$) (1):		
U.S. GAAP (loss) earnings per share before extraordinary gain	10.06	(4.92)
Extraordinary gain	-	2.82
U.S. GAAP (loss) earnings per share before cumulative effect of change in accounting principle	10.06	(2.10)
Cumulative effect of change in accounting principle	-	2.46
U.S. GAAP (loss) earnings per share	10.06	0.36
Weighted average number of common shares outstanding (000's)	7,180,409	8,291,020
<i>(1) The earnings per share figures for both U.S. GAAP and Chilean GAAP purposes have been calculated by dividing the respective earnings (loss) amounts in accordance with U.S. GAAP and Chilean GAAP, respectively, by the weighted average number of common shares outstanding during the year. The Company has not issued convertible debt or equity securities. Consequently, there are no potentially dilutive effects on the earnings per share of the Company.</i>		

c) Income taxes:

The provision (benefit) for income taxes charged to the results of operations determined in accordance with U.S. GAAP is as follows:

	2000						
	Chile	Argentina	Peru	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax provision under Chilean GAAP:							
Current income taxes as determined under Chilean GAAP (1)	63,123,186	37,100,638	1,250,548	20,854,372	32,139,206	312,356	154,780,306
Deferred income taxes as determined under Chilean GAAP	(8,702,847)	642,132	16,161,359	(23,244,478)	(1,655,887)	-	(16,799,721)
Total income tax provision under Chilean GAAP	54,420,339	37,742,770	17,411,907	(2,390,106)	30,483,319	312,356	137,980,585
U.S. GAAP adjustments:							
Deferred tax effect of applying SFAS No. 109	8,941,674	(5,401,710)	9,996,028	53,104,967	851,960	-	67,492,919
Deferred tax effect of adjustments to U.S. GAAP	(849,599)	5,519,958	76,313	15,343,690	-	-	20,090,362
Total U.S. GAAP adjustments	8,092,075	118,248	10,072,341	68,448,657	851,960	-	87,583,281
<b>Total income tax provision under U.S. GAAP</b>	<b>62,512,414</b>	<b>37,861,018</b>	<b>27,484,248</b>	<b>66,058,551</b>	<b>31,335,279</b>	<b>312,356</b>	<b>225,563,866</b>
<i>(1) The income tax provisions under Chilean GAAP for the years ended December 31, 1999 and 2000 are stated net of income tax recovery of ThCh\$21,404,001 and ThCh\$4,081,070, respectively.</i>							
	2001						
	Chile	Argentina	Peru	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax provision under Chilean GAAP:							
Current income taxes as determined under Chilean GAAP (1)	12,422,194	43,886,503	7,973,143	22,000,780	30,581,595	69,690	116,933,904
Deferred income taxes as determined under Chilean GAAP	5,886,367	2,328,112	12,789,922	(13,279,797)	167,445	-	7,892,050
Total income tax provision under Chilean GAAP	18,308,561	46,214,615	20,763,065	8,720,983	30,749,040	69,690	124,825,954
U.S. GAAP adjustments:							
Deferred tax effect of applying SFAS No. 109	965,856	22,706,147	669,910	3,283,995	159,368	-	27,785,276
Deferred tax effect of adjustments to U.S. GAAP	(3,643,910)	2,945,155	(754,271)	(6,192,449)	23,646,261	-	16,000,786
Deferred tax effect of cumulative effect of change in Accounting principle	(1,787,748)	40,320,249	208,105	(197,324)	6,676,059	-	45,219,341
Total U.S. GAAP adjustments	(4,465,802)	65,971,551	125,744	(3,105,778)	30,481,688	-	89,005,403
<b>Total income tax provision under U.S. GAAP</b>	<b>13,842,759</b>	<b>112,186,166</b>	<b>20,886,809</b>	<b>5,615,205</b>	<b>61,230,728</b>	<b>69,690</b>	<b>213,831,357</b>
<i>(1) The income tax provision under Chilean GAAP for the year ended December 31, 2001 is stated net of income tax recovery of ThCh\$7,880,395.</i>							

Deferred tax assets (liabilities) as of balance sheet dates are summarized as follows:

	As of December 31, 2000			As of December 31, 2001		
	SFAS No. 109		Total	SFAS No. 109		Total
	Applied to	SFAS No.		Applied to	SFAS No.	
	Chilean	109 applied	Deferred	Chilean	109 applied	Deferred
	GAAP	to U.S. GAAP	Taxes under	GAAP	to U.S. GAAP	Taxes under
Balances	Adjustments	SFAS No. 109	Balances	Adjustments	SFAS No. 109	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Deferred income tax assets</b>						
Property, plant and equipment	3,070,130	-	3,070,130	2,620,021	4,258,265	6,878,286
Regulated assets and related deferred costs (companies in Brazil)	-	-	-	-	13,832,137	13,832,137
Negative goodwill	-	-	-	-	8,161,408	8,161,408
Allowance for doubtful accounts	35,718,245	-	35,718,245	35,406,523	-	35,406,523
Actuarial deficit (companies in Brazil)	-	-	-	9,773,005	-	9,773,005
Deferred income	1,135,513	-	1,135,513	1,044,114	1,119,398	2,163,512
Obsolescence of raw materials	1,352,944	-	1,352,944	950,105	-	950,105
Derivative contracts	564,072	-	564,072	-	7,335,073	7,335,073
Severance indemnities	-	-	-	2,742,911	-	2,742,911
Vacation accrual	2,239,407	-	2,239,407	2,210,532	-	2,210,532
Post retirement benefits	-	15,411,436	15,411,436	-	15,888,989	15,888,989
Tax loss carry forwards (1)	133,317,288	-	133,317,288	74,714,038	-	74,714,038
Contingencies	33,134,745	-	33,134,745	37,460,751	-	37,460,751
Salaries for construction-in progress	6,314,140	-	6,314,140	-	-	-
Others	4,031,014	6,363,517	10,394,531	12,747,514	-	12,747,514
<b>Total deferred income tax assets</b>	<b>220,877,498</b>	<b>21,774,953</b>	<b>242,652,451</b>	<b>179,669,514</b>	<b>50,595,270</b>	<b>230,264,784</b>
<b>Deferred income tax liabilities</b>						
Negative goodwill	-	(619,564)	(619,564)	-	1,871,390	1,871,390
Property, plant and equipment	367,815,233	-	367,815,233	364,418,683	5,844,188	370,262,871
Severance indemnity	1,178,206	-	1,178,206	398,900	-	398,900
Intangibles	4,457,331	-	4,457,331	81,122	-	81,122
Deferred charges	2,253,147	-	2,253,147	9,445,502	-	9,445,502
Finance costs	3,259,679	-	3,259,679	1,811,992	-	1,811,992
Derivative contracts	2,241,772	-	2,241,772	497,368	83,792,615	84,289,983
Tax loss carryforwards (1)	-	-	-	111,450	-	111,450
Contingencies	8,836,634	-	8,836,634	-	-	-
Metered energy	6,620,972	-	6,620,972	4,693,305	-	4,693,305
Capitalized interest	-	20,746,608	20,746,608	-	25,959,723	25,959,723
Lease receivable	137,319	-	137,319	-	-	-
Post retirement benefits	-	-	-	-	8,015	8,015
Others	16,191,335	-	16,191,335	18,824,041	223,263	19,047,304
<b>Total deferred income tax liabilities</b>	<b>412,991,628</b>	<b>20,127,044</b>	<b>433,118,672</b>	<b>400,282,363</b>	<b>117,699,194</b>	<b>517,981,557</b>
<b>Net deferred tax assets (liabilities)</b>						
Resulting from application of SFAS No. 109	(192,114,130)	1,647,909	(190,466,221)	(220,612,849)	(67,103,924)	(287,716,773)
<i>(1) Tax loss carryforwards relate primarily to Peruvian, Chilean, and Brazilian entities. In accordance with the current enacted tax law in Chile and Brazil, such tax losses may be carried-forward indefinitely, however Peruvian tax carryforwards expire after five years.</i>						

A reconciliation of the Chilean Statutory income tax rate to the Company's effective tax rate on net income is as follows:

	2000						
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Other	Total ThCh\$
Statutory Chilean tax (15%)	41,042,733	19,734,358	11,838,874	6,336,025	15,767,855	(31,695,387)	63,024,458
Effect of higher foreign tax rates	-	18,165,066	7,829,320	1,059,889	8,680,437	(3,339,252)	32,395,460
Increase (decrease) in rates resulting from:							
Price-level restatement not accepted for tax purposes	8,539,706	(296,994)	2,813,890	(5,781,613)	4,530,420	-	9,805,409
Deductible items	(24,600,984)	259,491	4,668,489	2,175,426	4,917,775	35,034,639	22,454,836
Non-deductible items	39,010,110	6,398,715	-	(7,842,459)	(861,349)	-	36,705,017
Prior years' income tax	(1,530,033)	(5,978,218)	333,637	67,365,237	-	-	60,190,623
Other	50,882	(421,400)	38	2,746,046	(1,699,859)	312,356	988,063
<b>Tax (benefit) expense at effective tax rate</b>	<b>62,512,414</b>	<b>37,861,018</b>	<b>27,484,248</b>	<b>66,058,551</b>	<b>31,335,279</b>	<b>312,356</b>	<b>225,563,866</b>
	2001						
	Chile ThCh\$	Argentina ThCh\$	Peru ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Other	Total ThCh\$
Statutory Chilean tax (15%)	34,181,716	32,084,090	8,021,841	(728,185)	19,190,391	(31,625,108)	61,124,745
Effect of higher foreign tax rates	-	61,795,760	15,982,402	1,592,855	29,222,497	(6,369,147)	102,224,367
Increase (decrease) in rates resulting from:							
Price-level restatement not accepted for tax purposes	10,515,700	(457,668)	(459,042)	(1,121,357)	14,540,341	-	23,017,974
Deductible items	(21,160,646)	12,519,616	4,552,827	91,915	-	37,994,255	33,997,966
Non-deductible items	(23,468,145)	19,738,664	(7,353,502)	(307,282)	(698,707)	-	(12,088,972)
Prior years' income tax	1,928,780	-	389,600	(2,100,737)	-	-	217,643
Effect of Chilean tax rate increase	7,973,416	-	-	-	-	-	7,973,416
Other	3,871,938	(13,494,295)	(247,317)	8,187,996	(1,023,794)	69,690	(2,635,782)
<b>Tax (benefit) expense at effective tax rate</b>	<b>13,842,759</b>	<b>112,186,166</b>	<b>20,886,809</b>	<b>5,615,205</b>	<b>61,230,728</b>	<b>69,690</b>	<b>213,831,357</b>

d) **Acquisitions:**

During the year ended December 31, 2001, the Company did not have significant acquisitions.

In December 2000, the Company acquired an additional ownership interest of 18.5% in Companhia de Electricidade do Rio de Janeiro (Cerj) under the purchase method for a total purchase price of US\$136,092,000 in cash. This and other transactions increased the Company's direct and indirect ownership from 37.41% to 57.38%. As described in Note 2 (a), Cerj is consolidated with the Company's results beginning in January 1, 1999, thus proforma results are not required. Under Chile GAAP, negative goodwill of ThCh\$2,075,116 has been recorded and is being amortized on a straight-line basis over 20 years. Under U.S. GAAP, the negative goodwill of ThCh\$2,075,116 has been allocated to tangible assets and is being depreciated on a straight-line basis over 25 years.

In November 2000, the Company entered into a series of transactions to acquire an additional ownership interest of 25.4% in Chiletra and 14.7% of Rio Maipo under the purchase method through a public offering of shares (Oferta Pública de Acciones) for a total purchase price of approximately US\$378,377,000 and US\$23,713,000, respectively, in cash. This increased the Company's direct and indirect ownerships from 72.56% and 83.74% to 97.97% and 98.40%, respectively.

Proforma results for the additions to Chilectra and Rio Maipo are not disclosed due to the immateriality of these step purchases. Under Chile GAAP, goodwill of ThCh\$99,823,214 and ThCh\$10,284,020 has been recorded and is being amortized on a straight-line basis over 20 years. Under U.S. GAAP goodwill of ThCh\$99,823,214 and ThCh\$10,284,020, respectively, has been recorded and is being amortized on a straight-line basis ranging from 20 to 30 years.

In May 1999, the Company entered into a series of transactions to acquire an additional ownership interest of 34.7% in Endesa-Chile through a public offering of shares (Oferta Pública de Acciones) for a total purchase price of ThCh\$1,030,014,725 (historic pesos) in cash. This increased the Company's ownership from approximately 25.3% to approximately 60.0%. Under Chile GAAP, goodwill of ThCh\$642,296,073 has been recorded and is being amortized on a straight-line basis over 20 years. Under U.S. GAAP, goodwill of ThCh\$750,060,726 has been recorded and is being amortized on a straight-line basis over 20 years.

In April 1999, through its subsidiary Aguas Puerto S.A., the Company purchased a 40.4% interest in Esval S.A. for approximately ThCh\$72,422,378 in cash. Goodwill of ThCh\$20,034,684 has been recorded and is being amortized on a straight-line basis over 20 years.

For acquisitions accounted for using the purchase method, assets and liabilities have been consolidated as of the purchase date and earnings from the acquisitions have been included in consolidated earnings of the Company subsequent to the purchase date.

e) **Segment disclosures:**

The Company is primarily engaged in the distribution, generation and transmission of electricity in Chile, Argentina, Brazil, Colombia and Peru. Enersis provides these and other services through four business segments:

- **Generation**
- **Distribution**
- **Engineering Services and Real Estate**
- **Corporate and other**

Generation involves the generation of electricity primarily through its subsidiary Endesa-Chile. Distribution involves the supply of electricity to regulated and unregulated customers. Engineering Services and Real Estate includes engineering services and real estate development. Corporate and other includes computer-related data processing services, private water utilities (for the year ended December 31, 1999), and the sale of electric-related supplies and equipment. The Company's reportable segments are strategic business units that offer different products and services and are managed separately. The methods of revenue recognition by segment are as follows:

- **Generation**  
Revenue is recognized when energy and power output is delivered and capacity is provided at rates specified under contract terms or prevailing market rates.
- **Distribution- Operating Revenues**  
Revenue is recognized when energy and power is provided at rates specified under contract terms or prevailing market rates.
- **Distribution- Non Operating Revenues**  
Revenue is recognized as services are provided, such as public light posts, telephone poles, and other services related to distribution services.

- **Engineering Services and Real Estate**

Revenue is recognized as services are provided, or when projects are sold.

- **Corporate and Other**

Revenue is recognized as services are provided, or when supplies or equipment are sold.

The following segment information has been disclosed in accordance with U.S. reporting requirements; however, the information presented has been determined in accordance with Chilean GAAP:

	Generation ThCh\$	Distribution ThCh\$	Engineering services and real estate ThCh\$	Corporate and other ThCh\$	Eliminations ThCh\$	Consolidated ThCh\$
<b>2000:</b>						
Sales to unaffiliated customers	680,418,590	1,915,513,282	46,427,221	34,385,662	-	2,676,744,755
Intersegment sales	229,921,521	28,571,711	31,353,659	25,051,602	(314,898,493)	-
Total revenues	910,340,111	1,944,084,993	77,780,880	59,437,264	(314,898,493)	2,676,744,755
<b>Operating income</b>	<b>259,154,378</b>	<b>264,049,016</b>	<b>14,520,312</b>	<b>(8,551,438)</b>	<b>7,477,849</b>	<b>536,650,117</b>
Participation in net income of affiliate companies	-	-	3,452	71,065	-	74,517
Depreciation and amortization	164,614,685	236,458,550	1,227,510	48,212,506	(258,674)	450,254,576
Identifiable assets including investment in related companies	5,841,327,996	5,830,367,016	138,941,636	4,591,409,845	(4,989,081,675)	11,412,964,818
<b>Capital expenditures</b>	<b>87,051,233</b>	<b>243,224,042</b>	<b>99,028</b>	<b>1,744,634</b>	<b>-</b>	<b>333,018,938</b>
<b>2001:</b>						
Sales to unaffiliated customers	811,791,137	2,064,202,101	34,025,879	60,253,467	-	2,970,272,584
Intersegment sales	203,043,154	42,432,733	27,511,309	29,672,554	(302,659,750)	-
Total revenues	1,014,834,291	2,106,634,834	61,537,188	89,926,021	(302,659,750)	2,970,272,584
<b>Operating income</b>	<b>337,839,964</b>	<b>375,243,372</b>	<b>9,838,130</b>	<b>(4,412,906)</b>	<b>14,058,204</b>	<b>732,566,764</b>
Participation in net income of affiliate companies	(10,053,452)	-	-	(333,730)	-	(10,387,182)
Depreciation and amortization	145,720,093	252,696,067	1,205,144	54,846,587	(258,673)	454,209,218
Identifiable assets including investment in related companies	6,176,282,881	6,126,274,349	131,443,284	4,801,679,448	(4,847,525,289)	12,388,154,673
<b>Capital expenditures</b>	<b>(51,429,536)</b>	<b>(279,602,805)</b>	<b>(403,392)</b>	<b>(169,836)</b>	<b>-</b>	<b>(331,605,569)</b>

A summary of activities by geographic area is as follows:

	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
<b>2000:</b>						
Total revenues	678,872,943	737,238,399	227,173,863	615,545,031	417,914,519	2,676,744,755
Long-lived assets (net) (1)	2,721,426,266	1,398,666,634	1,033,763,703	1,218,147,673	2,312,280,003	8,684,284,279
<b>2001:</b>						
Total revenues	781,662,453	803,255,207	257,756,449	671,512,735	456,085,740	2,970,272,584
Long-lived assets (net) (1)	2,296,930,987	1,517,365,212	1,139,769,240	1,887,430,149	2,503,212,820	9,344,708,408
<i>(1) Long-lived assets include property, plant and equipment.</i>						



f) **Concentration of risk:**

The Company does not believe that it is exposed to any unusual credit risk from any single financial institution. The Company's debtors are dependent on the economy in Latin America, which could make them vulnerable to downturns in the economic activity in the countries in which the Company operates.

No single customer accounted for more than 10% of revenues for the years ending December 31, 1999, 2000 and 2001.

g) **Schedule of debt maturity:**

Following is a schedule of debt maturity in each of the next five years and thereafter:

	ThCh\$
2002	678,815,180
2003	2,103,999,654
2004	1,076,026,296
2005	175,020,284
2006	560,911,881
Thereafter	1,456,220,868
<b>Total</b>	<b>6,050,994,163</b>

h) **Disclosure regarding interest capitalization:**

	Year ended December 31,	
	2000	2001
	ThCh\$	ThCh\$
Interest cost incurred	505,173,387	443,904,173
Interest capitalized under Chilean GAAP	20,702,535	23,544,000
Interest capitalized under U.S. GAAP	54,093,041	28,289,549

i) **Cash flow information:**

- (i) The statement of cash flows under Chile GAAP differs in certain respects from the presentation of a statement of cash flow under U.S. GAAP as follows:

	Year ended December 31,	
	2000	2001
	ThCh\$	ThCh\$
Cash provided by operating activities under Chilean GAAP	523,000,822	643,612,242
Development stage subsidiaries	-	1,265,918
<b>Cash provided by operating activities under U.S. GAAP</b>	<b>523,000,822</b>	<b>644,878,160</b>
Cash provided by (used in) financing activities under Chilean GAAP	(790,572,903)	(59,625,366)
Development stage companies	-	(957,008)
Repurchase of Yankee Bonds	-	172,008,613
<b>Cash provided by (used in) financing activities under U.S. GAAP</b>	<b>(790,572,903)</b>	<b>111,426,239</b>
Cash provided by (used in) investing activities under Chilean GAAP	171,471,913	(488,970,475)
Development stage companies	-	(301,838)
Repurchase of Yankee Bonds	-	(172,008,613)
<b>Cash provided by (used in) investing activities under U.S. GAAP</b>	<b>171,471,913</b>	<b>(661,280,926)</b>

- (ii) Cash and cash equivalents includes all highly liquid debt instruments purchased with a maturity of three months or less:

	Year ended December 31,	
	2000	2001
	ThCh\$	ThCh\$
Cash	27,255,582	36,552,229
Time deposits	77,376,402	172,925,470
Marketable securities	-	192,474
Other current assets	11,907,534	1,812,935
<b>Total cash and cash equivalents</b>	<b>116,539,518</b>	<b>211,483,108</b>

- (iii) Additional disclosures required under U.S. GAAP are as follows:

	Year ended December 31,	
	2000	2001
	ThCh\$	ThCh\$
Interest paid during the year	370,662,184	393,435,333
Income taxes paid during the year	149,846,117	128,347,973
Assets acquired under capital leasing	2,246,761	231,641

j) **Disclosures about fair value of financial instruments**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments as of December 31, 2000 and 2001 for which it is practicable to estimate that value:

- **Cash**  
The fair value of the Company's cash is equal to its carrying value.
- **Time deposits**  
The fair value of time deposits approximates carrying value due to the relatively short-term nature.
- **Marketable securities**  
The fair value of marketable securities is based on quoted market prices of the common stock held and approximates carrying value.
- **Long-term accounts receivable**  
The fair value of long-term accounts receivable was estimated using the interest rates that are currently offered for loans with similar terms and remaining maturities.
- **Long-term debt**  
The fair value of long-term debt was based on rates currently available to the Company for debt with similar terms and remaining maturities.
- **Derivative instruments**  
Estimates of fair values of derivative instruments for which no quoted prices or secondary market exists have been made using valuation techniques such as forward pricing models, present value of estimated future cash flows, and other modeling techniques. These estimates of fair value include assumptions made by the Company about market variables that may change in the future. Changes in assumptions could have a significant impact on the estimate of fair values disclosed. As a result such fair value amounts are subject to significant volatility and are highly dependent on the quality of the assumptions used.

The estimated fair values of the Company's financial instruments compared to Chilean GAAP carrying amounts are as follows:

	As of December 31,			
	2000		2001	
	Carrying amount ThCh\$	Fair Value ThCh\$	Carrying Amount ThCh\$	Fair Value ThCh\$
Cash	27,255,582	27,255,582	36,552,229	36,552,229
Time deposits	77,376,402	77,376,402	172,925,470	172,925,470
Marketable securities	11,952,705	11,952,705	197,157	197,157
Accounts receivable (1)	474,887,215	474,887,215	439,736,322	439,736,322
Notes receivable, net	9,507,985	9,507,985	11,668,161	11,668,161
Other accounts receivable, net	60,224,647	60,224,647	63,966,838	63,966,838
Amounts due from related companies	163,434,585	163,434,585	183,191,621	183,191,621
Long-term accounts receivable	46,112,705	46,112,705	98,935,497	98,935,497
Accounts payable and other	(253,982,234)	(253,982,234)	(258,217,720)	(258,217,720)
Notes payable	(242,757,028)	(242,757,028)	(271,257,985)	(271,257,985)
Long-term debt	(5,538,802,481)	(5,452,244,783)	(6,050,994,163)	(6,011,052,665)
Derivatives instruments (2)	(1,719,000)	124,700,793	(77,652,775)	126,587,662

(1) Accounts receivable is presented net of the regulated assets amounting to ThCh\$94,486,000 as of December 31, 2001 (see Note 5).  
(2) Fair values of derivative instruments includes commodity, financial and embedded derivatives, however as only financial derivatives are accounted for under Chilean GAAP only financial derivatives are included in the carrying amounts (see paragraph (k)).

k) **Derivative instruments**

The Company is exposed to the impact of market fluctuations in the price of electricity, primary materials such as natural gas, petroleum, coal, and other energy-related products, interest rates, and foreign exchange rates. The Company employs policies and procedures to manage its risks associated with these market fluctuations on a global basis through strategic contract selection, fixed-rate and variable-rate portfolio targets, net investment hedges, and financial derivatives. All derivatives not qualifying for the normal purchase and sales exemption under SFAS No. 133 are recorded at their fair value. On the date that swaps, futures, forwards or option contracts are entered into, the Company designates the derivative as either a normal purchase or sale contract or leaves the derivative undesignated and marks it to market, with the exception of net investment hedges. The Company does not have the appropriate documentation in place to designate contracts as hedges of a forecasted transaction or future cash flows (cash flow hedge) or as a hedge of a recognized asset, liability or firm commitment (fair value hedge).

The Company has classified their derivatives into the following general categories: commodity derivatives, embedded derivatives, and financial derivatives. Certain energy and other contracts for the Company's operations in Chile are denominated in the US dollar. According to SFAS No. 133, an embedded foreign currency derivative should be separated from the host contract because none of the applicable exclusions are met. For purposes of evaluating the functional currency of the Company's subsidiaries in Argentina, Peru, Brazil, and Colombia, the Company applied BT 64, consistent with the methodology described in paragraph (u), thus the functional currency of these subsidiaries was the US dollar as these subsidiaries were remeasured into US dollars because foreign subsidiaries operate in countries exposed to significant risks as determined under BT 64.

The following is a summary of the Company's adjustment to fair values for all identified derivative contracts at the date of implementation of SFAS No. 133 on January 1, 2001 and as of the year-ended December 31, 2001.

		As of January 1, 2001	
	Distribution	Generation	Total
	ThCh\$	ThCh\$	ThCh\$
Commodity derivatives	15,855,296	124,188,805	140,044,101
Embedded derivatives	24,530	(8,380,385)	(8,355,855)
Financial derivatives	(1,602,068)	(3,666,383)	(5,268,451)
	<b>14,277,758</b>	<b>112,142,037</b>	<b>126,419,795</b>
Effects of minority interest	(7,716,267)	(53,081,230)	(60,797,497)
Deferred tax effects	(5,034,259)	(40,185,082)	(45,219,341)
<b>Cumulative change in accounting principle</b>	<b>1,527,232</b>	<b>18,875,725</b>	<b>20,402,957</b>
Commodity derivatives	78,570,101	131,827,201	210,397,302
Embedded derivatives	(22,417,154)	(3,763,128)	(26,180,282)
Financial derivatives	342,452	(18,472,392)	(18,129,940)
	<b>56,495,399</b>	<b>109,591,681</b>	<b>166,087,080</b>
Investment in related companies	-	38,153,357	38,153,357
Derivative instruments U.S. GAAP			
<b>Shareholders' equity adjustment</b>	<b>56,495,399</b>	<b>147,745,038</b>	<b>204,240,437</b>

### Commodity derivatives

Certain of the Company's generation and distribution commodity contracts meet the definition of a derivative under SFAS No. 133 and are required to be accounted for at fair value. These are contracts that (i) have an underlying, which is the market price of power at the delivery location and a notional amount specified in the contract; (ii) have no initial payment on entering into the contract; and (iii) do not have a net settlement provision but has the characteristic of net settlement because power is readily convertible to cash, as it is both fungible and actively traded in the country of generation or country of distribution.

The Company's commodity contracts that are requirements contracts were concluded to not have notional amounts, if they only had maximum amounts or no specified amounts, and did not include an implicit minimum amount in a settlement or a default clause. A requirements contract allows the purchaser to use as many units of power as required to satisfy its actual needs for power during the period of the contract, and the party is not permitted to buy more than its actual needs.

The Company concluded that all of its power is readily convertible to cash as energy is actively traded, or the Company has access, to markets where energy is actively traded. However, only certain participants have access to the energy markets, thus determination as to whether energy could be considered readily convertible to cash was analyzed on a case by case basis. Currently, Chilean distributors do not have access to the Chilean spot market, however this could change in the future if energy regulations are changed. The Company has also concluded that multiple-delivery long-term power contracts meet the net settlement characteristic. Multiple-delivery long-term power contracts are readily convertible to cash because the Company operates in countries with active spot markets, that although they contain varying levels of liquidity, can rapidly absorb the contract's quantities at each delivery date without significantly affecting the price, and thus meet the definition of net settlement.

#### k) Derivative instruments, continued:

Derivative contracts were evaluated for qualification under the normal purchase and sale exception, if it was probable the contracts would result in physical delivery, and if the contract did not contain a price that was tied to an unrelated underlying, such as, the U.S. Price for Finished Products (PPI) index, or if the price of the contract is denominated in a currency other than the functional currency of one of the parties to the contract and the commodity is not internationally denominated in that currency. The Company does not consider the local country or U.S. Consumer or Purchase Price Indexes to be clearly and closely related to the energy purchased or sold because these indices measure the level of price changes of certain items in the economy and are not a direct factor in the production of energy.

The Company's Argentine generation entities have access to the Brazilian energy market through an interconnection system between the two markets. In order to calculate the fair values of the purchase and sale contracts related to the energy to be sold in the Brazilian market, the Argentine market prices were used. The Company believes this is the best measure for fair value, because in the event that the Brazilian market prices are below the cost to produce the energy in Argentina, the Company will sell the energy in Argentina and purchase the energy from the spot market in Brazil. Additionally, the interconnection line was established to sell energy generated in Argentina in the Brazilian market, as the Brazilian energy market heavily relies on hydro-electric generation and has historically had significant problems with meeting its energy needs economically due to lack of rainfall.

Because both the purchases and sales interconnection contracts are for periods up to 20 years in complex markets, where no similar term forward market information is available, the Company has estimated such values based on the best information available, including using modeling and other valuation techniques. The Company has recorded the best estimate of fair value, however with different assumptions such as interest rates, inflation rates, exchange rates, electricity rates, and increases in cost trends, materially different fair values could result. As a result such estimates

are highly volatile and dependent upon the assumptions used. The assumption to measure the fair value of these interconnection related contracts using the Argentine market prices has a significant effect on the Company's net income and shareholder's equity.

If Brazilian market prices had been used instead of Argentine prices estimated fair values of the related energy contracts a significantly different fair value would result. Had the Company used Brazilian price curves in the valuation, the Company estimates on a preliminary basis that net fair value of such contracts would result in a loss of approximately ThCh\$196,512,379 and ThCh\$285,827,609 as of January 1, 2001 and December 31, 2001, respectively.

Similarly, the Argentine energy market does not have long-term quoted foreign energy prices. The Company does not have concessions to sell the Argentine generated energy in the Brazilian market to any parties other than those currently contracted. Therefore the Company views the interconnection as an extension of the Argentine market and as a more appropriate measure of the fair value of energy. The Company has estimated a range of fair values, which result in gains of between ThCh\$106,780,682 and ThCh\$698,822,690 as of January 1, 2001 and gains of between ThCh\$105,399,643 and ThCh\$785,224,431 as of December 31, 2001. Based on the current available information, the Company has recorded the low end of this range as its best estimate of interconnection contract fair values. Such values are included in the reconciliation to U.S. GAAP in paragraph (aa).

**k) Derivative instruments, continued:**

**Embedded Derivative Contracts**

The Company enters into certain contracts that have embedded features that are not clearly and closely related to the host contract. As specified in SFAS No. 133, bifurcation analysis focuses on whether the economic characteristics and risks of the embedded derivative are clearly and closely related to the economic characteristics and risks of the host contract. In certain identified contracts, the host service contract and the embedded feature are not indexed to the same underlying and changes in the price or value of service will not always correspond to changes in the price of the commodity to which the contract is indexed. U.S. GAAP requires embedded features to be measured at fair value as freestanding instruments. Unless the embedded contracts are remeasured at fair value under otherwise applicable GAAP, the embedded feature must be valued at fair value with changes in fair value reported in earnings as they occur.

Embedded foreign currency derivative instruments are not separated from the host contract and considered a derivative instrument if the host contract is not a financial instrument and it requires payments denominated in either: (1) the functional currency of any substantial party to the contract, (2) the local currency of any substantial party to the contract, (3) the currency used because the primary economic environment is highly inflationary, or (4) the currency in which the good or service is routinely denominated in international commerce.

**Financial Derivatives**

Changes in interest rates expose the Company to risk as a result of its portfolio of fixed-rate and variable-rate debt. The Company manages interest rate risk exposure on a global basis by limiting its variable-rate and fixed-rate exposures to certain variable/fixed mixes set by policy. The Company manages interest rate risk through the use of interest rate swaps and collars and cross-currency swaps. The Company does not enter into financial instruments for trading or speculative purposes.

**Net Investment Hedges**

The Company is also exposed to foreign currency risk arising from long-term debt denominated in foreign currencies, the majority of which is the US dollar. This risk is mitigated, as a substantial portion of the Company's revenues are either directly or indirectly linked to the US dollar. Additionally, the Company records the foreign exchange gains and losses on



liabilities related to net investments in foreign countries which are denominated in the same currency as the functional currency of those foreign investments. Such unrealized gains and losses are included in the cumulative translation adjustment account in shareholders' equity, and in this way act as a net investment hedge of the exchange risk affecting the investments (see Note 11 (c) and Note 22 (f) for further detail). The Company also uses short duration forward foreign currency contracts and swaps, and cross-currency swaps, where possible, to manage its risk related to foreign currency fluctuations.

**l) Reclassifications to U.S. GAAP**

Certain reclassifications would be made to the Chilean GAAP income statement in order to present Chilean GAAP amounts in accordance with presentation requirements under U.S. GAAP. Amortization of negative goodwill, amortization of goodwill, and certain other non-operating income and expense, would be included in operating income. Recoverable taxes included in other non-operating revenues would be recorded as part of income taxes under U.S. GAAP. The gain from the repurchase of Yankee bonds by Enersis S.A. and Endesa Chile S.A. included in non-operating income under Chilean GAAP would be presented as an extraordinary gain according to U.S. GAAP. Equity participation in income or losses of related companies included in non-operating income would be presented after income taxes and minority interest in accordance with U.S. GAAP. The following reclassifications included in the column labeled "Reclassifications" disclose amounts using a U.S. GAAP presentation, although the amounts displayed have been determined in accordance with Chilean GAAP:

	Year ended December 31, 2000		
	Chilean GAAP	Reclassification	U.S. GAAP Presentation
	ThCh\$	ThCh\$	ThCh\$
Operating income	536,650,117	250,827,798	787,477,915
Non-operating expense, net	(164,477,127)	(213,578,572)	(378,055,699)
Income taxes	(142,061,655)	4,081,070	(137,980,585)
Minority interest	(178,640,998)	-	(178,640,998)
Equity participation in income of related companies, net	-	74,517	74,517
Amortization of negative goodwill	41,404,813	(41,404,813)	-
<b>Net loss</b>	<b>92,875,150</b>	<b>-</b>	<b>92,875,150</b>
	Year ended December 31, 2001		
	Chilean GAAP	Reclassification	U.S. GAAP Presentation
	ThCh\$	ThCh\$	ThCh\$
Operating income	732,566,764	(81,568,966)	650,997,798
Non-operating expense, net	(483,496,386)	106,734,840	(376,761,546)
Income taxes	(132,706,349)	7,880,395	(124,825,954)
Minority interest	(121,507,397)	-	(121,507,397)
Equity participation in loss of related companies, net	-	(10,387,182)	(10,387,182)
Amortization of negative goodwill	46,069,614	(46,069,614)	-
Net income before extraordinary gain	40,926,246	(23,410,527)	17,515,719
Extraordinary gain	-	23,410,527	23,410,527
<b>Net income</b>	<b>40,926,246</b>	<b>-</b>	<b>40,926,246</b>

Certain reclassifications would be made to the Chilean GAAP balance sheet in order to present Chilean GAAP amounts in accordance with presentation requirements under U.S. GAAP. Deferred taxes from depreciation differences that are recorded as short-term under Chilean GAAP would be recorded as long-term under U.S. GAAP. Debt discounts are included in other assets in Chilean GAAP while the discount would be offset against the debt under U.S. GAAP. The amounts receivable and payable related to financial derivatives have been recorded in the balance sheet at their gross amounts, whereas, these amounts would have been recorded at their net amounts by financial institution under U.S. GAAP, provided the contracts have net settlement provisions. Real estate properties under development and construction-in-progress are included in current assets as inventory in Chilean GAAP and under U.S. GAAP such assets would have been included as property, plant and equipment. Additionally, the regulated asset recorded during 2001 by Coelce and Cerj, Brazilian subsidiaries, has been partially recorded in trade receivables and an additional component was recorded in current assets by Coelce under Chilean GAAP. However, under U.S. GAAP the presentation of these regulated assets should be classified as non-current assets as the recovery of these assets is not expected in the short term. These reclassifications exclude consolidation of development stage companies, the effect of which is immaterial.

The effect of the following reclassifications included in the column labeled "Reclassifications" discloses amounts using a U.S. GAAP presentation although the amounts displayed have been determined in accordance with Chilean GAAP:

	As of December 31, 2000		
	Chilean GAAP ThCh\$	Reclassification ThCh\$	U.S. GAAP Presentation ThCh\$
Current assets	996,648,333	(32,263,097)	964,385,236
Property, plant, and equipment, net	8,684,284,279	31,261,062	8,715,545,341
Other assets	1,732,032,206	(11,912,512)	1,720,119,694
<b>Total assets</b>	<b>11,412,964,818</b>	<b>(12,914,547)</b>	<b>11,400,050,271</b>
Current liabilities	1,583,569,157	(7,885,701)	1,575,683,456
Long-term liabilities	5,072,614,109	(5,028,846)	5,067,585,263
Minority interest	3,622,062,715	-	3,622,062,715
Shareholders' equity	1,134,718,837	-	1,134,718,837
<b>Total liabilities and shareholders' equity</b>	<b>11,412,964,818</b>	<b>(12,914,547)</b>	<b>11,400,050,271</b>
	As of December 31, 2001		
	Chilean GAAP ThCh\$	Reclassification ThCh\$	U.S. GAAP Presentation ThCh\$
Current assets	1,128,589,120	(205,150,674)	923,438,446
Property, plant, and equipment, net	9,344,708,408	26,468,905	9,371,177,313
Other assets	1,914,857,145	(51,171,013)	1,863,686,132
<b>Total assets</b>	<b>12,388,154,673</b>	<b>(229,852,782)</b>	<b>12,158,301,891</b>
Current liabilities	1,591,556,680	(107,385,560)	1,484,171,120
Long-term liabilities	5,662,488,179	(122,467,222)	5,540,020,957
Minority interest	3,954,923,425	-	3,954,923,425
Shareholders' equity	1,179,186,389	-	1,179,186,389
<b>Total liabilities and shareholders' equity</b>	<b>12,388,154,673</b>	<b>(229,852,782)</b>	<b>12,158,301,891</b>

m) **Employee Benefit Plans**

Enersis S.A. and its subsidiaries sponsor various benefit plans for its current and retired employees. A description of such benefits follows:

**Severance indemnities**

The provision for severance indemnities, included in the account "Accrued expenses" short and long-term is calculated in accordance with the policy set forth in Note 2 (n), using the current salary levels of all employees covered under the severance indemnities agreement, an assumed discount rate of 9.5% for the years ended December 31, 1999, 2000 and 2001, and an estimated average service period based on the years of services for the Company.

**Benefits for Retired Personnel**

Other benefits provided to certain retired personnel of Enersis include electrical service rate subsidies, additional medical insurance and additional post-retirement benefits. Descriptions of these benefits for retired personnel are as follows:

i) **Electrical rate service**

This benefit is extended only to certain retired personnel of Enersis. These electric rate subsidies result in the eligible retired employees paying a percentage of their total monthly electricity costs, with Enersis paying the difference.

ii) **Medical benefits**

This benefit provides supplementary health insurance, which covers a portion of health benefits not covered under the institutional health benefits maintained by employees of Enersis. This benefit expires at the time of death of the pensioner.

iii) **Supplementary pension benefits**

Eligible employees are able to receive a monthly amount designed to cover a portion of the difference between their salary at the point of retirement and the theoretical pension that would have been received had the employee reached the legal retirement age of the Institución de Previsión Social (Institute of Social Welfare). This benefit expires upon the death of the pensioner for the Enersis employee, however, continues to cover the surviving-spouse in the case of employees of the subsidiary Endesa-Chile.

iv) **Worker's compensation benefits**

Employees that were entitled to Worker's compensation insurance in prior years for work related accidents receive benefits from the Company as such insurance has expired. This benefit continues at the time of death of the pensioner, to cover the surviving-spouse.

The Company has recognized liabilities related to complementary pension plan benefits and other post-retirement benefits as stipulated in collective bargaining agreements. Under U.S. GAAP, post-retirement employee benefits have been accounted for in accordance with SFAS No. 87 and SFAS No. 106, with inclusion of prior-period amounts in current 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), above. The following data are presented under U.S. GAAP for Company's post-retirement benefit plans.

	Pension Benefits		Other Benefits	
	2000	2001	2000	2001
Changes in benefit (obligations)	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Benefit (obligations) at January 1	(115,175,964)	(123,569,537)	(5,271,536)	(5,466,755)
Price-level restatement	5,170,269	3,715,475	93,472	132,093
Foreign exchange effect	(3,670,179)	(15,284,730)	-	-
Net periodic expense	(10,883,108)	(14,353,009)	(2,141,808)	(11,967,321)
Benefits paid	816,456	1,097,357	1,853,117	879,686
Company contributions	172,988	8,009,986	-	-
<b>Benefit (obligations) at December 31</b>	<b>(123,569,538)</b>	<b>(140,384,458)</b>	<b>(5,466,755)</b>	<b>(16,422,297)</b>
<b>Funded Status of the Plans</b>				
Projected Benefit Obligation	(214,353,707)	(217,712,560)	(8,207,710)	(18,876,334)
Fair value of plan assets	85,409,383	90,803,782	-	-
Funded status	(128,944,324)	(126,908,778)	(8,207,710)	(18,876,334)
Unrecognized loss	(14,117,051)	(29,642,525)	-	-
Unrecognized net transition obligation	19,491,838	16,166,845	2,740,955	2,454,037
<b>Net liability recorded under U.S. GAAP</b>	<b>(123,569,537)</b>	<b>(140,384,458)</b>	<b>(5,466,755)</b>	<b>(16,422,297)</b>

	Pension Benefits 2001 ThCh\$
<b>Change in plan assets</b>	
Fair value of plan assets, beginning	85,409,383
Foreign exchange effect	(2,474,036)
Actual return on plan assets	11,843,898
Employer contributions	7,981,778
Plan participant contributions	1,522,326
Benefits paid	(13,479,567)
<b>Fair value of plan assets, ending</b>	<b>90,803,782</b>

Assumptions as of December 31	Pension Benefits		Other Benefits	
	2000	2001	2000	2001
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Discount rate	15.0%	12.2%	9.5%	11.8%
Salary increase	9.6%	7.0%	-	-
Return on plan assets	10.4%	10.4%	-	-
<b>Components of net periodic</b>				
<b>Benefits expenses</b>				
Service cost	(727,061)	(677,397)	(1,235,032)	(10,805,028)
Interest cost	(15,637,310)	(22,907,916)	(695,934)	(957,790)
Expected return on assets	996,956	15,365,359	-	-
Amortization gain (loss)	5,923,776	(3,726,996)	-	-
Amortization of transition asset	(1,439,469)	(2,406,059)	(210,842)	(204,503)
<b>Net periodic expenses</b>	<b>(10,883,108)</b>	<b>(14,353,009)</b>	<b>(2,141,808)</b>	<b>(11,967,321)</b>

n) **Comprehensive income (loss)**

In accordance with U.S. GAAP, the Company reports a measure of all changes in shareholders' equity that result from transactions and other economic events of the period other than transactions with owners ("comprehensive income"). Comprehensive income is the total of net income and other non-owner equity transactions that result in changes in net shareholders' equity.

The following represents accumulated other comprehensive income balances as of December 31, 1999, 2000 and 2001 (in thousands of constant Chilean pesos as of December 31, 2001).

	Chilean GAAP cumulative translation adjustment	2000 Effect of U.S. GAAP adjustments on cumulative translation adjustment	Accumulated Other Comprehensive Income (Loss)
Beginning balance	8,208,478	4,015,186	12,223,664
Credit (charge) for the period	1,298,054	(4,281,630)	(2,983,576)
<b>Ending balance</b>	<b>9,506,532</b>	<b>(266,444)</b>	<b>9,240,088</b>
	Chilean GAAP cumulative translation adjustment	2001 Effect of U.S. GAAP adjustments on cumulative translation adjustment	Accumulated Other Comprehensive Income (Loss)
Beginning balance	9,506,532	(266,444)	9,240,088
Credit (charge) for the period	18,892,550	(3,392,426)	15,500,124
<b>Ending balance</b>	<b>28,399,082</b>	<b>(3,658,870)</b>	<b>24,740,212</b>

o) **Recent accounting pronouncements**

On July 20, 2001, the Financial Accounting Standards Board issued Statements No. 141, "Business Combinations" ("SFAS No. 141") and No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Poolings initiated prior June 30, 2001 are grandfathered. SFAS No. 142 replaces the requirements to amortize intangible assets with indefinite lives and goodwill with a requirement for an impairment test. SFAS No. 142 also requires an evaluation of intangible assets and their useful lives and a transitional impairment test for goodwill and certain intangible assets. After transition, the impairment tests are to be performed annually. The Company is required to adopt SFAS No. 142 on January 1, 2002. Under SFAS No. 142, the Company will cease to amortize existing goodwill related to previous acquisitions beginning on January 1, 2002. The effect of not amortizing intangible assets with indefinite lives and goodwill will increase annual net income determined under U.S. GAAP by approximately ThCh\$79,056,391, notwithstanding any future transactions. The Company is still assessing the extent of impairment, if any, of intangible assets with indefinite lives and goodwill, that may need to be recorded as a result of the adoption of these new accounting standards.

In June 2001 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"). This standard requires that obligations associated with the retirement of tangible long-lived assets be recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured at fair value. Upon initially recognizing a liability for an asset retirement obligation, an entity must capitalize the cost by recognizing an increase in the carrying amount of the related long-lived asset. Over

time, this liability is accreted to its present value, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company will adopt SFAS No. 143 effective January 1, 2003. The Company does not expect that the adoption of this statement will have a material impact on their results of operations, financial position or cash flows.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that opinion). SFAS 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, and broadens the presentation of discontinued operations to include more disposal transactions than were included under the previous standards. For the Company and other calendar-year companies, SFAS No. 144 is effective beginning January 1, 2002. The Company does not expect the adoption of SFAS 144 to have a material impact on its results of operations, financial position or cash flows.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". This statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of SFAS 145 related to the rescission of SFAS No. 4 shall be applied in fiscal years beginning after May 15, 2002, although early application is encouraged. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB Opinion 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" for classification as an extraordinary item shall be reclassified. Debt extinguishments used as part of an entity's risk management strategy represent one example of debt extinguishments that do not meet the criteria for classification as extraordinary items in APB Opinion No. 30. The Company will apply SFAS 145 beginning January 1, 2002. The Company's application of SFAS 145 will require the reclassification of the extraordinary gain on early retirement of Yankee bonds of ThCh\$23,410,527 (as presented in Note 33 I(I)) to other non-operating income, so upon application there will be no presentational difference between Chile and U.S. GAAP for the early extinguishment of debt.

**(p) Economic situation in Argentina**

Due to the changes in the economic situation in Argentina, the Argentine Government decided to amend the Convertibility Law which had been in force since March 1991, and adopted certain measures the main effects of which are the following: the devaluation of the Argentine peso with respect to the US dollar, the pesification of certain assets and liabilities in foreign currency held in the country, the pesification of all private contracts entered into as of January 6, 2002, the introduction of restrictions on the withdrawal of funds deposited at financial institutions, the need to obtain prior authorization by the Argentine Central Bank (BCRA) to make transfers abroad in respect of financial loan servicing payments and dividends.

On a consolidated basis, these investments reflect total assets of 14 percent, total revenues of 27 percent, and total operating income of 21 percent, of the related consolidated totals as of December 31, 2001. As described in Notes 23 and 31 to these financial statements, the Company has valued investments in Argentina in accordance with Technical Bulletin No. 64 issued by the Chilean Association of Accountants. The Argentine Government is still analyzing the possible implementation of additional policies or modifications to those already approved. It is not possible to predict the future evolution of the situation in the country, nor, accordingly, the impact that this uncertainty may have on the consolidated financial statements of the Company due to the investments held in companies present in Argentina. The consolidated financial statements have been prepared assuming that the Company's Argentine subsidiaries and equity method investments will continue as a going concern and do not include any further adjustments that might result from the outcome of these uncertainties.

## Note 34

### Subsequent events:

#### a. Situation in Argentina

On January 6, 2002, the Congress of the Republic of Argentina approved Law No. 25,561 entitled Public Emergency and Reform of the Exchange Regime. The law established: the end of convertibility at parity of the Argentine peso 1 to 1 with the US dollar, fees for public services are converted into Argentine pesos at a rate of exchange of 1 to 1, the indexation clauses based on price indices of other countries are no longer in effect, and the Argentine Government's Executive is authorized to renegotiate concession contracts with public service companies.

By function of the powers conferred to the Executive by this law, an official exchange rate was established at \$1.40 Argentine pesos per US dollar for settled foreign commerce transactions and another rate that is "free" from restriction for all other transactions. The "free" floating exchange rate of the US dollar on the day the exchange market opened was \$1.70 per US dollar. (See Note 2(d)(3)).

Subsequently, the Executive Branch agreed to convert all assets and liabilities using a conversion rate into Argentine pesos of rate of exchange of 1 to 1, except for deposits maintained in the financial system.

On February 12, 2002, the Executive issued Decree No. 293, which granted authority to the Minister of Economics to renegotiate concession contracts with public service companies. Within the public services included in the renegotiation of the contracts, the Decree specifically mentions the distribution and commercialization of electric energy.

Based on these factors described above and before negotiations have started with the Argentine government, the Company estimates that net cash flows (operating cash flows less financing flows) for 2002 will decrease by approximately US\$ 112,000,000, from the total of its Latin American operations which represents an 18.7% of total cash flows during 2001.

The Company plans to compensate for this reduction in net cash flows, during the renegotiation of concession contracts with the Argentine Government. The economic criteria of these negotiations have been defined in the decree, and it is the Company's belief that it will be possible to recouperate the diminished net cash flows in a reasonable period of time.

Despite the difficult economic position present in Argentina as described above during the months of January and February 2002, the Company's subsidiaries and affiliates in Argentina have continued to operate regularly in the electric sector and continued to service all client contractual demands.



At the date of issuance of these financial statements and considering the instable political and economic situation in Argentina, there is uncertainty regarding the correct application of transactions at the official or “free” floating exchange rate. Thus, it is not possible to determine the current extent of the effects of the situation in Argentina with certainty, or the future changes that could result.

**b. Merger of Subsidiaries**

The partners of Compañía Americana de Multiservicios Ltda. and Compañía Americana de Multiservicios Uno Ltda would like to merge both entities, so that the first absorbs the second. At the date of issuance of these financial statements the public deed was in the process of being signed. The first transitional article of the deed was signed and ratified, so that the merger was effective as of January 1, 2002.

**c. Dissolution of Subsidiaries**

According to the minutes of the Extraordinary General Shareholders' Meeting held on January 28, 2002, the following companies have been dissolved: Empresa Eléctrica de Panamá S.A., Interocean Development Inc., Sociedad Panameña de Electricidad S.A. and Estelmar Holding S.A. The assets and liabilities of these companies have been proportionally distributed according to the shareholder participation of each one of the partners.

**d. Regulated Assets**

The Company has no knowledge of other important events occurring after the close of these financial statements that could affect them significantly, other than what is described in Note 5.

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**Environment:**

**Edesur S.A.**

As of December 31, 2001, the Company incurred environmental expenses of US\$ 1,466,000. As of the same period, the investment related to these expenses was US\$770,000.

**Endesa S.A.**

During the period from January 1 to December 31, 2001, the Company and its subsidiaries have made disbursements for a value of Th\$5,886,203, which mainly correspond to:

Operating expenses: corresponding to studies, follow-up procedures and laboratory analysis.

Investments related to the following projects:

- Central Ralco's environmental program.
- Central San Isidro environmental management system (EMS) installation and its ISO 14,001 certification.
- Environmental regulation and commitment project in intranet platform.
- DLN installation for the No. 1 unit of the Tal Tal Power Plant (Region II).
- DLN installation for the TG-9171E of the Cabrero Power Plant (Region VIII).

**Central Costanera S.A.**

During the period from January 1 to December 31, 2001, the Company made disbursements amounting to US\$239,699.

Edegel S.A.

Based on the environment protection regulations for electrical activities the Company ordered the preparation of an environmental adaptation and management program to be presented before the MEM. The program presented was approved and established for a 5-year term (expiring in November 2000) to make the necessary investments and expenses in order to adapt the operations to the regulations and maximum limits permitted. To date, the Company has complied with the measures established in the program to adapt its operations to the environmental regulations.

Additionally, the Company is subject to an annual environment audit entrusted to independent entities duly authorized for this purpose and that are contracted directly by the supervising organization of the energy investment.

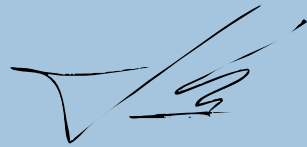
As of December 31, 2001, the expense directly related to protection of the environment amounted to ThCh\$ 415,265.



JUAN CARLO WIECZOREK C.  
General Account



ENRIQUE GARCIA ALVAREZ  
Chief Executive Officer



JUAN I. DOMINGUEZ ARTEAGA  
Adjunct Chief Executive Officer

# Energis S.A. and Subsidiaries Relevant Facts

## Individual Energis

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### Definitive Dividend

As of April 2, 2001, the Ordinary Stockholders' Meeting of Energis S.A. agrees the distribution of the definitive minimum obligatory dividend, charged to the profit of the period that ended on December 31, 2000, reaching \$1.806 per share, which totals M\$14,976,820.

### OPAs

On April 2, 2001, the Ordinary Stockholders' Meeting of Energis S.A. agrees to have recourse to the provision contained in the 10th transitory article of Law No. 19,705, of December 20, 2000, that "Regulates the Tender Offer for Shares (POPS, OPA in Spanish), and Establishes Corporate Government Regime", so that the current Company controller may exercise the option to freely alienate the shares issued by Energis S.A., even though the price is substantially higher than the market price, provided that such alienation is performed in the next three years, counted from day 1 of the month following the month in which such law was published. Likewise, the already mentioned Stockholders' Meeting agrees to carry all necessary agreements to duly comply with and carry out the aforementioned resolution.

### Purchasing Powers

On June 28, 2001, the Board of Directors of Energis S.A., agreed, by unanimous vote of its present members, to open two Purchasing Powers in Chile to purchase the totality of the stock issued by Chilectra S.A. and the totality of the stock issued by Compañía Eléctrica del Río Maipo S.A. that are offered on sale by Energis S.A. The holders of ADSs issued by Chilectra S.A. shall be able to sell in the Purchasing Power over Chilectra S.A. by exchanging its ADSs into shares issued by Chilectra S.A.

The Chilectra S.A. shares will be purchased at a price of Ch\$2,200, legal currency, per share, and the Río Maipo shares will be purchased at a price of Ch\$250, legal currency, per share. Such prices will be paid in cash and they are identical to the prices offered in the Purchasing Powers opened by Energis S.A. on such companies, as of November 21, 2000.

The Purchasing Powers will be opened as of July 3, 2001, date in which the present relevant fact and other pertinent information will be published in the Diario El Mercurio de Santiago newspaper. Each Purchasing Power will expire at 14:00 of the fifteenth day, counted since the publication of an ad in Diario El Mercurio de Santiago announcing that the number of shareholders of Chilectra S.A., or Río Maipo S.A., as it corresponds, has become lower than 500. Anyway, both Purchasing Powers will expire not later than December 26, 2001, at 14:00.

Finally, the Board of Directors of the Company made the decision to declare that it is the intention of Energis S.A. to propose, in the corresponding corporate instances and subject to applicable legal provisions at the moment, that the shares of Chilectra S.A. and Río Maipo S.A. cease to be registered in the national and foreign stock exchanges as it corresponds, as soon as the conditions for such are given.

After considering the nature of the operations, whose performance depends on the volume of the purchases and sales become perfected, and the time in which such purchase and sales take place during the in force period of the Purchasing Powers, it is not possible to a priori determine the effects that they may produce in the result. It is possible to state, though, that the total

investment that the maximum share purchasing might imply, corresponding to the Purchasing Powers previously mentioned, would amount to the equivalent in Chilean pesos to approximately US\$28,7 million.

#### **Enersis Internacional tender offer to purchase bonds**

As of November 6, 2001, the Enersis Internacional partnership, a company 100% owned by Enersis S.A., with domicile in the Cayman Islands, announced in the United States of America Tender offer to purchase in cash the issuing of bonds in dollars performed by Enersis S.A. (Cayman Islands Agency) on Nov. 1, 1996, whose expiration date is on Dec. 1, 2016 (the "Offer").

Such issuing of bonds was originally for a total amount of US\$350,000,000 (three hundred fifty million American dollars, herein after "US\$") for twenty years, that is, to expire on 2016, at a cover annual rate of 7.4% (hereinafter "the Bonds"), and was registered in the Securities and Exchange Commission ("SEC") of the United States of America.

The Enersis Internacional Offer is over the total amount of the Bonds that are circulating in the market and that reach the total of the originally issued, that is, US\$350,000,000. The terms and conditions of the Enersis Internacional offer are recorded in the Offer to Purchase document dated November 6, 2001. The Offer dealer agent is Chase Manhattan International Limited ("JPMorgan").

The exact price to be paid by Enersis Internacional for each US\$1,000 of Bond capital will be determined by a formula which is explained in the Offer to Purchase and that will basically be the estimation of a margin or Spread over the yield to maturity of the United States Treasury Bond with a coupon rate of 5.0%, expiring on August 15, 2011. Enersis Internacional has offered, as well, to pay all the Bond holders that accept the Offer an amount equivalent to the interest accrued and not paid since the payment time of the last Bond coupon.

The Offer period has started with this date and will expire at 17:00, New York time, of November 16, 2001, unless Enersis Internacional decides to extend it or cancel it in advance (the "Termination Date"). The payment of Bonds to those holders that shall have accepted the offer will happen at the third labored day of transactions in the New York Stock Exchange since the acceptance from a holder. Once a holder has accepted the Offer, this operation is irrevocable. The remaining conditions of the Offer shall be contained in the Offer to Purchase.

The result of the Offer will be communicated to the market after the Termination Date (including any extension of it).

On the other hand, it is worth mentioning that the immediate financing needed to carry on the described operation is duly negotiated in the in the international credit markets.

#### **Extension of the public offer period**

As of November 19, 2001, Enersis Internacional informed the extension of the Offer termination date to the market. The Offer shall now expire at 17:00, New York time, of Wednesday, November 21, 2001, but all the remaining terms and conditions of the Offer shall remain unaltered.

Finally, and according to the provisions of communication No. 988 of the Superintendence of Securities and Insurance, the final effects of the operation described in the results of Enersis S.A. cannot be reasonably quantified at this time. These effects may only be determined once the definitive result of the Offer is known.

#### **Latibex**

As of December 17, 2001, the entering of Enersis S.A. stock to the so-called Mercado de Valores Latinoamericano de la Bolsa de Valores de Madrid (Latin American Securities Market of the Madrid Stock Exchange, Latibex) has been formalized, and the first transactions of the titles in the European market have already been done.

## **Chilectra S.A. and Subsidiaries**

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### **ADRs**

The Board of Directors of Chilectra S.A., in an ordinary meeting held on July 31, 2001, has agreed to put an end to the ADRs Program, so that the contract of deposit between Chilectra S.A. and JP Morgan (Morgan Guaranty Trust) expires on February 1, 2002. The effects in the results of the Company are not quantifiable.

## **Compañía Eléctrica Del Rio Maipo S.A.**

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For the term ranging from January 1 and December 31, 2001, the following relevant facts happened:

### **Equity reduction by power of the law**

At the end of the period provided for the issuing, subscription and payment of the shares that represent the equity increase of Compañía Eléctrica del Rio Maipo S.A., it has been reduced by the articles 11 and 24 of Law No. 18,046, from December 9, 2001, to the amount of Ch\$14,561,360,076, divided in 360,613,552 shares with no nominal value.

### **Risk classification**

As of May 16, 2001, the company informs the Superintendence of Securities and Insurance that, according to article 90 of Law No. 18,045 about Securities Market, Compañía Eléctrica del Rio Maipo S.A. will suspend the process of risk classification of its titles, which is being done by its own will through Fitch Chile Clasificadora de Riesgo Ltda. and Feller & Rate Clasificadora.

## **Endesa S.A. and Subsidiaries**

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During the period January-December 2001, and according to the General Rule No. 30, the partnership proceeded to inform the Superintendence of Securities and Insurance about the following essential or relevant facts.

## **Endesa**

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### **Sale of Participation**

As of April 17, 2001, it is informed as an essential fact that, in an extraordinary meeting of the Board of the Company held in this date, it was agreed to alienate to Sociedad Obrascon Huarte Lain S.A. the stock participation of Empresa Nacional de Electricidad S.A. (ENDESA) in Sociedad Infraestructura Dos Mil S.A., which corresponds to 60% of its capital stock, and in Sociedad Concesionaria Autopista del Sol S.A., a partnership in which ENDESA owns 0,10% of the total equity, while the remaining percentage is owned by Sociedad Infraestructura Dos Mil S.A.

The price of the hereinbefore mentioned alienation is 2,253,000 U.F. (two million, two hundred fifty three thousand Unidades de Fomento), exchangeable into American dollars at the time of the execution of the contract of promise of purchase of the referred stock participation.

The alienation process of the partnership Infraestructura Dos Mil S.A. shares to the partnership Obrascon Huarte Lain S.A., whose contract should have been executed before December 31, 2001, has extended the subscription to March 31, 2002.

### **Emgesa S.A. Trial**

As of September 7, 2001, it is informed as an essential fact that EMGESA E.S.P., Colombian subsidiary of Empresa Nacional de Electricidad S.A., in which it owns 22.41% of its stock capital, was notified of a environmental claim, also presented against the Corporación Autónoma Regional de Cundinamarca (Colombia) and the Empresa de Energía de Bogotá S.A. E.S.P., a company owned by the Bogotá Municipality that owns 51,5% of Emgesa S.A. E.S.P. The plaintiffs are the residents of the

Sibaté-Cundinamarca Municipality, who are suing in representation of the total residents of such Municipality through a group action.

The claim was presented to the Administrative Court of Cundinamarca, and aims, according to its text, to obtain the declaration of liability of the defendants, and the complete repair of all material and moral damages that the plaintiffs may have suffered regarding the negative affectation and consecutive environmental damage that the defendants might have caused and shall cause to the Sibaté-Cundinamarca Municipality, as they would have permitted, bombed and shall continue bombing the contaminated waters of the Bogotá river in the Embalse del Muña reservoir, in order to use it in the generation of electric energy.

The totality of the demanded rendering reach approximately US\$1,500,000,000, according to the plaintiffs themselves, for supposed material and moral damages.

The supposed actions performed by the defendants, in what concerns to Emgesa S.A., E.S.P., in its condition of current owner and operator of the electric energy chains Guaca-Paraiso y Canoas, Salto I, Salto II y Laguneta, and Empresa de Energía de Bogotá S.A. E.S.P., in its condition of former owner and operator of the Embalse del Muña reservoir, would consist and would have consisted, respectively, in the plaintiffs' opinion, to gather the contaminated waters of Bogotá river in the Embalse del Muña in order to make use of them in the generation of electric energy. The Corporación Autónoma Regional de Cundinamarca, a corporate public entity in charge of managing the environment and natural resources within the jurisdiction of Cundinamarca, is sued for its supposed and permanent omission by allowing the pumping of the contaminated waters of the Bogotá river to the Embalse del Muña, in the plaintiffs' opinion as well.

Currently, the local lawyers of Emgesa S.A. E.S.P. in Colombia are analyzing the claim and corresponding defense strategy. Notwithstanding, we might immediately say that the economic activity performed by our subsidiary Emgesa S.A. E.S.P. is framed within the most strict attachment to the body of laws in force, that has been awarded all permissions and authorizations from the competent entities, including those with environmental competence, and that the eventual ecological damage is not imputable, absolutely, to such company's behavior, as the water that is utilized in the generation of electric energy is not contaminated by such company and it cannot be considered as a polluting agent.

Additionally, it must be said that the claim aims to obtain the payment of compensations for supposed damages originated since many decades in the area, although Emgesa S.A. E.S.P. only generates energy in this reservoir since the end of 1997, date of its constitution.

Therefore, Emgesa S.A. E.S.P. and my represented are absolutely convinced that the Colombian Justice will finally reject this bold claim.

It is the excessive and unusual amount of the informed complaint and not its content or degree of juridical viability what has moved the Board of Directors of Empresa Nacional de Electricidad S.A. to communicate it as a relevant fact to such Superintendence.

#### **Re-purchase of Bonds**

As of November 6, 2001, it is informed as an essential fact that the Sociedad Endesa Chile Internacional partnership, 100% subsidiary of Endesa, domiciled in Cayman Islands, has announced in the United States of America a public offer or Tender offer to purchase in cash the issuing of bonds in dollars performed by Endesa (Cayman Islands Agency) on Feb. 1, 1997, whose expiration date is on 2027, as well as for the purchase in cash of the issuing of bonds in dollars performed by Endesa on Feb. 1, 1997, whose expiration date is on 2097 (the "Offer").

The first of these two bond issues was originally for a total amount of US\$230,000,000 (two hundred thirty million American dollars, hereinafter "US\$") to thirty years, that is, expiring on 2027, at a cover annual rate of 7.875%. The second of these two bond issues was originally for a total amount of US\$200,000,000 (two hundred million of US\$) to one hundred years, that is, expiring on 2097, at a cover annual rate of 8.125%. Both issues (hereinafter "the Bonds"), were registered in the Securities and Exchange Commission ("SEC") of the United States of America.

The Endesa Chile Internacional Offer is over the total amount of the Bonds that are circulating in the market and that reach the total amount of the originally issued, that is, US\$430,000,000. The terms and conditions of the Endesa Internacional offer are recorded in the Offer to Purchase document dated November 6, 2001. The Offer dealer agent is Chase Manhattan International Limited ("JPMorgan").

The exact price to be paid by Endesa Chile Internacional for each US\$1,000 of Bond capital will be determined by a formula which is explained in the Offer to Purchase and that will basically consist in calculating a margin or Spread over the yield to maturity of the United States Treasury Bond with a coupon rate of 5.375%, expiring on February 15, 2031. Endesa Chile Internacional has offered, as well, to pay all Bondholders that accept the Offer an amount equivalent to the interest accrued and not paid by the Bonds, excluding the payment date for this calculation.

The Offer period has started with this date and will expire at 17:00, New York time, of November 16, 2001, unless Endesa Chile Internacional decides to extend it or cancel it in advance (the "Termination Date"). The payment of Bonds to those holders that shall have accepted the offer will happen at the third labored day of transactions in the New York Stock Exchange since the acceptance from a holder. Once a holder has accepted the Offer, this operation is irrevocable. The remaining conditions of the Offer shall be contained in the Offer to Purchase.

The result of the Offer will be communicated to the market after the Termination Date (including any extension of it).

On the other hand, it is worth mentioning that the immediate financing needed to carry on the described operation is duly negotiated in the in the international credit markets.

Finally, and according to the provisions of the communication No. 988 of the Superintendence of Securities and Insurance, the final effects of the operation described in the results of Endesa cannot be reasonably quantified at this time. These effects may only be determined once the definitive result of the Offer is known.

#### **Extension of Bond re-purchase period**

As of November 19, 2001, it is informed as an essential fact as follows:

As was informed to the Superintendence of Securities and Insurance on November 6, 2001, the partnership Endesa Chile Internacional, 100% subsidiary of Endesa, announced in the United States of America a public offer or Tender offer to purchase in cash the issuing of bonds in dollars performed by Endesa's Agency abroad on February 1, 1997, whose expiration date is on 2027, as well as for the purchase in cash the issuing of bonds in dollars performed by Endesa on February 1, 1997, whose expiration date is on 2097 (the "Offer").

As of today, Endesa Chile Internacional informed the extension of the Offer termination date to the market. The Offer shall now expire at 17:00, New York time, of Wednesday, November 21, 2001, but all the remaining terms and conditions of the Offer shall remain unaltered.



Finally, and according to the provisions of the communication No. 988 of the Superintendence of Securities and Insurance, the final effects of the operation described in the results of Endesa cannot be reasonably quantified at this time. These effects may only be determined once the definitive result of the Offer is known.

#### **End of Bond re-purchase period**

As of November 22, 2001, it is informed as a relevant fact as follows:

As was informed to the Superintendence of Securities and Insurance on November 19, 2001, the partnership Endesa Chile Internacional, 100% subsidiary of Empresa Nacional de Electricidad S.A. ("Endesa") extended the termination date of the public offer (the "Offer") for the total or partial purchase in cash of the following issues of bonds in dollars: (i) Endesa Bonds expiring on 2027, and (ii) Endesa Bonds expiring on 2097.

The Offer expired on Wednesday, November 21, 2001. The nominal value of bonds purchased with expiration in 2027 was US\$23,719,000 and the nominal value of the bonds purchased with expiration in 2097 was US\$160,264,000. These consolidated operations show a non-operational profit (tax-free) for Endesa of approximately US\$27 million, amount that will be accounted for in this trimester.

#### **Datibex**

As of December 17, 2001, it is informed as an essential fact that the entering of Empresa Nacional de Electricidad S.A. stock to the so-called Mercado de Valores Latinoamericano de la Bolsa de Valores de Madrid (Latin American Securities Market of the Madrid Stock Exchange, Latibex) has been formalized, and the first transactions of the titles in the European market have already been done.

#### **Autopista Los Libertadores S.A.**

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As of October 26, 2001, it is informed as an essential fact that as of October 24, 2001, Sociedad Concesionaria Autopista Los Libertadores S.A has proceeded to formalize a bond issuing agreement for an amount of UF 4,000,000, aiming to obtain long-term refinancing.

#### **Autopista del Sol S.A.**

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As of October 17, 2001, it is informed as an essential fact that Sociedad Concesionaria Autopista del Sol S.A. has proceeded to formalize a bond issuing agreement for an amount of UF 5,065,000, in order to obtain long-term refinancing.

# Consolidated Management Analysis

Financial statements for the year ended December 31, 2000 and 2001

## **Economic-financial summary**

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As at December 31, 2001, the Company achieved a Net Profit of \$ 40,926 million compared to the profit of \$ 92,875 million as at December 2000.

With respect to the decrease in profit in the period December to December, it is important to consider that the significant profit achieved in 2000 was due mainly to an extraordinary income of some \$ 150,500 million produced by the sale of the Company's investments in Aguas Cordillera, Aguas Puerto and Transelec. Such divestments were not repeated during the year 2001.

An essential element in the positive result in 2001 was the significant growth in operating income that grew by 36% or \$ 195,917 million. The subsidiaries that contributed most to this improvement in operating income were Endesa, Cerj and Edesur.

This improved operating income comprises mainly \$ 111,194 million from the distribution business (57%) and \$ 76,360 million from the generating business (39%).

This positive achievement is particularly remarkable considering it was attained in the midst of a fairly depressed regional economic scenario throughout the year 2001 that was made significantly worse by the events that took place in Argentina from November 2001 on.

Furthermore, another positive aspect achieved during 2001 was the greater balance reached between the generation and the distribution businesses in most of the countries where we operate. This has contributed to a greater stability in aggregate cash flows.

Finally, in the area of financial operations, we must highlight the repurchase of Yankee Bonds carried out by Enersis and its subsidiary, Endesa Chile that produced a final profit of \$ 23.411 million after taxes.

With regard to the evolution of the Minority Interests, this decreased by \$ 57,133 million, essentially as a result of the lower profits from affiliated companies and, to a lesser degree, of the increase in the shareholding in Chilectra and Rio Maipo, investments made by the Company during the past two years.

## **Performance of distribution business**

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In this segment, we highlight the increase in physical sales achieved by Chilectra and Rio Maipo (Santiago), Edesur (Buenos Aires) and Edelnor (Lima) which, unfortunately, were not able to compensate the decrease in sales registered by Codensa (Bogotá), Cerj (Rio de Janeiro) and Coelce (Ceará). In the case of the last two, the fall was due to the rationing of power due to the drought in Brazil during 2001, and implied, for the whole group, a 1.2% reduction in aggregated physical sales or 593 GWh.

In this same line of business, there was also a sustained improvement in the productivity ratio during 2001 in all subsidiaries in the five countries where they operate. The average productivity rose from 1,223 clients per employee to 1,379 clients per employee,

an improvement of 13%. This was the result of the addition of 317,000 new clients as well as a reduced staff complement related to a more efficient distribution of human resources within the Group that led to a significant reduction in cost of salaries that will continue to be reflected in future periods.

### Performance of generating business

The Operating Income of this business segment rose by 30%, due principally to the improved results in Chile, Peru and Colombia while they declined in Brazil and Argentina.

In Chile, the improvement in operating income was the result of an increase of 34.9% in average tariffs and an increase of 13.2% in the generation of hydroelectricity. In Peru, the increase was due mainly to a 17.6% rise in physical sales, reflecting the greater generating capacity, and to the increase, in October 2000, of 191 MW of new additional capacity. In Colombia, operating income rose as a result of a 9.2% increase in physical sales and a 16.4% rise in average tariffs. In Brazil, the fall in operating income is due to a lower level of generation of hydroelectricity which implied a greater need to purchase power. Finally, in Argentina the fall is explained by the drop in physical sales at Central Costanera and to lower spot prices that could not be entirely compensated by the increase in generation of hydroelectricity at El Chocón as a result of a greater availability of water.

Details of the variations described above can be found in the following pages, in the Analysis of the Financial Statements, which includes comments on the principal accounts in the Income Statement, Financial Statements and Principal Cash Flows, compared with the information corresponding to December 31, 2000.

As of December 17, 2001, the shares of both Enersis and Endesa Chile, are being traded in the Latin American Stock Market, Latibex, listed under the Madrid Stock Market within the framework of globalization of the principal companies in the region.

### Markets in which the company operates

Enersis' commercial activities are handled through subsidiaries that operate the various businesses in the countries where the company has a presence. For Enersis, the most important activities are the Distribution and Generation of electricity.

The following tables illustrate the evolution of the key ratios in the different countries

#### Distribution Business

Company	Energy sales (GWh) (*)		Energy losses (%)		Clients (th)		Clients per employee (th)	
	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01
Chilectra	9,089	9,585	5.2%	5.4%	1,262	1,289	1,455	1,785
Rio Maipo	1,186	1,245	5.4%	6.4%	287	294	3,121	3,764
Edesur	12,597	12,909	10.3%	9.9%	2,108	2,097	886	925
Edelnor	3,583	3,685	9.9%	8.9%	852	867	1,379	1,557
Cerj	7,656	6,739	19.7%	22.7%	1,581	1,691	1,128	1,249
Coelce	5,894	5,352	13.3%	13.0%	1,796	1,917	1,128	1,309
Codensa	8,776	8,673	10.5%	11.8%	1,802	1,850	1,860	2,276
<b>Total</b>	<b>48,781</b>	<b>48,188</b>	<b>11.5%</b>	<b>11.9%</b>	<b>9,688</b>	<b>10,005</b>	<b>1,223</b>	<b>1,379</b>
(*) It includes sales to final clients, tools, and intercompany sales								

## Generating Business

Country	Market of operations	Energy sales (GWh)		Market share	
		Dec-00	Dec-01	Dec-00	Dec-01
Chile	SIC y SING	20,086	18,673	55.4%	49.0%
Argentina	SIN	15,549	12,988	21.6%	13.5%
Perú	SICN	3,604	4,239	20.9%	23.0%
Colombia	SIN	13,356	14,591	19.7%	23.3%
Brasil	SICN	3,887	3,743	1.1%	1.2%
<b>Total</b>		<b>56,482</b>	<b>54,234</b>		

## I.- ANALYSIS OF THE FINANCIAL STATEMENTS

### 1. -Analysis of the Income Statements

The profit obtained as at December 31, 2001 amounted to \$ 40,926 million that is 56% or \$ 51,949 million lower than the profit of \$ 92,875 million at the same date in the previous year.

It is important to point out that despite the lower profit, operating income during the period rose by 36% and the fall in profit is mainly the result of profits obtained on the sale of assets in 2000, specifically of the investments in Aguas Cordillera S.A., Aguas Puerto S.A. and Transelec S.A., which produced extraordinary revenues of approximately \$ 150,500 million.

The following table illustrates the comparisons and variations of each item in the Income Statement:

Income Statement (million Ch\$)	Dec-00	Dec-01	Dec 01-00	%Var 01-00
Operating Revenues	2,676,745	2,970,272	293,527	11.0%
Operating Costs	(1,839,840)	(1,966,322)	(126,482)	(6.9%)
<b>Operating Margin</b>	<b>836,905</b>	<b>1,003,950</b>	<b>167,045</b>	<b>20.0%</b>
Selling and Administrative Expenses	(300,255)	(271,383)	28,872	9.6%
<b>Operating Income</b>	<b>536,650</b>	<b>732,567</b>	<b>195,917</b>	<b>36.5%</b>
Profit(Loss) in Related Companies	74	(10,387)	(10,461)	(14136.5%)
Inet Other Non Operating Income	334,574	13,875	(320,699)	(95.9%)
Net Financial Margin	(413,477)	(381,144)	32,333	7.8%
Positive Goodwill Amortization	(69,625)	(77,988)	(8,363)	(12.0%)
Monetary Corrección	(14,808)	2,112	16,920	114.3%
Exchange Difference	(1,215)	(29,964)	(28,749)	2366.2%
<b>Non Operating Income</b>	<b>(164,477)</b>	<b>(483,496)</b>	<b>(319,019)</b>	<b>(194.0%)</b>
Income tax	(142,062)	(132,706)	9,356	6.6%
Iminority interest	(178,641)	(121,508)	57,133	32.0%
Negative Goodwill Amortization	41,405	46,069	4,664	11.3%
<b>Net Income</b>	<b>92,875</b>	<b>40,926</b>	<b>(51,949)</b>	<b>(55.9%)</b>
<b>R.A.I.I.D.A.I.E. (*)</b>	<b>1,014,739</b>	<b>1,171,563</b>	<b>156,824</b>	<b>15.5%</b>
<b>Earnings per share \$</b>	<b>11.20</b>	<b>4.94</b>	<b>(6.27)</b>	<b>(55.9%)</b>

(\*) Earnings before taxes, interests, depreciation, amortization and extraordinary items.

#### a.- Operating Income

Operating Income as at December 31, 2001 amounted to \$ 732,567 million, an increase of 36% or \$ 195,917 million with respect to the same period of 2000. The increase in operating income came mainly from the subsidiaries Endesa, Cerj and Edesur.

**In the Generating Business**, the consolidated operating income of Endesa Chile rose by 30.4% during the period, amounting to \$ 337,840 million. This growth in operating income can be explained basically by the improved performance of the operations in Chile, Peru and Colombia though partly affected by the reduction in the operating income from Argentina and Brazil.

In Chile, operating income increased by 102% or \$ 132,627 million due principally to the rise by 34.9% in average sales prices and to the increase by 13.2% in the generation of hydroelectricity as a result to the improvement in the supply of water in the country. This implied a reduction of \$ 18,569 million in the cost of purchasing power and fuel.

In Peru, the increase by 21.2% in operating income is mainly due to the rise in physical sales of power, reflecting the greater generating capacity the Company had during this year as a result of adequate levels of water in the reservoirs and of the increase of 191 MW in the level of capacity to produce hydroelectricity. The last of these units went into operation in October 2000.

In Colombia, operating income rose by 14% to \$ 72,211 million as a result of the increase in average sales prices due to the restrictions on the transmission of electricity in Colombia at the beginning of 2001 and to the growth by 9.2% in sales of physical power.

In Brazil, the operating income of Endesa Chile Cachoeira Dourada decreased by 10.6% to \$ 27,106 million as a result of a fall in hydroelectric generation during the year which led to a greater need to purchase power.

The generating subsidiaries in Argentina suffered a fall of 11.1% in operating income that amounted to \$ 41,787 million. This reduction is mainly the result of lower physical sales at Central Costanera due to the end of the contracts with the distribution companies in Buenos Aires and to lower spot prices during the year 2001. This was partly compensated by the increase of 173.4% registered by El Chocón and explained by a greater generation of hydroelectricity during the period as a result of larger flows and the higher water levels in the reservoirs in the region.

**The Distribution Business** has shown a significant increase in operating income from practically all its subsidiaries, especially Cerj and Edesur whose operating income rose by \$ 56,876 million and \$ 26,236 million, respectively. Cerj's increase was principally due to a greater volume of sales of power and to lower remunerations expenses following staff cuts at the plant. At Edesur, an Argentine subsidiary, the increase in operating income was due mainly to greater physical sales of power, a reduction in power losses and lower remuneration costs following staff cuts.

Consolidated physical sales amounted to 48,188 GWh during the period ending on December 31, 2001. This implied a small reduction of 1% with respect to the same period of 2000 that had sales of 48,781 GWh due mainly to the rationing imposed by the Brazilian authorities.

The operating income of the subsidiaries of the Enersis Group for the periods ending on December 31, 2001 and 2000 are shown in the following table:

Operating income variation by subsidiary				
Company	(thousand Ch\$)			
	Dec-00	Dec-01	Var 01-00	%Var 01-00
Chilectra S.A.	74,020	79,289	5,269	7.1%
Rio Maipo S.A.	10,502	10,029	(473)	(4.5%)
Edesur S.A.	88,180	114,416	26,236	29.8%
Edelnor S.A.	28,932	33,632	4,700	16.2%
Cerj	11,097	67,973	56,876	512.6%
Coelce	29,974	42,438	12,464	41.6%
Codensa S.A.	20,446	27,762	7,316	35.8%
Endesa S.A.	259,154	337,840	78,686	30.4%
Compañía Americana de Multiservicios Uno Ltda.	6,268	6,926	658	10.5%
Inmobiliaria Manso de Velasco Ltda.	8,252	2,912	(5,340)	(64.7%)
Compañía Americana de Multiservicios Ltda.	2,658	5,112	2,454	92.3%
Synapsis soluciones y servicios IT Ltda.	5,107	7,170	2,063	40.4%

#### Operating Income by Line of Business

The table below illustrates the operating income and expenses for the periods ending on December 31, 2001 and 2000, broken down by line of business:

Operating income by business December 2001 and 2000 (Million Ch\$)												
Company	Generation		Distribution		Eng. services & Real Estate		Parent Co & Other services		Adjustments		Total	
	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01
Operating Revenues	879,072	978,692	1,944,085	2,106,635	109,049	97,679	59,437	89,926	(314,898)	(302,659)	2,676,745	2,970,273
Operating Costs	(595,709)	(617,995)	(1,424,868)	(1,503,579)	(81,306)	(71,074)	(39,257)	(64,700)	301,300	291,026	(1,839,840)	(1,966,322)
<b>Operating Margin</b>	<b>283,363</b>	<b>360,697</b>	<b>519,217</b>	<b>603,056</b>	<b>27,743</b>	<b>26,605</b>	<b>20,180</b>	<b>25,226</b>	<b>(13,598)</b>	<b>(11,633)</b>	<b>836,905</b>	<b>1,003,951</b>
Selling & Adm. Expenses	(30,620)	(31,594)	(255,168)	(227,813)	(6,811)	(8,030)	(28,731)	(29,639)	21,075	25,692	(300,255)	(271,384)
<b>Operating Income</b>	<b>252,743</b>	<b>329,103</b>	<b>264,049</b>	<b>375,243</b>	<b>20,932</b>	<b>18,575</b>	<b>(8,551)</b>	<b>(4,413)</b>	<b>7,477</b>	<b>14,059</b>	<b>536,650</b>	<b>732,567</b>

#### b.- Non-Operating Income

The non-operating result was a loss of \$ 483,496 million, which represents an increase of 194% or \$ 319,019 million in comparison to the loss as at December 2000.

The net financial margin was a loss of \$ 381,144 million that, when compared to the same period of the previous year, reflects a decrease in costs by 8% as a result of lower interest rates on the international markets with respect to the year before that led to a reduction of \$ 32,333 million in financial costs.

Investments in related companies. As at December 2001, these amounted to a net loss of \$ 10,387 million in comparison with

a profit of \$ 74 million for the same period of the previous year. This negative variation of \$ 10,461 million is caused mainly by the effects of the exchange rates in the results of the related companies of Endesa Chile.

**Amortization on lower value of investments.** As at December 31, 2001, this reflects an increase in costs of \$ 8,363 million and amounted to \$ 77,988 million. The increased amortization is the consequence of the Lower Value produced by the purchase of shares in Chilectra and Rio Maipo.

**Non-operating income and expenses** as at December 31, 2001 amounted to a net profit of \$ 13,875 million, reflecting a fall of \$ 320,699 million with respect to the year before when the profit reached \$ 334,574 million. The principal reasons for this fall in the results are detailed below:

- A reduction of \$ 198,975 in comparison with the profits registered in 2000 following the divestments in Aguas Cordillera S.A., Aguas Puesto S.A. and Transelec and a reduction of \$ 74,144 million in the profit on the sale of fixed assets.
- A reduction of \$ 15,783 million as at December 31, 2001 in comparison with last year due to the conversion over to Chilean Accounting Rules (Technical Bulletin N° 64) mainly of the subsidiaries in Brazil and Argentina. This was principally due to the devaluation of the Brazilian Real and the Argentine Peso with respect to the US Dollar.
- A reduction of \$ 9,944 million in the compensation from exchange insurance that fell from a profit of \$ 4,359 million in December 2000 to a loss of \$ 5,585 million in the current year
- Increase of \$ 24,492 million in provisions for contingencies and lawsuits.
- Increase of \$ 15,730 million in staff benefits related mainly to the obligatory pension plan introduced during the period by the Brazilian authorities.
- This is partly compensated by the profit of \$ 23,410 million on the repurchase of Bonds.

**Price-level restatement and exchange differences.** These show a rise of \$ 16,053 million in the loss with respect to the same period of the previous year, going from a loss of \$ 16,023 million as at December 31, 2000 to a loss of \$ 27,852 million in this exercise. This is mainly due to the effects of the devaluation of the Peso with respect to the US Dollar during the current period. This was compensated to a great extent by the exchange insurance explained above.

### **Interest rate risks**

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On a consolidated basis, as at December 31, 2000, 54% of the total debt was expressed in variable terms (principally Libor USD and Chilean TAB), whilst 46% was at fixed rates and secure.

As at December 31, 2001, the debt at variable rates represented 43% of the total debt, whilst 57% was at fixed rates and secure.

The reduction in the percentage of debt at a variable rate during this year is explained basically by the refinancing of the obligations at fixed rates and by closing operations to hedge the Libor USD rate for a value of USD 650 million of which USD 425 million were done by Enersis and USD 225 million by Endesa Chile.



The Company manages its interest rate risk by concentrating its debt structure on the long term with a suitable combination of debts at fixed and variable interest rates.

### **Foreign currency risk**

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The Company's exposure to an exchange risk is brought about by the assets and liabilities denominated in foreign currency, mainly in US Dollars.

On a consolidated basis, as at December 31, 2000, Enersis had 68% of its total debt expressed in US Dollars. Bearing in mind the Dollar/UF forward position, the weight of this debt in US Dollars was reduced to 58%.

As at December 31, 2001, 72% of the debt was expressed in US Dollars. When considering the US Dollar/UF forward policy mentioned below, the percentage of the debt expressed in US Dollars is reduced to 65%.

The reason behind the largest part of our debt being denominated in US Dollars is the fact that an important proportion of our revenues is directly or indirectly related to the Dollar. Thus, the tariffs in the majority of the countries in which we have operations are tied to a large extent to the evolution of the US Dollar, particularly in Argentina, Chile and Peru. In countries where the indexation of the US Dollar is less, the companies take a greater proportion of their loans in local currency.

As we have mentioned before, despite the hedging, we are exposed to the fluctuations in the Peso/US Dollar rates of exchange. These are managed through the use of financial derivative instruments, basically US Dollar/UF forward contracts, with which the exchange risk is hedged.

The exchange risk exposure is currently handled on a consolidated basis, taking into consideration the portion of this risk that our Chilean subsidiaries have not covered. The Company's policy is to hedge between 60% and 70% of the booked exposure to exchange risks.

On a consolidated basis, as at December 31, 2001, the Company had US Dollar/UF forward contracts for USD 506 million whilst as at December 31, 2000, the total was USD 902 million. The reduction is due to a decrease in the exposure to the variations in the Dollar exchange rate on our books.

Although the actual exchange risk to which we are exposed depends on the fluctuation of the exchange rates at which the Company's assets and liabilities are maintained, for accounting purposes, our results are also affected bearing in mind the contents of Technical Bulletin N° 64. In accordance with this Chilean accounting regulation, debts in foreign currency that were utilized to finance investments in countries with an "unstable currency" are matched to their corresponding investment and the variations in the US Dollar/Chilean Peso rate on those matched debts are not reflected by entries in the Income Statement.

## 2. - Analysis of the financial statements

The Company's total assets reflect an increase of \$ 975,189 million with respect to the same period of the previous year. This is principally due to:

Assets (million Ch\$)	Dec-00	Dec-01	Dec 01-00	%Var 01-00
Current Assets	996,649	1,128,589	131,940	13.2%
Fixed Assets	8,684,284	9,344,708	660,424	7.6%
Other Assets	1,732,032	1,914,857	182,825	10.6%
<b>Total Assets</b>	<b>11,412,965</b>	<b>12,388,154</b>	<b>975,189</b>	<b>8.5%</b>

- The increase in Fixed Assets as a result of applying the methodology of carrying the non-monetary assets in unstable countries in historic Dollars, as required by Technical Bulletin N° 64.
- Current Assets include Term Deposits for \$ 95,549 million and Sales Debtors for \$ 59,335 million, compensated by a reduction of \$ 10,648 million in forward contracts.
- The rise in Other Assets can be explained by the increase of \$ 86,795 million in deferred expenses.

Liabilities (million Ch\$)	Dec-00	Dec-01	Dec 01- 00	%Var 01- 00
Short Term Liabilities	1,583,569	1,525,544	(58,025)	(3.7)%
Long Term Liabilities	5,072,614	5,728,501	655,887	12.9%
Minority interest	3,622,063	3,954,923	332,860	9.2%
Equity	1,134,719	1,179,186	44,467	3.9%
<b>Total Liabilities</b>	<b>11,412,965</b>	<b>12,388,154</b>	<b>975,189</b>	<b>8.5%</b>

Total debt increased by 9% or \$ 597,862 million due mainly to the higher exchange rate applied to obligations with banks and financial institutions and bonds.

Minority interests rose by \$ 332,860 million as a result of the increase in the equity of the overseas subsidiaries in line with the methodology of carrying non-monetary liabilities (equity) on the books in historic US Dollars. This was partially offset by the purchase of shares in the minority interests, Chilectra and Río Maipo.

With regard to equity, we should point out that this increased by \$ 44,467 million with respect to December 2000. This variation is explained by the increase of \$ 19,245 million in Other Reserves, the decrease of \$ 15,704 million in Retained Earnings and the booking of the profit for the period of \$ 40,926 million.

Below we illustrate the evolution of the principal financial ratios:

	Indicator	Unit	Dec-00	Dec-01	Var Dec 01-00	%Var 01-00
Liquidity	Current liquidity	times	0.63	0.71	0.8	12.7%
	Acid Ratio (1)	times	0.62	0.70	0.8	12.9%
	Working Capital	MM\$	(586,920)	(462,968)	123,952	21.1%
Indebtedness	Leverage	times	1.40	1.41	0.01	0.7%
	% Short term debt	%	0.24	0.22	(0.02)	(7.8%)
	% Long term debt	%	0.76	0.78	0.02	2.4%
	Interest Coverage (2)	times	2.09	2.69	0.60	28.7%
Profitability	ROE	%	8.18%	3.47%	-4.7%	(57.6%)
	ROA	%	0.8%	0.3%	-0.5%	(59.5%)
	<i>(1) Current assets net of expenses</i>					
	<i>(2) RAII/AIE divided by interest expenses</i>					

The liquidity ratio as at December 2001 was 0.71 that reflects an improvement of 0.8 points with respect to the same date of the previous year.

The debt ratio as at December 31, 2001 was 1.41 times, which reflects an improvement of 0.01 points when compared to the same period of the year 2000.

Furthermore, return on equity was 3.47%. As at the same date in the previous year, this was 8.18%.

### 3.- Principal cash flows

During the period, the Company generated positive net flows worth \$ 95,017 million composed of the following:

Effective Cash Flow (million Ch\$)	Dec-00	Dec-01	Dec 01-00	%Var 01-00
Operating Cash Flow	523,001	643,612	120,611	23.1%
Financing Cash Flow	(790,572)	(59,625)	730,947	(92.5%)
Cash Flow on Investments	171,472	(488,970)	(660,442)	(385.2%)
Net Cash Flow	(96,100)	95,017	191,117	(198.9%)

**Operating activities** generated a net positive flow of \$ 643,612 million, 23% more than that produced in the same period of the previous year. This flow comprises mainly the profit for the period of \$ 40,926 million plus the net charges to income that do not represent cash flow for \$ 544,262 million. Added to these is a reduction in assets that affect the operating flow for \$ 141,361 million, compensated in part by the reduction in liabilities that affect the operating flows by \$ 204,444 million.

**Financing activities** produced a negative flow of \$ 59,625 million due mainly to: the payment of loans for a value of \$ 1,815,595 million, the payment of dividends for a total of \$ 140,260 million, the payment of Bonds for \$ 154,631 million and Other Payments for \$ 32,356 million. These are partially compensated by the loans received and the Bond issue for \$ 1,880,485 and \$ 272,209 million, respectively.

**Investment activities** generated a net negative flow of \$ 488,970 million, due fundamentally to the net incorporation of fixed assets worth \$ 331,605 million, other investments made for \$ 182,418 million and investments in subsidiaries for \$ 12,505 million. These were partly compensated by the sale of fixed assets and other income for \$ 37,785 million.

## II. BOOK VALUE AND MARKET VALUE OF THE ASSETS

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With regard to the more important assets, we mention the following:

The value of the items in fixed assets have been adjusted in accordance with the accounting criteria established by the Chilean Superintendency of Securities and Insurance in its Circulars N° 550 and 556 issued in 1985. In the case of the foreign company, Inversiones Distrilima S.A., the value of the fixed assets were adjusted in accordance with the exception criteria indicated in Technical Bulletin N° 45 issued by the Chilean College of Accountants, the norm in force at the time the investment was made and which was not modified by Technical Bulletin N° 51 that replaced it.

Depreciation is calculated on the updated value of the goods in accordance with the years of useful life remaining for each item.

Investments in related companies are valued at their proportional equity value. In the case of foreign companies, as from the second quarter of 1998, this methodology has been applied on the basis of the financial statements prepared in accordance with the norms established in Technical Bulletin N° 64 of the Chilean College of Accountants.

Intangible values have been adjusted by price-level restatement and are amortized according to the norms indicated in Technical Bulletin N° 55 of the Chilean College of Accountants.

The assets expressed in foreign currency are shown at the exchange rate reigning as at the date of closure of the period.

Investments in financial instruments with repurchase/resale agreements are shown at their purchase value plus the proportion of the interest calculated on the implicit rate of each operation.

Accounts and bills receivable from related companies are classified according to their short and long-term maturities. The operations are adjusted to equal conditions similar to those that are normally applied in the market.

In summary, assets are valued according to generally accepted accounting principles and norms and to instructions given on this matter by the Superintendency of Securities and Insurance explained in Note 2 of the Financial Statements.





# Audited Unconsolidated Financial Statements

For the years then ended December 31, 2000 and 2001

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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, 2001 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 02, 2001, we have examined the Consolidated Financial Statements of Enersis S.A. for period between January 1 and December 31, 2001.

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 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, February 26, 2002



# 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, 2000 and 2001, and the related statements of income, changes in 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, in 2000, and 30 percent and 23 percent in 2001, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the 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(a), before proceeding to the line-by-line consolidation of the subsidiaries detailed in Note 8(a). 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. This report is presented only for the information and use of the Board of Directors, the Company's management and the Superintendency of Securities and Insurance.

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, 2000 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in Chile.

As described in Notes 8(e) and 25(a) to these financial statements, the Company has valued investments in Argentina in accordance with Technical Bulletin No. 64 issued by the Chilean Association of Accountants. On a consolidated basis, these investments reflect total assets of 14 percent, total revenues of 27 percent, and total operating income of 21 percent, of the related consolidated totals. Due to the unstable political and economic situation in Argentina and considering the effects of the Public Emergency Law, the Company's subsidiaries and equity method investments are exposed to conditions which could affect the valuation of their assets, liabilities and equity and generate uncertainty as to their ability to pay obligations and continue operations. These financial statements have been prepared assuming that the Company's Argentine subsidiaries and equity method investments will continue as a going concern and do not reflect the effects or eventual adjustments that may result from the resolution of these uncertainties.

Cristián Bastián E.

ARTHUR ANDERSEN – LANGTON CLARKE

Santiago (Chile)  
February 26, 2002

# 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, 2001, and thousands of US dollars)

Assets	As of December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Current assets:</b>			
Cash	36,260	538,698	823
Time deposits	-	3,242,367	4,952
Marketable securities	64	-	-
Notes receivable	760	737	1
Miscellaneous receivables	15,195,856	9,371,937	14,313
Amounts due from related companies	25,775,928	76,396,897	116,674
Income taxes recoverable	7,938,830	11,643,727	17,782
Prepaid expenses	15,379	22,859	35
Deferred income taxes	16,081,228	2,805,857	4,285
Other current assets	121,151,728	110,123,424	168,181
<b>Total current assets</b>	<b>186,196,033</b>	<b>214,146,503</b>	<b>327,046</b>
<b>Property, plant and equipment, net</b>	<b>13,677,861</b>	<b>13,292,794</b>	<b>20,301</b>
<b>Other assets:</b>			
Investments in related companies	2,379,652,948	2,352,356,825	3,592,536
Goodwill, net	853,587,693	821,037,312	1,253,894
Negative goodwill, net	(1,041,731)	(1,072,131)	(1,637)
Long-term receivables	-	475,381	726
Amounts due from related companies	469,783,759	644,499,929	984,285
Intangibles	1,382,224	1,382,224	2,111
Less: Accumulated amortization	(199,483)	(268,724)	(410)
Other assets	3,163,918	14,023,809	21,417
<b>Total other assets</b>	<b>3,706,329,328</b>	<b>3,832,434,625</b>	<b>5,852,922</b>
<b>Total assets</b>	<b>3,906,203,222</b>	<b>4,059,873,922</b>	<b>6,200,269</b>
<i>The accompanying notes are an integral part of these financial statements</i>			

Liabilities and Shareholders' Equity	As of December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Current liabilities:</b>			
Due to banks and financial institutions current portion	18,245,673	40,756,250	62,243
Current portion of bonds payable	2,691,842	10,104,488	15,432
Dividends payable	644,079	377,639	577
Accounts payable	461,918	473,180	723
Notes payable and other accounts payable	2,543,058	1,071,201	1,636
Amounts payable to related companies	257,034,386	102,565,446	156,639
Accrued expenses	2,093,347	2,505,161	3,826
Withholdings	74,193	892,739	1,363
Income taxes payable	12,002,124	16,675	25
Deferred income	1,419,415	411,337	628
Other current liabilities	113,458,020	111,022,831	169,555
<b>Total current liabilities</b>	<b>410,668,055</b>	<b>270,196,947</b>	<b>412,647</b>
<b>Long-term liabilities:</b>			
Due to banks and financial institutions	599,914,301	963,418,719	1,471,340
Bonds payable	473,146,520	619,365,472	945,899
Amounts payable to related companies	1,284,370,354	1,021,991,372	1,560,793
Accrued expenses	1,572,412	1,767,386	2,699
Other long-term liabilities	1,812,743	3,947,637	6,029
<b>Total long-term liabilities</b>	<b>2,360,816,330</b>	<b>2,610,490,586</b>	<b>3,986,760</b>
<b>Shareholders' equity:</b>			
Paid-in capital	729,328,347	729,328,347	1,113,835
Additional paid-in capital – share premium	32,398,114	32,398,114	49,479
Other reserves	7,491,989	26,384,539	40,295
Retained earnings	272,625,237	350,149,143	534,750
Net income for the year	92,875,150	40,926,246	62,503
<b>Total shareholders' equity</b>	<b>1,134,718,837</b>	<b>1,179,186,389</b>	<b>1,800,862</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,906,203,222</b>	<b>4,059,873,922</b>	<b>6,200,269</b>
<i>The accompanying notes are an integral part of these financial statements</i>			

# 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, 2001, and thousands of US dollars)

	Years ended December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Operating income:</b>			
Sales	4,159,886	4,175,558	6,377
Cost of sales	(847,105)	(820,292)	(1,253)
Gross profit	3,312,781	3,355,266	5,124
Administrative and selling expenses	(19,427,826)	(20,040,255)	(30,606)
<b>Operating loss</b>	<b>(16,115,045)</b>	<b>(16,684,989)</b>	<b>(25,481)</b>
<b>Non-operating income and expenses:</b>			
Interest income	63,308,855	45,635,420	69,695
Equity participation in income of related companies	226,192,196	241,518,946	368,849
Other non-operating income	105,562,555	28,639,122	43,738
Equity participation in losses of related companies	(12,281,800)	(9,839,356)	(15,027)
Amortization of goodwill	(43,189,598)	(49,000,967)	(74,835)
Interest expense	(200,226,544)	(156,981,932)	(239,744)
Other non-operating expenses	(10,307,906)	(15,808,213)	(24,142)
Price-level restatement	227,453	1,536,998	2,347
Foreign currency translation	(24,517,588)	(36,216,375)	(55,310)
<b>Non-operating income, net</b>	<b>104,767,623</b>	<b>49,483,643</b>	<b>75,571</b>
<b>Income before income taxes and amortization of negative goodwill</b>	<b>88,652,578</b>	<b>32,798,654</b>	<b>50,090</b>
Income tax benefit	4,207,703	8,064,316	12,316
<b>Income before amortization of negative goodwill</b>	<b>92,860,281</b>	<b>40,862,970</b>	<b>62,406</b>
Amortization of negative goodwill	14,869	63,276	97
<b>Net income for the year</b>	<b>92,875,150</b>	<b>40,926,246</b>	<b>62,503</b>
<i>The accompanying notes are an integral part of these financial statements</i>			

# Audited Unconsolidated Statements of Changes in Shareholders' Equity

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, 2001, 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 years ThCh\$	Total ThCh\$
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 loss to retained earnings	-	-	-	-	(78,158,729)	78,158,729	-
Changes in equity of affiliates	-	-	-	(18,382,462)	-	-	(18,382,462)
Cumulative translation adjustment	-	-	-	1,170,476	-	-	1,170,476
Issuance of shares	1,491,020	286,758,950	6,035,445	-	-	-	292,794,395
Price-level restatement	-	22,015,443	1,203,739	1,183,427	11,870,214	-	36,272,823
Net income for the year	-	-	-	-	-	90,082,590	90,082,590
<b>As of December 31, 2000</b>	<b>8,291,020</b>	<b>707,398,979</b>	<b>31,423,970</b>	<b>7,266,721</b>	<b>264,427,970</b>	<b>90,082,590</b>	<b>1,100,600,230</b>
<b>Restated as of December 31, 2001 (1)</b>	<b>8,291,020</b>	<b>729,328,347</b>	<b>32,398,114</b>	<b>7,491,989</b>	<b>272,625,237</b>	<b>92,875,150</b>	<b>1,134,718,837</b>
As of January 1, 2001	8,291,020	707,398,979	31,423,970	7,266,721	264,427,970	90,082,590	1,100,600,230
Transfer of prior year income to retained earnings	-	-	-	-	90,082,590	(90,082,590)	-
Dividends	-	-	-	-	(14,976,824)	-	(14,976,824)
Cumulative translation adjustment	-	-	-	18,892,550	-	-	18,892,550
Price-level restatement	-	21,929,368	974,144	225,268	10,615,407	-	33,744,187
Net income for the year	-	-	-	-	-	40,926,246	40,926,246
<b>As of December 31, 2001</b>	<b>8,291,020</b>	<b>729,328,347</b>	<b>32,398,114</b>	<b>26,384,539</b>	<b>350,149,143</b>	<b>40,926,246</b>	<b>1,179,186,389</b>
<i>(1) Restated in thousands of constant pesos as of December 31, 2001.</i>							

# Audited Unconsolidated Statements of 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, 2001, except as stated)

	Years ended December 31,		
	2000 ThCh\$	2001 ThCh\$	2001 ThUS\$
<b>Cash flows from operating activities:</b>			
Net income for the year	92,875,150	40,926,246	62,503
Gain (loss) from sales of assets:			
Loss from sales of fixed assets	-	5,625	9
Gain on sales of investments	(83,662,791)	-	-
<b>Charges (credits) to income which do not represent cash flows:</b>			
Depreciation	786,097	776,885	1,186
Amortization of intangibles	67,757	69,241	106
Equity participation in income of related companies	(226,192,196)	(241,518,946)	(368,849)
Equity participation in losses of related companies	12,281,800	9,889,356	15,027
Amortization of goodwill	43,189,598	49,000,967	74,835
Amortization of negative goodwill	(14,869)	(63,276)	(97)
Price-level restatement	(227,453)	(1,586,998)	(2,347)
Foreign currency translation	24,517,588	36,216,375	55,310
<b>Changes in assets which affect cash flows:</b>			
Increase in trade receivables	(428,272)	(29,439)	(45)
Decrease in other assets	41,935,808	81,386,875	124,295
<b>Changes in liabilities which affect cash flows:</b>			
Decrease in accounts payable associated with operating results	(11,383,528)	(15,297,423)	(23,362)
Increase in interest payable	7,186,264	31,281,561	47,773
Decrease in income tax payable	(4,207,703)	(8,064,316)	(12,316)
Increase (decrease) in other accounts payable associated with non-operating results	(1,597,144)	15,777,470	24,095
Net decrease in value-added tax and other similar taxes payable	(1,809,030)	(2,208,549)	(3,373)
<b>Net cash flows used in operating activities</b>	<b>(106,682,924)</b>	<b>(3,438,346)</b>	<b>(5,250)</b>
<b>Cash flows from financing activities:</b>			
Issuance of shares	305,169,385	-	-
Proceeds from the issuance of debt	22,090,228	708,926,167	1,082,677
Proceeds from bond issuances	-	99,340,735	151,714
Proceeds from other loans obtained from related companies	147,527,405	6,965,213	10,637
Dividends paid	(238,256)	(15,394,425)	(23,510)
Payment of debt	(325,123,150)	(393,889,224)	(601,550)
Payment of bonds	(6,930,794)	(3,300,903)	(5,041)
Payment of loans obtained from related companies	(123,416,037)	(149,319,991)	(228,043)
Payment of other loans obtained from related companies	(4,630,154)	(156,548,844)	(239,083)
Payment of bond issuance costs	-	(967,133)	(1,477)
Other disbursements for financing	-	(5,573,871)	(8,512)
<b>Net cash provided by financing activities</b>	<b>14,448,627</b>	<b>90,237,724</b>	<b>137,812</b>
<b>Cash flow from investing activities:</b>			
Sale of permanent investments	-	241,104,507	-
Proceeds of loans from related parties	326,793,311	93,059,244	142,121
Other investment income	9,458,609	13,009,803	19,869
Additions to property, plant and equipment	(640,533)	(71,286)	(109)
Long-term investments	(297,913,918)	(11,060,425)	(16,892)
Loans granted to related companies	(111,449,158)	(178,338,316)	(272,360)
Other loans granted to related companies	(85,924,901)	-	-
Other investment disbursements	-	(20,151)	(31)
<b>Net cash provided by (used in) investing activities</b>	<b>81,427,917</b>	<b>(83,421,131)</b>	<b>(127,402)</b>
Positive (negative) net cash flow for the year	(10,806,380)	3,378,247	5,160
Effect of price-level restatement on cash and cash equivalents	2,133,770	366,556	560
Net increase (decrease) in cash and cash equivalents	(8,672,610)	3,744,803	5,720
Cash and cash equivalents beginning of year	8,708,870	36,260	55
<b>Cash and cash equivalents end of year</b>	<b>36,260</b>	<b>3,781,063</b>	<b>5,775</b>

# Notes to the Audited Unconsolidated 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, 2001, except as stated)

## Note 1

### Description of Business:

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Enerjis 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. Enerjis S.A. also reports to United States Securities and Exchange Commission of the United States.

## Note 2

### Summary of Significant Accounting Policies:

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(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.

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) **Periods covered:**

These financial statements reflect the Company's financial positions as of December 31, 2000 and 2001, and the results of its operations, the changes in its shareholders' equity and its cash flows for the years ended December 31, 2000 and 2001.

(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, 2001 was approximately 10.66%.

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 17).

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, 2000	106.82	4.7%
November 30, 2001	110.10	3.1%

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, 2000	106.94	4.5%
December 31, 2001	109.76	2.6%

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, 2000	15,769.92
December 31, 2001	16,262.66

Comparative financial statements

For comparative purposes, the historical December 31, 2000 and 2001 consolidated financial statements and their accompanying notes have been presented in constant Chilean pesos as of December 31, 2001. 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, 2001, as follows:

Period	Change in Index
2000	3.1% (1)
<i>(1) Equivalent to the amounts for 2000 multiplied by the change in the CPI for 2001.</i>	

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, 2001 of Ch\$ 654.79 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 23. These amounts have been stated at the observed exchange rates reported by the Central Bank of Chile as follows:

Currency	Symbol used Ch\$	2000 Ch\$	2001
United States dollar (Observed)	US\$	573.65	654.79
Euro	—	538.84	578.18
Unidad de Fomento (UF)	UF	15,769.92	16,262.66

During the years ended December 31, 2000 and 2001, the Argentine peso has been pegged to the US dollar at a rate of 1 Argentine peso to 1 US dollar. In early December 2001, restrictions were put in place that prohibited cash withdrawals above a certain amount and foreign money transfers, with certain limited exceptions. While the legal exchange rate remained at 1 peso to 1 US dollar, financial institutions were allowed to conduct only limited activity due to these controls, and currency exchange activity was effectively halted except for personal transactions in small amounts. In January 2002, the Argentine government announced its intent to create a dual currency system with a "official" fixed exchange rate of 1.4 pesos to 1 US dollar for import, and export transactions and a "free" floating exchange rate for other transactions. On January 11, 2002, the exchange rate market holiday ended and closing new "free" floating exchange rates ranged from 1.6 to 1.7 pesos to 1 US dollar. In accordance with SVS Circular No. 81 the conversion of Argentine subsidiary financial statements reflect the conversion of 1.7 pesos to 1 US dollar.

(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\$786,097 and ThCh\$776,885 for the years ended December 31, 2000 and 2001.

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.

**(f) Depreciation:**

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. The depreciation charged to income amounted to ThCh\$786,097 and ThCh\$776,885 for the years ended December 31, 2000 and 2001, respectively. The charges are classified under "Cost of sales" in amounts of ThCh\$779,347 and ThCh\$751,050, and under "Administrative and selling expenses" in amounts of ThCh\$6,750 and ThCh\$25,835 for the years ended December 31, 2000 and 2001, respectively.

**(g) Allowance for doubtful accounts:**

There were no write-offs of uncollectible accounts receivable during the years ended December 31, 2000 and 2001.

**(h) 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 Association of Accountants.

**(i) 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).

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

**(j) 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.

**(k) 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.

**(l) Income taxes and 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 Association of Accountants, which is effective as of January 1, 2000.

**(m) 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, 2000 and 2001, and assuming an average employment span which varies based upon years of services with the Company.

(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) **Financial derivative contracts:**

As of December 31, 2000 and 2001, the Company has entered into foreign currency forward, interest rate swaps and collars contracts with various financial institutions to manage exposure related to certain foreign currency denominated balance sheet positions. 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.

(p) **Research and development costs:**

Costs incurred in research and development by the Company are either general in nature (water-level studies, hydroelectric research, seismic-activity surveys) which are expensed as incurred, or studies related to specific construction projects which are capitalized.

(q) **Statements of cash flows:**

The Consolidated Statements 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.

(r) **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 Principle:**

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There were no changes in accounting principles during the current year that would effect the comparison with the prior year's financial statements.

**Transactions with Related Companies:**

Balances of accounts receivable and payable classified according to the nature of the transaction are as follows as of December 31, 2000 and 2001:

a. Notes and accounts receivable:

Company	As of December 31,			
	Short-term		Long-term	
	2000	2001	2000	2001
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilectra S.A.	2,893,101	3,815,026	217,021,249	259,039,035
Synapsis, Soluciones y Servicios IT Ltda.	178,340	77,318	-	-
Inmobiliaria Manso de Velasco Ltda.	15,475,935	10,792,183	-	-
Cia. Americana de Multiservicios Ltda.	4,064,031	6,341,342	-	-
Compañía Eléctrica del Río Maipo S.A.	296,084	78,350	5,992,644	-
Energis Internacional	110,416	523,072	33,676,790	36,708,459
Agencia Chilectra S.A.	3,637	10,691	213,093,076	300,709,305
Energis de Argentina S.A.	1,021	1,130	-	-
Empresa Eléctrica de Panamá S.A.	23,270	43,759	-	15,303,630
Edelnor S.A.	56,281	62,985	-	-
Sociedad Panameña de Electricidad S.A.	317	350	-	-
Companhia de Eletricidade do Rio de Janeiro	17,731	19,631	-	-
Energis Investment S.A.	58	-	-	-
Interocean Developments Inc.	181	1,079	-	-
Luz de Bogotá S.A.	20,529	22,729	-	-
Edesur S.A.	50,828	58,364	-	-
Luz de Rio Ltda.	14,171	15,689	-	-
Cerj Overseas	15,579	1,099,361	-	32,739,500
Codensa S.A.	12,097	13,393	-	-
Empresa Eléctrica de Colina Ltda.	151	1,114	-	-
Endesa S.A. (Chile)	553,122	47,851,369	-	-
Cia. Americana de Multiservicios Uno Ltda.	1,898,050	4,870,517	-	-
Elesur S.A.	312	16,600	-	-
Inversiones Distrilima S.A.	503	488	-	-
Ingendesa S.A.	38,073	67,321	-	-
Infraestructura 2000 S.A.	46,594	175,137	-	-
Túnel el Melón S.A.	5,516	50,658	-	-
Smartcom S.A.	-	17	-	-
Luz Andes Ltda.	-	165	-	-
Autopista Los Libertadores S.A.	-	1,627	-	-
Endesa S.A. (España)	-	353,985	-	-
Endesa Inversiones Generales S.A.	-	15,765	-	-
Autopista del Sol S.A.	-	2,542	-	-
Compañía Eléctrica Tarapacá S.A. (Celta)	-	10,754	-	-
Endesa Internacional S.A.	-	2,386	-	-
<b>Total</b>	<b>25,775,928</b>	<b>76,396,897</b>	<b>469,783,759</b>	<b>644,499,929</b>

b. Notes and accounts payable:

Company	As of December 31,			
	Short-term		Long-term	
	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$
Chilectra S.A.	117,063,898	77,204,560	30,966,400	58,569,056
Synapsis, Soluciones y Servicios IT Ltda.	6,117,517	4,607,654	-	-
Inmobiliaria Manso de Velasco Ltda.	182,436	70,128	-	-
Cia. Americana de Multiservicios Ltda.	272,025	142,181	-	2,208,423
Compañía Eléctrica del Río Maipo S.A.	25,862,634	3,144,762	-	4,922,615
Enersis Internacional	13,421	15,857	59,116,556	-
Endesa S.A. (Chile)	52,941,743	398,995	-	-
Edelnor S.A.	13,881	15,368	-	-
Cia. Americana de Multiservicios Uno Ltda.	8,129,699	78,072	-	-
Enersis de Argentina S.A.	19,871	35,097	-	-
Enersis Investments S.A.	34,672,396	-	160,956,430	-
Edesur S.A.	13,210	14,626	-	-
Elesur S.A.	11,711,657	16,785,722	1,033,330,968	956,291,278
Smartcom S.A.	19,998	19,396	-	-
Infraestructura 2000 S.A.	-	410	-	-
Túnel el Melón S.A.	-	61	-	-
Endesa Inversiones Generales S.A.	-	27,887	-	-
Ingendesa S.A.	-	376	-	-
Interocean Developments Inc.	-	4,294	-	-
<b>Total</b>	<b>257,034,386</b>	<b>102,565,446</b>	<b>1,284,370,354</b>	<b>1,021,991,372</b>

c. Effects in income (expense) for each year-ended December 31 are as follows:

Company Name	Nature of Transaction	Income (expense)	
		2000	2001
		ThCh\$	ThCh\$
Chilectra S.A.	Loans	(13,908,715)	9,208,102
	Property rentals	4,156,301	4,159,238
	Services	4,403,709	4,277,980
	Materials	(826)	-
Inmobiliaria Manso de Velasco Ltda.	Loans	2,796,319	1,909,251
	Property rentals	(818,337)	(454,927)
	Services	1,430	-
Cía Americana de Multiservicios Ltda	Loans	292,961	243,818
	Services	194,603	191,011
	Materials	(274,914)	(154,800)
Synapsis Soluciones y Servicios IT Ltda.	Loans	(637,621)	(533,583)
	Services	(536,923)	(541,626)
Compañía Eléctrica del Río Maipo S.A.	Loans	223,258	(42,267)
	Services	587,700	534,597
Energis Internacional	Loans	(354,326)	121,387
Energis Investment S.A.	Loans	415,278	-
Chilectra Internacional	Loans	9,004	-
Interocean Development Inc.	Loans	339,028	-
Empresa Eléctrica de Panamá S.A.	Loans	45,796	-
Empresa distribuidora del Sur S.A.	Services	4,069,306	6,789,680
Elesur S.A.	Loans	(71,361,781)	(50,012,000)
Endesa S.A. (Chile)	Loans	10,534,882	(286,787)
Endesa inversiones Generales S.A.	Property rentals	-	(203,608)
Compañía Americana de Multiservicios Uno Ltda.	Loans	1,542,556	311,055
	Property maintenance	(709,855)	(458,541)
	Services	405,087	389,289
Atacama Finance Co.	Loans	517,552	-
Through the Agency :			
Agencia Caymán de Chilectra S.A.	Loans	18,677,991	20,301,811
Empresa Eléctrica de Panamá S.A.	Loans	5,508,655	1,216,637
Energis Investment S.A.	Loans	(4,677,845)	-
Energis Internacional	Loans	2,060,087	(1,900,570)
Chilectra Argentina S.A.	Usufruct dividend loss	(5,608,079)	(15,032,698)
Sociedad Panameña de Electricidad S.A.	Loans	302	-
Interocean Developments Inc.	Loans	4,853,217	-
Cerj Overseas	Loans	5,680,831	1,134,545
Luz de Panamá S.A.	Loans	1,455,814	-
Endesa Agencia	Loans	181,135	628,596
Compañía Eléctrica del Cono Sur S.A.	Loans	869,170	-
Chilectra Internacional	Loans	(196,640)	-
<b>Total</b>		<b>(29,263,890)</b>	<b>(18,204,410)</b>



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 most significant transactions in accounts receivable and accounts payable are as follows:

Company Name	Type	Due Date	Currency	Capital	Interest Rate
Chilectra S.A.	Accounts receivable	09/29/03	US\$	395,606,279	7.56%
Chilectra S.A.	Accounts payable	12/31/03	UF	2,003,541	5.97%
	Accounts payable	08/29/04	UF	339,609	5.98%
	Accounts payable	08/29/04	UF	452,501	5.98%
	Accounts payable	08/14/03	US\$	20,012,988	5.38%
Cia. Americana de Multiservicios Ltda.	Accounts payable	06/05/04	UF	135,797	6.56%
Cia. Eléctrica del Río Maipo S.A.	Accounts payable	07/25/04	UF	302,694	4.82%
Elesur S.A.	Accounts payable	05/13/03	UF	35,827,779	4.66%
	Accounts payable	05/13/03	UF	22,873,999	5.38%
	Accounts payable	08/29/03	UF	101,103	5.38%
Through the agency :					
Agencia Caymán de Chilectra S.A.	Accounts receivable	07/10/07	US\$	456,941,413	7.07%
	Accounts receivable	12/12/03	US\$	2,304,000	2.98%
Cerj Overseas	Accounts receivable	08/02/04	US\$	50,000,000	7.88%
Enersis International	Accounts receivable	11/21/03	US\$	22,061,423	3.19%
	Accounts receivable	12/07/03	US\$	34,000,000	3.00%
Empresa Eléctrica de Panamá S.A.	Accounts receivable	12/22/03	US\$	23,371,813	6.99%

## Note 5

### Deferred income taxes:

- a. Income taxes (recoverable) payable as of each year-end are as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Income tax provision – current	7,758,685	11,513,829
Income tax installments	180,145	129,898
<b>Total</b>	<b>7,938,830</b>	<b>11,643,727</b>

- b. The Company incurred taxable losses in the amount of ThCh\$ 110,436,055 and ThCh\$ 87,130,898 for the years ended December 31, 2000 and 2001, respectively.

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

Year	Retained Deficit ThCh\$	Credit ThCh\$
2000	-	-
2001	(17,630,654)	-

- 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 and 2001 as follows:

	As of December 31, 2000				As of December 31, 2001			
	Asset		Liability		Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Depreciation	212,912	-	-	1,489,525	-	-	-	1,852,190
Severance indemnities	-	-	-	61,928	-	-	-	93,539
Tax losses	16,563,317	-	-	-	2,820,905	-	-	-
Deferred income	-	-	-	-	69,927	-	-	-
Deferred charges	-	-	753,072	420,483	38,618	-	251,907	587,026
Vacation accrual	77,079	-	-	-	85,964	-	-	-
Other events	-	78,516	5,311	-	13,258	88,931	-	-
Other provisions	-	-	-	-	187,979	-	5,494	12,721
Bonds discounts	-	-	-	-	-	-	156,766	1,655,226
Complementary accounts, net	(18,333)	-	(4,636)	(80,677)	-	-	(3,373)	(164,134)
Valuation allowance	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,834,975</b>	<b>78,516</b>	<b>753,747</b>	<b>1,891,259</b>	<b>3,216,651</b>	<b>88,931</b>	<b>410,794</b>	<b>4,036,568</b>
	<b>2000</b>		<b>2001</b>					
	<b>ThCh\$</b>		<b>ThCh\$</b>					
Net short-term deferred tax assets	16,081,228		2,805,857					
Net long-term deferred tax liability	(1,812,743)		(3,947,637)					

- e. According to Law No. 19,753, the income tax rate for first category taxes will increase from 15% to 16% during 2002, 16.5% in 2003, and 17% in 2004. As of December 31, 2001, the new tax rate increased deferred income tax assets and liabilities by ThCh\$ 232,231 and ThCh\$ 502,690, respectively. These deferred tax amounts are presented in the balance sheet as current or noncurrent, depending on the amortization period that management has determined. Additionally, the increased tax rate has resulted in a greater tax expense of ThCh\$ 270,459.

f. Income tax expense for the year ended December 31, 2000 and 2001 is as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
<b>Tax expense</b>		
Income tax provision	(12,002,124)	-
<b>Deferred taxes</b>		
Adjustment to tax expense prior year	-	(1,249,470)
Benefit for tax losses	16,563,317	10,229,123
Amortization of complementary accounts	(1,593,105)	102,541
Change in complementary accounts	1,239,615	(1,001,203)
Other changes or credits	-	(16,675)
<b>Total</b>	<b>4,207,703</b>	<b>8,064,316</b>

## Note 6

### Other current assets:

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

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Forward contracts and swaps (1)	115,920,897	107,385,560
Deferred expenses	4,683,479	787,226
Post-retirement benefits	35,402	34,338
Interest rate collars	-	787,194
Bond discount	337,005	979,785
Others	174,945	149,321
<b>Total</b>	<b>121,151,728</b>	<b>110,123,424</b>
<i>(1) See detail in Note 20.</i>		

## Note 7

### Property, plant and equipment:

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

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Buildings and infrastructure	19,992,617	19,992,617
Machinery and equipment	1,421,538	1,502,357
Equipment in transit	1,010,327	1,312,457
Sub-total	22,424,482	22,807,431
Technical appraisal	31,933	31,914
<b>Total property, plant and equipment</b>	<b>22,456,415</b>	<b>22,839,345</b>
Less: accumulated depreciation	(8,778,554)	(9,546,551)
<b>Total property, plant and equipment, net</b>	<b>13,677,861</b>	<b>13,292,794</b>

**Investment in related companies:**

a. Investments are summarized as follows:

Related Companies	Number of Shares	Percentage Owned %	Related Equity ThCh\$	Carrying Value		Equity in net earnings (losses)	
				2000	2001	2000	2001
				ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Nacional de Electricidad S.A.	4,919,488,794	59.98	1,404,416,926	801,821,151	842,382,354	66,925,263	42,021,602
Chilectra S.A.	359,602,436	98.24	483,782,188	424,252,616	475,266,873	47,425,812	69,711,842
Enerisis Investment S.A.	-	-	-	360,141,411	-	22,889,774	-
Enerisis Internacional	360,557,687	100.00	293,490,193	256,970,537	293,490,194	38,464,693	54,747,417
Interocean Developments Inc.	21,960	100.00	132,793,176	119,142,402	132,793,176	(1,121,850)	5,318,212
Empresa Eléctrica de Panamá S.A.	186,081,623	80.99	130,732,979	103,721,761	105,893,600	(10,854,593)	(9,002,504)
Empresa Distribuidora Sur S.A.	143,996,758	16.02	657,526,145	91,672,962	105,367,472	9,101,387	13,018,931
Distrilec Inversora S.A.	101,684,374	20.43	370,573,441	65,882,910	75,724,715	6,528,527	9,360,525
Inmobiliaria Manso de Velasco Ltda.	29,462,253	99.99	48,773,158	45,014,840	48,773,141	7,777,446	5,433,176
Companhia de Eletricidade do Rio de Janeiro	136,290,186,189	7.99	475,231,502	34,570,357	38,009,639	-	(264,043)
Compañía Eléctrica del Río Maipo S.A.	356,078,645	98.74	21,612,434	21,406,839	21,340,646	8,404,859	8,862,187
Inversiones Distrilima S.A.	58,311,641	14.79	155,063,394	21,108,772	22,933,876	1,138,987	1,772,256
Compañía Americana de Multiservicios Uno Ltda.	29,462,253	99.99	11,161,354	8,678,712	11,161,350	4,687,229	4,069,975
Synapsis, Soluciones y Servicios IT Ltda.	10,569,721	99.99	7,310,711	5,027,646	7,309,980	4,996,589	5,313,725
Compañía Americana de Multiservicios Ltda.	4,359,440	99.93	5,121,713	2,321,269	5,118,191	2,259,687	3,993,070
Endesa Market Place	210	15.00	3,898,874	810,596	584,831	(303,148)	(326,608)
Enerisis de Argentina S.A.	119,999	99.99	95,160	99,995	95,159	5,591,941	15,018,563
Electric Investment	-	-	-	17,008,146	-	(2,209)	-
Codensa S.A.	1	-	1,080,269,268	-	6	-	-
Enerisis Energia de Colombia S.A.	30,000,000	99.99	293,346	-	293,346	-	(246,201)
Synapsis Colombia S.A.	1	0.10	574,766	-	574	-	444
Central Termeléctrica Fortaleza S.A.	20,246,908	48.82	10,712,307	-	5,229,748	-	-
Luz de Bogotá S.A.	15,529,421,297,372	25.71	624,508,581	-	160,587,923	-	2,877,018
Constructora El Gobernador	-	-	19,885,420	26	31	2	3
<b>Total</b>				<b>2,379,652,948</b>	<b>2,352,356,825</b>	<b>213,910,396</b>	<b>231,679,590</b>

b. In accordance with Technical Bulletin No. 64 of the Chilean Association of Accountants for the years ended December 31, 2000 and 2001, the Company has recorded foreign exchange gains and losses on liabilities related to net investments in foreign countries that are denominated in same currency as the functional currency of those foreign investments. Such gains and losses are included in the cumulative translation adjustment account in shareholders' equity, and in this way, act as a hedge of the exchange risk affecting the investments. As of December 31, 2001 the corresponding amounts are as follows:

Company	Country of Origin	Investment ThCh\$	Reporting Currency	Liability ThCh\$
Edesur S.A.	Argentina	215,447,128	US\$	195,637,576
Edelnor S.A.	Perú	45,024,920	US\$	33,495,134
Companhia de Eletricidade do Rio de Janeiro	Brasil	193,828,458	US\$	154,029,298
Luz de Bogotá S.A.	Colombia	164,125,446	US\$	211,802,052
Investluz S.A.	Brasil	81,214,637	US\$	89,225,234
<b>Total</b>		<b>699,640,589</b>		<b>684,189,294</b>

## c. Investments year 2001

The investments made by Enersis during the year ended December 31, 2001 amounted to ThCh\$11,060,425, which are described as follows .

Acquisitions	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Central Termelétrica Fortaleza S.A.	-	5,739,102
Chilectra S.A.	198,706,282	4,837,695
Compañía Eléctrica del Río Maipo S.A.	13,621,454	483,628
Panaguide Corporation Inc.	(47)	-
Endesa Market Place	1,124,204	-
Electric Investment	17,078,117	-
Companhia de Electricidade do Rio de Janeiro	67,383,908	-
<b>Total</b>	<b>297,913,918</b>	<b>11,060,425</b>

## d. Dissolution of investment vehicles

During the period ended as of December 31, 2001, Electric Investment S.A. and Enersis Investment S.A. have been dissolved and have been absorbed by Enersis S.A.

## e. Subsidiaries in Argentina

The Company has direct and indirect investments in Argentina, which are recorded according to the Chilean Association of Accountants, Technical Bulletin No. 64. These investments represent 14.3% of total assets, 26.9% of total revenues, and 20.8% of total operating income. The application of SVS Circular No. 81 for the Company's Argentine subsidiaries amounted to a charge of approximately US\$3,000,000, net of minority interest.

## Note 9

### Goodwill:

- a. In accordance with current standards, recognition has been given to the excess of purchase price of the proportional equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 2000 and 2001, as follows:

Company	As of December 31,			
	2000 Amortization ThCh\$	2000 Net Balance ThCh\$	2001 Amortization ThCh\$	2001 Net Balance ThCh\$
Empresa Nacional de Electricidad S.A.	(41,707,067)	731,610,791	(41,707,069)	689,903,722
Distrielec Inversora S.A.	(225,448)	3,995,159	(249,599)	4,173,539
Chilectra S.A.	(976,740)	103,683,693	(5,998,849)	109,150,041
Inversiones Distrilima S.A.	(1,235)	17,285	(1,367)	17,768
Compañía Eléctrica del Río Maipo S.A.	(34,597)	10,633,471	(549,956)	10,487,406
Empresa Distribuidora Sur S.A.	(244,511)	3,647,294	(270,704)	3,767,305
Luz de Bogotá S.A.	-	-	(223,423)	3,537,531
<b>Total</b>	<b>(43,189,598)</b>	<b>853,587,693</b>	<b>(49,000,967)</b>	<b>821,037,312</b>

- b. Following current standards, recognition has been given to the excess of the equity in the net assets purchased over the purchase price (negative goodwill) in the purchase of shares as of December 31, 2000 and 2001 as follows:

Company	As of December 31,			
	2000		2001	
	Amortization ThCh\$	Net Balance ThCh\$	Amortization ThCh\$	Net Balance ThCh\$
Synapsis Soluciones y Servicios IT Ltda.	14,869	(167,280)	14,870	(152,411)
Companhia de Electricidade do Rio de Janeiro	-	(874,451)	48,406	(919,720)
<b>Total</b>	<b>14,869</b>	<b>(1,041,731)</b>	<b>63,276</b>	<b>(1,072,131)</b>

## Note 10

### Due to banks and financial institutions current portion:

Current portion of long-term debt due to banks and financial institutions:

Financial Institution	Foreign Currency				Local Currency				Total	
	US\$		Other foreign currencies		UF		Ch\$		2000 ThCh\$	2001 ThCh\$
	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$	2000 ThCh\$	2001 ThCh\$		
Bank of América	1,043,419	5,235,323	-	-	-	-	-	-	1,043,419	5,235,323
BBVA	-	569,287	-	-	-	-	-	-	-	569,287
BNP España	3,463,868	-	-	-	-	-	-	-	3,463,868	-
Citibank	411,577	394,607	-	-	-	-	-	-	411,577	394,607
Dresdner Bank	1,231,899	228,970	-	-	-	-	-	-	1,231,899	228,970
HSBC	-	20,961	-	-	-	-	-	-	-	20,961
Santander Central Hispano	8,009,615	1,056,350	-	-	-	-	-	-	8,009,615	1,056,350
Bank of Tokyo Mitsubishi	-	32,750,868	-	-	-	-	-	-	-	32,750,868
ABN Amro	-	499,884	-	-	-	-	-	-	-	499,884
Banco Negocios Argentaria	3,957,674	-	-	-	-	-	-	-	3,957,674	-
Midland Bank	99,804	-	-	-	-	-	-	-	99,804	-
Argentaria Bank	27,817	-	-	-	-	-	-	-	27,817	-
<b>Total</b>	<b>18,245,673</b>	<b>40,756,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,245,673</b>	<b>40,756,250</b>

	As of December 31,	
	2000 %	2001 %
Percentage of debt in foreign currency:	100.00	100.00
Percentage of debt in local currency:	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Other current liabilities:**

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

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Forward contracts and swaps	113,458,020	109,864,260
Interest rate collars	-	1,362,334
Cross-Currency swaps	-	(203,763)
<b>Total</b>	<b>113,458,020</b>	<b>111,022,831</b>

**Due to banks and financial institutions:**

Long-term debt:

Financial Institution	Currency	As of December		As of December 31, 2001					Total long term portion ThCh\$	Annual interest rate %
		31, 2000	After 1	After 2	After 3	After 5	After 10			
		long term portion ThCh\$	years but within 2 years ThCh\$	years but within 3 years ThCh\$	years but within 5 years ThCh\$	years but within 10 years ThCh\$	years ThCh\$			
Bank of America	US\$	82,150,064	26,783,907	-	-	-	-	26,783,907	3.46	
Banco Negocios Argentaria	US\$	130,115,292	-	-	-	-	-	-	-	
BNP España	US\$	50,271,818	-	-	-	-	-	-	-	
Citibank	US\$	34,060,636	35,253,894	-	-	-	-	35,253,894	2.58	
Dresdner Bank	US\$	173,792,631	75,363,332	-	-	-	-	75,363,332	2.93	
HSBC	US\$	-	9,821,850	-	-	-	-	9,821,850	2.96	
Santander Central Hispano	US\$	116,512,331	93,798,668	261,916,000	-	-	-	355,714,668	2.99	
BBVA	US\$	-	31,593,618	363,408,450	-	-	-	395,002,068	2.70	
Midland Bank	US\$	8,871,497	-	-	-	-	-	-	-	
Argentaria Bank	US\$	4,140,032	-	-	-	-	-	-	-	
ABN Amro	US\$	-	65,479,000	-	-	-	-	65,479,000	3.31	
<b>Total</b>	<b>US\$</b>	<b>599,914,301</b>	<b>338,094,269</b>	<b>625,324,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>963,418,719</b>		

	As of December 31,	
	2000 %	2001 %
Percentage of debt in foreign currency:	100.00	100.00
Percentage of debt in local currency:	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>



**Bonds payable:**

a) Details of the current portion of bonds payable is as follows at each year-end:

Instrument	Face Value Series	Interest Currency	Maturity Outstanding ThCh\$	Par Value Rate %	Date	2000 ThCh\$	2001 ThCh\$
269	B-1	UF	422,614	5.50	Jun 15, 2009	-	7,021,839
269	B-2	UF	-	5.75	Jun 15, 2022	-	102,447
Yankee Bonds	1	US\$	-	6.90	Nov 21, 2006	986,214	1,091,861
Yankee Bonds	2	US\$	-	7.40	Nov 21, 2016	1,233,960	1,366,147
Yankee Bonds	3	US\$	-	6.60	Nov 21, 2026	471,668	522,194
<b>Total</b>						<b>2,691,842</b>	<b>10,104,488</b>

b) Details of the long-term portion of bonds payable is as follows at each year-end:

Instrument	Face Value Series	Interest Currency	Maturity Outstanding ThCh\$	Par Value Rate %	Date	2000 ThCh\$	2001 ThCh\$
269	B-1	UF	3,374,406	5.50	Jun 15, 2009	-	54,876,822
269	B-2	UF	2,500,000	5.75	Jun 15, 2022	-	40,656,650
Yankee Bonds	1	US\$	300,000,000	6.90	Nov 21, 2006	177,429,944	196,437,000
Yankee Bonds	2	US\$	350,000,000	7.40	Nov 21, 2016	207,001,603	229,176,500
Yankee Bonds	3	US\$	150,000,000	6.60	Nov 21, 2026	88,714,973	98,218,500
<b>Total</b>						<b>473,146,520</b>	<b>619,365,472</b>

c) Bonds payable are comprised of the following:

i) Series A:

On September 10, 1999, the Company registered a bearer bond issue, as of June 7, 1999 for a maximum amount of UF 7,000,000 as follows:

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

The scheduled maturity of the bonds is 30 years, interest is payable semi-annually with the principle payable in one installment on June 15, 2029. Annual interest is 5.8%, compounded semi-annually. No placements from this registration have been made as of December 31, 2001.

ii) Enersis S.A. Series B1-B2

On September 11, 2001, Enersis S.A. registered two series of bearer bonds as of June 14, 2001, as follows:

Series	Total amount In UF	No. of bonds per series	Face value In UF
B1	1,000,000	1,000	1,000
B1	3,000,000	300	10,000
B2	1,000,000	1,000	1,000
B2	1,500,000	150	10,000

The scheduled maturity of the Series B-1 bonds is 8 years, interest and principal payable semi-annually. Annual interest is 5.50%, compounded semi-annually.

The scheduled maturity of the Series B-2 bonds is 21 years, principle payments beginning after 5 years, interest and principal payable semi-annually. Annual interest is 5.75%, compounded semi-annually.

iii) Enersis S.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 In US\$	Years to maturity	Stated annual interest rate
1	300,000,000	10	6.90%
2	350,000,000	20	7.40%
3	150,000,000	30	6.60%

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders have an option to require the Company to redeem all or any US\$ 1,000 portion thereof on December 31, 2003 at a redemption price equal to face value.

Bond discounts of Enersis S.A. and its affiliates of ThCh\$ 11,819,650 and ThCh\$ 23,554,931 as of December 31, 2000 and 2001, respectively are included in Other Assets.

**Repurchase of Yankee Bonds**

During November 2001, the Company made a tender offer to repurchase all or a portion of the Series 2 Yankee Bonds. The offer expired November 21, 2001 and the Company repurchased a total of US\$ 100,266,000 in bonds with accrued interest, at a price of US\$ 95,536,000, generating a financial gain of US\$ 8,201,000 (ThCh\$ 5,369,952), which is included in Other non-operating income (see Note 16(a)).

# Note 14

## Accrued expenses:

### a. Short-term accruals:

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

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Bonus and other fringe benefits	1,527,340	1,698,631
Other accrued expenses	566,007	806,530
<b>Total</b>	<b>2,093,347</b>	<b>2,505,161</b>

### b. Long-term accruals:

Long-term accruals include severance indemnities to personnel, calculated in accordance with the policy described in Note 2, and the accrual for post-retirement benefits. An analysis of the changes in the accruals in each year is as follows:

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
Opening balance as of January 1	739,215	1,017,432
Increase in accrual	1,454,840	1,024,345
Payments during the period	(1,145,083)	(799,952)
<b>Sub-total</b>	<b>1,048,972</b>	<b>1,241,825</b>
Complementary pension and others	523,440	525,561
<b>Total</b>	<b>1,572,412</b>	<b>1,767,386</b>

# Note 15

## Shareholders' equity:

### a. Issuance

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, or US\$ 520,000,000.

### b. Dividends

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

Dividend Number	Payment date	Historical value Ch\$ per share	Type of dividend	Related to
71	April 2001	1.806391	Final	2000

## c. Number of shares

Series	Subscribed	As of December 31, 2001	
		Number of shares Paid	With voting rights
First	8,291,020,100	8,291,020,100	8,291,020,100

## d. Subscribed and paid capital is as follows as of the year-end:

Series	As of December 31, 2001	
	Capital subscribed ThCh\$	Capital paid ThCh\$
First	729,328,347	729,328,347

## e. Net losses from operations and accumulated net earnings (losses) of development-stage subsidiaries are as follows:

Company	As of December 31, 2001	
	Of the period ThCh\$	Accumulated ThCh\$
Central Termeléctrica Fortaleza S.A.	(352,381)	(352,381)
Empresa Nacional de Electricidad S.A.	(47,006)	44,287
<b>Total</b>	<b>(399,387)</b>	<b>(308,094)</b>

## f. Other reserves

Other reserves are composed of the following as of December 31, 2001.

	As of December 31, 2001 ThCh\$
Accumulated net losses of development-stage subsidiaries	(308,094)
Reserve for variations in equity	2,318,686
Reserve for accumulated conversion differences	24,373,947
<b>Total</b>	<b>26,384,539</b>

Detail of changes in the cumulative translation adjustment are as follows for the year ended December 31, 2001:

	Initial Balance ThCh\$	Reserve for Assets ThCh\$	Reserve for Liabilities ThCh\$	Final Balance ThCh\$
Cumulative translation Adjustment	5,082,010	129,217,211	(109,925,274)	24,373,947
<b>Total</b>	<b>5,082,010</b>	<b>129,217,211</b>	<b>(109,925,274)</b>	<b>24,373,947</b>

The changes in the cumulative translation adjustment due to gains and losses on assets and liabilities for the year ended December 31, 2001 are as follows:

	As of December 31, 2001 ThCh\$
Distrilec Inversora S.A.	1,194,316
Inversiones Distrilima S.A.	1,988,910
Cia. Peruana de Electricidad S.A.	3,646,102
Edesur S.A.	7,704,951
Cia. de Electricidade do Rio de Janeiro	4,083,256
Luz de Bogotá S.A.	1,366,696
Investluz	4,445,832
Endesa Market Place	100,857
Central Termoeléctrica Fortaleza S.A.	(156,973)
<b>Total</b>	<b>24,373,947</b>

## Note 16

### Other income and expenses:

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

	Year ended December 31,	
	2000 ThCh\$	2001 ThCh\$
Gain on repurchase of bonds	-	5,369,952
Adjustments to investments in related companies	5,712,674	1,176
Cost of projects, inspections and other	10,503,382	13,016,716
Gain on sale of investments (1)	83,662,791	-
Gain on forward contracts	5,314,780	7,933,740
Gain on interest rate swaps	-	1,449,557
Others	368,928	867,981
<b>Total</b>	<b>105,562,555</b>	<b>28,639,122</b>
<i>(1) Before taxes</i>		

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

	Year ended December 31,	
	2000 ThCh\$	2001 ThCh\$
Adjustments to investments in related companies	160,274	206,346
Loss on forward contracts	3,159,830	-
Cost of projects, inspections and other	437,737	-
Usufruct contract	5,608,079	15,032,698
Other	941,986	569,169
<b>Total</b>	<b>10,307,906</b>	<b>15,808,213</b>

**Price-Level Restatement:**

The (charge) credit to income for price-level restatement as of each year-end is as follows.

	As of December 31,	
	2000 ThCh\$	2001 ThCh\$
<b>Assets</b>		
Accounts receivable from subsidiaries	3,781,891	(41,850)
Long-term accounts receivable from subsidiaries	21,803,457	15,664,740
Fixed assets	655,678	423,364
Investment in subsidiaries	81,224,805	52,391,458
Investment in other companies	2,791,103	10,426,410
Amortization of goodwill	35,740,525	26,135,604
Other current assets	484	298
Other long-term assets	3,215,594	629,477
Credit to income for asset accounts	1,004,659	3,099,743
<b>Net credits from assets</b>	<b>150,218,196</b>	<b>108,729,244</b>
<b>Liabilities and Shareholders' equity</b>		
Current accounts payable to subsidiaries	(4,969,356)	(703,133)
Long-term accounts payable to subsidiaries	(50,488,333)	(31,540,634)
Long-term portion of debt due to banks and financial institutions	(36,977,634)	(22,338,578)
Long-term portion of bonds payable	(20,548,482)	(14,226,520)
Shareholders' equity	(37,305,988)	(33,744,187)
Other long-term liabilities	-	(3,474,147)
Credit (charge) to income for liability and shareholders' equity accounts	299,050	(1,165,047)
Net charges from liabilities and shareholders' equity accounts	(149,990,743)	(107,192,246)
<b>Net credit to income</b>	<b>227,453</b>	<b>1,536,998</b>

**Foreign currency translation:**

The (charge) credit to income for foreign currency translation as of each year-end is as follows:

Assets				Liabilities			
	Currency	As of December 31,			Currency	As of December 31,	
		2000 ThCh\$	2001 ThCh\$			2000 ThCh\$	2001 ThCh\$
Cash	US\$	81,155	124,255	Accounts payable to related companies	US\$	(3,647,306)	(6,321,448)
Amounts due from related companies	US\$	7,536,721	2,230,537	Debt due to banks	US\$	(1,552,939)	(302,887)
Time deposits	US\$	2,622,450	157,012	Bonds payable	US\$	(743,046)	(1,091,808)
Other current assets	US\$	999,981	50,102	Other liabilities	US\$	-	(411,334)
Long-term receivables				Long-term liabilities			
Amounts due from related companies	US\$	9,209,723	51,851,195	Accounts payable to related companies	US\$	(514,654)	(5,371,305)
Other current assets	US\$		66,133	Debt due to banks	US\$	(9,444,820)	(69,796,712)
				Debt due to banks	US\$	(29,064,853)	(7,400,115)
<b>Total (loss) gain</b>		<b>20,450,030</b>	<b>54,479,234</b>	<b>Total (loss) gain</b>		<b>(44,967,618)</b>	<b>(90,695,609)</b>
				<b>Net charges to income</b>		<b>(24,517,588)</b>	<b>(36,216,375)</b>

## Note 19

### Bond issuance costs:

The bond issuance costs related to the registration and issuance of the Enersis S.A. Series B-1 and Series B-2 Bonds incurred as of December 31, 2001 are as follows:

	Series B-1 ThCh\$	Series B-2 ThCh\$
Registration taxes	780,373	487,782
Broker commission	104,050	50,811
Other issuance costs	19,630	12,268
<b>Total</b>	<b>904,053</b>	<b>550,861</b>

Bond issuance costs are included in Other Current Assets and Other Assets, and will be amortized over the life of the bonds. The amortization period for the Series B-1 is 8 years, Series B-2 is 21 years.

## Note 20

### Financial derivatives:

As of December 31, 2001 the Company held the following financial derivative contracts with financial institutions with the object of decreasing exposure to interest rate and foreign currency risk according to the following detail:

Type (1)	Nominal Amount US\$	Date of Maturity	Item	Sales/ Purch.	Hedged Item	As of December 31, 2001	
						Initial Hedged Amount ThCh\$	Closing Hedged Amount ThCh\$
FR	164,000,000	I Quarter 02	Exchange rate	P	(2)	-	-
S	92,163,783	II Quarter 09	Exchange rate	P	Bonds	61,749,743	61,749,743
S	100,000,000	I Quarter 03	Interest rate	P/S	Bank Obligations	65,479,000	65,479,000
S	50,000,000	I Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
S	50,000,000	III Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	50,000,000	II Quarter 04	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	50,000,000	II Quarter 06	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500
EO	275,000,000	III Quarter 04	Interest rate	P/S	Bank Obligations	180,067,250	180,067,250
EO	50,000,000	III Quarter 05	Interest rate	P/S	Bank Obligations	32,739,500	32,739,500

(1) Fr=Forward, EO=European Option, S=Swap  
(2) Non-hedging instruments

## Note 21

### Commitments and contingencies:

Litigation and other legal actions

- i. 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: First petition ruling period.  
Amounts involved: US\$ 250,000.



- ii. Court : International court of the International Chamber of Commerce, Paris, France  
Process number : 11046/KGA  
Cause : On May 30, 2000, Pecom Energia S.A. and PCI Power Edesur Holding Limited (together, "Pérez Companc") commenced an action against Endesa-Chile, Chilectra and Enersis before the Arbitration Court of the International Chamber of Commerce, Paris, France. Pérez Companc has petitioned the court to either recognize its alleged right to nominate both a director and an alternate director in addition to the directors whom it already has the right to nominate; or to state that Pérez Companc and the Enersis group should each have an equal number of directors in Distrielec Inversora. Enersis, Endesa-Chile and Chilectra have contested Pérez Companc's action. Process status: Final allegations presented, awaiting decision.  
Amounts involved: A fixed amount for the case was set between US\$ 180 million and US\$ 200 million.
- Process status : Final allegations presented, awaiting decision.  
Amounts involved : A fixed amount for the case was set between US\$ 180 million and US\$ 200 million.
- iii. Court : Honorable resolute 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., asserting the transaction has considerably increased the vertical integration in the electric sector, affecting free competition.  
Process status : The discussion stage has ended and the corresponding complaints have been made. The case is now in the sentencing stage. It is important to note the Commission decided not to receive the case in trial. Additionally, the petitions of the Fiscalia Nacional Económica have changed since the beginning of the case, limiting the request to the inability of Enersis S.A. and Endesa Chile to have common directors and the necessity for these companies to hire different external auditors.  
Amounts involved: Undetermined.
- iv. Chilean Internal Revenue Service review on taxable income for the 1999, 2000 and 2001 tax years, and the tax trial in first petition for the difference of First Category Income Tax and Reintegration of Monthly Tax Prepayments for absorbed net income in the amount of ThCh\$ 62,400, corresponding to the 1998 tax year.
- v. Court : 25th Civil Court of Santiago  
Process number : 3151-00  
Cause : Complaint filed for compensation of damages by Mrs. Odette Legrand Halcartegaray against Enersis S.A.  
Process status : First petition sentencing stage  
Amounts involved: ThCh\$ 50,000
- vi. Court : 2nd Labor Court of Santiago  
Process number : 6061-2001  
Cause : Complaint filed for severance pay for years of service on December 19, 2001 by Mr. Guillermo Calderón Ortega against Enersis S.A.  
Process status : First petition reconciliation and evidence stage.  
Amounts involved: ThCh\$ 50,000

#### Restrictions.

As of December 31, 2001, the Company did not have any restrictions.

## Guaranties.

As of December 31, 2000 and 2001, the Company had letters of credit outstanding of ThCh\$ 1,153, and ThCh\$ 943,967, respectively.

## Note 22

### Sureties obtained from third parties:

As of December 31, 2000 and 2001, the Company did not have any sureties from third parties.

## Note 23

### Foreign Currencies:

As of December 31, 2000 and 2001, foreign currency denominated assets and liabilities are as follows:

#### a. Assets.

Account	Currency	As of December 31,	
		2000 ThCh\$	2001 ThCh\$
<b>Current Assets</b>			
Cash	Ch\$	36,260	538,698
Time deposits	US\$	-	3,242,367
Marketable securities	Ch\$	64	-
Miscellaneous receivables	Ch\$	15,195,856	9,371,937
Current notes receivable	Ch\$	760	737
Current accounts receivables from related companies	UF	976,211	1,038,280
	Ch\$	23,083,631	70,777,158
	US\$	1,716,086	4,581,459
Recoverable expenses	Ch\$	7,938,830	11,643,727
Prepaid expenses	Ch\$	15,379	22,859
Deferred income taxes	Ch\$	16,081,228	2,805,857
Other current assets	Ch\$	5,189,591	2,737,864
	US\$	115,962,137	107,385,560
<b>Total current assets</b>		<b>186,196,033</b>	<b>214,146,503</b>
<b>Property, plant and equipment</b>			
Buildings and infrastructure	Ch\$	19,992,617	19,992,617
Machinery and equipment	Ch\$	1,421,538	1,502,357
Others	Ch\$	1,010,327	1,312,457
Technical reappraisal	Ch\$	31,933	31,914
Depreciation	Ch\$	(8,778,554)	(9,546,551)
<b>Total property, plant and equipment</b>		<b>13,677,861</b>	<b>13,292,794</b>
<b>Other assets</b>			
Investment in related companies	Ch\$	2,166,417,946	1,943,625,269
	Euros	-	584,831
	US\$	213,235,002	408,146,725
Goodwill	Ch\$	845,927,955	809,541,169
	US\$	7,659,738	11,496,143
Negative Goodwill	Ch\$	(167,280)	(152,411)
	US\$	(874,451)	(919,720)
Long-term receivables	Ch\$	-	475,381
Long-term accounts receivables from related companies	Ch\$	4,261,023	-
	UF	1,731,620	-
	US\$	463,791,116	644,499,929
Intangibles	Ch\$	1,382,224	1,382,224
Accumulated amortization	Ch\$	(199,483)	(268,724)
Others	Ch\$	3,163,918	14,023,809
<b>Total other assets</b>		<b>3,706,329,328</b>	<b>3,832,434,625</b>
<b>Total assets</b>		<b>3,906,203,222</b>	<b>4,059,873,922</b>

b. Current liabilities :

Account	Currency	Within 90 days				91 days to 1 year			
		2000		2001		2000		2001	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Short-term debt due to banks and financial institutions	US\$	-	-	8,016,750	2.87	18,245,673	-	32,739,500	2.5
Bonds payable	US\$	2,691,842	-	-	-	-	-	2,980,202	6.7
	UF	-	-	-	-	-	-	7,124,286	5.5
Dividends payable	Ch\$	644,079	-	377,639	-	-	-	-	-
Accounts payable	Ch\$	461,918	-	473,180	-	-	-	-	-
Notes payable	Ch\$	2,543,058	-	1,071,201	-	-	-	-	-
Accounts payable to related companies	UF	11,697,246	-	16,876,539	-	13,084,564	6.12	275,800	-
	Ch\$	186,304,852	9.67	85,327,864	9.14	-	-	-	-
	US\$	46,964	-	85,243	-	45,900,760	5.38	-	-
Accrued expenses	Ch\$	2,093,347	-	2,505,161	-	-	-	-	-
Withholdings	Ch\$	74,193	-	892,739	-	-	-	-	-
Income taxes payable	Ch\$	12,002,124	-	16,675	-	-	-	-	-
Deferred income	Ch\$	1,419,415	-	411,337	-	-	-	-	-
Other current liabilities	US\$	-	-	1,158,571	-	-	-	-	-
	UF	31,239,871	5.58	109,864,260	5.06	82,218,149	5.58	-	-
<b>Total current liabilities</b>		<b>251,218,909</b>		<b>227,077,159</b>		<b>159,449,146</b>		<b>43,119,788</b>	

c. Long-term liabilities, December 31, 2001

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Debt due to banks and financial institutions	US\$	963,418,719	3.85	-	-	-	-	-	-
Accounts payable to related companies	UF	1,008,887,067	4.90	-	-	-	-	-	-
	US\$	13,104,305	5.38	-	-	-	-	-	-
Bonds payable	US\$	-	-	-	-	196,437,000	6.9	327,395,000	7.16
	UF	14,900,647	5.5	17,381,727	5.51	32,715,282	5.57	30,535,816	5.75
Accrued expenses	Ch\$	-	-	-	-	525,561	-	1,241,825	-
Income taxes payable	Ch\$	3,947,637	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>		<b>2,004,258,375</b>		<b>17,381,727</b>		<b>229,677,843</b>		<b>359,172,641</b>	

d. Long-term liabilities, December 31, 2000

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Debt due to banks and financial institutions	US\$	599,914,301	6.81	-	-	-	-	-	-
Accounts payable to related companies	UF	1,033,330,968	6.06	30,966,399	6.10	-	-	-	-
	US\$	-	-	-	-	220,072,987	7.75	-	-
Bonds payable	US\$	-	-	-	-	177,429,945	7.06	295,716,575	7.06
Accrued expenses	Ch\$	-	-	-	-	523,441	-	1,048,971	-
Income taxes payable	Ch\$	1,812,743	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>		<b>1,635,058,012</b>		<b>30,966,399</b>		<b>398,026,373</b>		<b>296,765,546</b>	

**Note 24****Sanctions:**

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As of December, 2000 and 2001, there were no outstanding sanctions for the Company, directors, or management.

**Note 25****Subsequent events:**

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**a. Situation in Argentina (unaudited)**

On January 6, 2002, the Congress of the Republic of Argentina approved Law No. 25,561 entitled Public Emergency and Reform of the Exchange Regime. The law established: the end of convertibility at parity of the Argentine peso 1 to 1 with the US dollar, fees for public services are converted into Argentine pesos at a rate of exchange of 1 to 1, the indexation clauses based on price indices of other countries are no longer in effect, and the Argentine Government's Executive is authorized to renegotiate concession contracts with public service companies.

By function of the powers conferred to the Executive by this law, an official exchange rate was established at \$1.40 Argentine pesos per US dollar for settled foreign commerce transactions and another rate that is "free" from restriction for all other transactions. The "free" floating exchange rate of the US dollar on the day the exchange market opened was \$1.70 per US dollar. (See Note 2(d)).

Subsequently, the Executive Branch agreed to convert all assets and liabilities using a conversion rate into Argentine pesos of rate of exchange of 1 to 1, except for deposits maintained in the financial system.

On February 12, 2002, the Executive issued Decree No. 293, which granted authority to the Minister of Economics to renegotiate concession contracts with public service companies. Within the public services included in the renegotiation of the contracts, the Decree specifically mentions the distribution and commercialization of electric energy.

Based on these factors described above and before negotiations have started with the Argentine government. The Company estimates that net cash flows (operating cash flows less financing cash flows) for 2002 will decrease by approximately US\$ 112,000,000, from the total of its Latin American operations which represented an 18.7% of total cash flows during 2001.

The Company plans to mitigate this reduction in net cash flows through the renegotiation of concession contracts with the Argentine Government. The economic criteria of these negotiations have been defined in the decree, and it is the Company's belief that it will be possible to recouperate the diminished net cash flows in a reasonable period of time.

Despite the difficult economic position present in Argentina as described above during the months of January and February 2002, the Company's subsidiaries and affiliates in Argentina have continued to operate regularly in the electric sector and continued to service all contractual client demands.

At the date of issuance of these financial statements and considering the instable political and economic situation in Argentina, there is uncertainty regarding the correct application of transactions at the official or "free" floating exchange rate. Thus, it is not possible to determine the current extent of the effects of the situation in Argentina with certainty, or the future changes that could result.

b. Merger of Subsidiaries

The company is in the process of merging its subsidiaries Compañía Americana de Multiservicios Ltda. and Compañía Americana de Multiservicios Uno Ltda. so that the first absorbs the latter, effective as of January 1, 2002. At the date of issuance of these financial statements the public deed was in the process of being signed.

c. Dissolution of Subsidiaries

According to the minutes of the Extraordinary General Shareholders' Meeting held on January 28, 2002, the following companies have been dissolved: Empresa Eléctrica de Panamá S.A., Interocean Development Inc., Sociedad Panameña de Electricidad S.A. and Estelmar Holding S.A. The assets and liabilities of these companies have been proportionally distributed according to the shareholder participation of each one of the partners.

## Note 26

### Environment:

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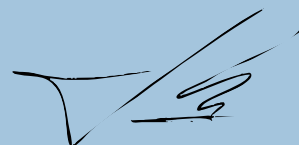
As the Company is a holding company and does not have any operations, there are no environmental disclosures required.



JUAN CARLO WIECZOREK C.  
General Account



ENRIQUE GARCIA ALVAREZ  
Chief Executive Officer



JUAN I. DOMINGUEZ ARTEAGA  
Adjunct Chief Executive Officer

# Energis S.A. Relevant Facts

## **Provisional Dividend**

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The Board of Directors of Energis S.A., as of February 2, 2001, agreed upon unanimous vote of its members not to distribute, in February 2001, a provisional dividend charged to the results of December 2000, due to not satisfying the requirements provided for such action in the Dividend Policy of the Company.

## **Definitive Dividend**

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As of April 2, 2001, the Ordinary Stockholders' Meeting of Energis S.A. agreed the distribution of the definitive minimum obligatory dividend, charged to the profit of the period that ended on December 31, 2000, reaching \$1.806 per share, which totals M\$14,976,820.

## **OPAs**

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On April 2, 2001, the Ordinary Stockholders' Meeting of Energis S.A. agrees to have recourse to the provision contained in the 10th transitory article of Law No. 19,705, of December 20, 2000, that "Regulates the Tender Offer for Shares (POPS, OPA in Spanish), and Establishes Corporate Government Regime", so that the current Company controller may exercise the option to freely alienate the shares issued by Energis S.A., even though the price is substantially higher than the market price, provided that such alienation is performed in the next three years, counted from day 1 of the month following the month in which such law was published. Likewise, the already mentioned Stockholders' Meeting agrees to carry all necessary agreements to duly comply with and carry out the aforementioned resolution.

## **Provisional dividend**

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The Board of Directors of Energis S.A., as of April 27, 2001, agrees upon unanimous vote of its present members not to distribute, in May 2001, a provisional dividend charged to the results of March 2001, according to the policy in force on this matter, due to not satisfying the requirements provided for such action in the dividend Policy of the Company.

## **Purchasing Powers**

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On June 28, 2001, the Board of Directors of Energis S.A., agreed, by unanimous vote of its present members, to open two Purchasing Powers in Chile to purchase the totality of the stock issued by Chilectra S.A. and the totality of the stock issued by Compañía Eléctrica del Río Maipo S.A. that are offered on sale by Energis S.A. The holders of ADSs issued by Chilectra S.A. shall be able to sell in the Purchasing Power over Chilectra S.A. by exchanging its ADSs into shares issued by Chilectra S.A.

The Chilectra S.A. shares will be purchased at a price of Ch\$2,200, legal currency, per share, and the Rio Maipo shares will be purchased at a price of Ch\$250, legal currency, per share. Such prices will be paid in cash and they are identical to the prices offered in the Purchasing Powers opened by Energis S.A. on such companies, as of November 21, 2000.

The Purchasing Powers will be opened as of July 3, 2001, date in which the present relevant fact and other pertinent information will be published in the Diario El Mercurio de Santiago newspaper. Each Purchasing Power will expire at 14:00 of the fifteenth day, counted since the publication of an ad in Diario El Mercurio de Santiago announcing that the number of shareholders of Chilectra S.A., or Rio Maipo S.A., as it corresponds, has become lower than 500. Anyway, both Purchasing Powers will expire not later than December 26, 2001, at 14:00.

Finally, the Board of Directors of the Company resolves to declare that Enersis S.A. has the intention of proposing, in the corresponding corporate instances, and according to the then-applicable legal provisions, that the shares of Chilectra S.A. and Rio Maipo S.A. cease to be registered in the national and foreign stock exchanges as it corresponds, as soon as the conditions for it become feasible.

Given the nature of the operations, whose performance depends on the volume of the purchases and sales become perfected, and the time in which such purchase and sales take place during the in force period of the Purchasing Powers, it is not possible to a priori determine the effects that they may produce in the result. It is possible to indicate, though, that the total investment that the maximum share purchasing might imply, corresponding to the Purchasing Powers previously mentioned, would be equivalent in Chilean pesos to approximately US\$28,7 million.

### **Provisional dividend**

---

The Board of Directors of Enersis S.A., as of July 31, 2001, agrees upon unanimous vote of its present members not to distribute, in August 2001, a provisional dividend charged to the results of June 2001, according to the policy in force on this matter, due to not satisfying the requirements provided for such action in such dividend Policy of the Company.

### **Empresa Nacional de Electricidad S.A.**

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As of Sept. 7, 2001, E.S.P., Colombian hydroelectric partnership controlled by our subsidiary Empresa Nacional de Electricidad S.A., of which Enersis indirectly owns 14,70%, was notified of a environmental complaint, also presented against the Corporación Autónoma Regional de Cundinamarca (Colombia) and the Empresa de Energía de Bogotá S.A. E.S.P., a company property of the Bogotá Municipality and that owns 51,5% de Emgesa S.A. E.S.P. The plaintiffs are the residents of the Sibaté-Cundinamarca Municipality, who are demanding in representation of the 25,000 residents of such Municipality through a group action.

The complaint aims to obtain the repair of all supposed material and moral damage that the defendants might have suffered when the plaintiffs allowed the use of the contaminated waters of the Bogotá river in the Embalse del Muña reservoir, in order to use it in the generation of electric energy.

The complaint demands approximately to US\$1,500,000,000, an amount which, beyond considerations of the essence, is considered as completely disproportionate regarding the supposed damages.

Notwithstanding, it can be said that the economic activity performed by Emgesa S.A. E.S.P. is framed in the most strict attachment to the body of laws in force, that has been awarded all permissions and authorizations from the competent entities, including those with environmental competence, and that the eventual ecological damages are not imputable, absolutely, to such company's behavior, as the water that is utilized in the generation of electric energy is not contaminated by such company and it cannot be considered as a polluting agent. Therefore, Emgesa S.A. E.S.P. is absolutely convinced that the Colombian justice will finally reject this bold complaint.

Attending the foundations of the complaint, it is considered that it will cause no effect or influence in the property of Enersis S.A:



## **Enersis Internacional tender offer to purchase bonds**

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As of November 6, 2001, the Enersis Internacional partnership, a company 100% owned by Enersis S.A., with domicile in the Cayman Islands, announced in the United States of America Tender offer to purchase in cash the issuing of bonds in dollars performed by Enersis S.A. (Cayman Islands Agency) on Nov. 1, 1996, whose expiration date is on Dec. 1, 2016 (the "Offer").

Such issuing of bonds was originally for a total amount of US\$350,000,000 (three hundred fifty million American dollars, hereinafter "US\$") for twenty years, that is, to expire on 2016, at a cover annual rate of 7.4% (hereinafter "the Bonds"), and was registered in the Securities and Exchange Commission ("SEC") of the United States of America.

The Enersis Internacional Offer is over the total amount of the Bonds that are circulating in the market and that reach the total of the originally issued, that is, US\$350,000,000. The terms and conditions of the Enersis Internacional offer are recorded in the Offer to Purchase document dated November 6, 2001. The Offer dealer agent is Chase Manhattan International Limited ("JPMorgan").

The exact price to be paid by Enersis Internacional for each US\$1,000 of Bond capital will be determined by a formula which is explained in the Offer to Purchase and that will basically be the estimation of a margin or Spread over the yield to maturity of the United States Treasury Bond with a coupon rate of 5.0%, expiring on August 15, 2011. Enersis Internacional has offered, as well, to pay all the Bond holders that accept the Offer an amount equivalent to the interest accrued and not paid since the payment time of the last Bond coupon.

The Offer period has started with this date and will expire at 17:00, New York time, of November 16, 2001, unless Enersis Internacional decides to extend it or cancel it in advance (the "Termination Date"). The payment of Bonds to those holders that shall have accepted the offer will happen at the third labored day of transactions in the New York Stock Exchange since the acceptance from a holder. Once a holder has accepted the Offer, this operation is irrevocable. The remaining conditions of the Offer shall be contained in the Offer to Purchase.

The result of the Offer will be communicated to the market after the Termination Date (including any extension of it).

On the other hand, it is worth mentioning that the immediate financing needed to carry on the described operation is duly negotiated in the in the international credit markets.

## **Extension of the public offer period**

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As of November 19, 2001, Enersis Internacional informed the extension of the Offer termination date to the market. The Offer shall now expire at 17:00, New York time, of Wednesday, November 21, 2001, but all the remaining terms and conditions of the Offer shall remain unaltered.

Finally, and according to the provisions of the communication No. 988 of the Superintendence of Values and Insurance, the final effects of the operation described in the results of Enersis S.A. cannot be reasonably quantified at this time. These effects may only be determined once the definitive result of the Offer is known.

## **Latibex**

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As of December 17, 2001, the entering of Enersis S.A. stock to the so-called Mercado de Valores Latinoamericano de la Bolsa de Valores de Madrid (Latin American Securities Market of the Madrid Stock Exchange, Latibex) has been formalized, and the first transactions of the titles in the European market have already been done.

# Parent Company Management Analysis

Financial statements for the year ended December 31, 2000 and 2001

## **Economic-financial summary**

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As at December 31, 2001, the Company achieved a Net Profit of \$ 40,926 million compared to the profit of \$ 92,875 million as at December 2000.

With respect to the decrease in profit in the period December to December, it is important to consider that the significant profit achieved in 2000 was due mainly to an extraordinary income of some \$ 150,000 million produced by the sale of the Company's investments in Aguas Cordillera, Aguas Puerto and Transelec. Such divestments were not repeated during the year 2001.

An essential element in the positive result in 2001 was the significant growth in operating income that grew by 36% or \$ 195,917 million. The subsidiaries that contributed most to this improvement in operating income were Endesa, Cerj and Edesur.

This improved operating income comprises mainly \$ 111,194 million from the distribution business (57%) and \$ 76,360 million from the generating business (39%).

This positive achievement is particularly remarkable considering it was attained in the midst of a fairly depressed regional economic scenario throughout the year 2001 that was made significantly worse by the events that took place in Argentina from November 2001 on.

Furthermore, another positive aspect achieved during 2001 was the greater balance reached between the generation and the distribution businesses in most of the countries where we operate. This has contributed to a greater stability in aggregate cash flows.

Finally, in the area of financial operations, we must highlight the repurchase of Yankee Bonds carried out by Enersis and its subsidiary, Endesa Chile that produced a final profit of \$ 23.411 million after taxes.

With regard to the evolution of the Minority Interests, this decreased by \$ 57.133 million, essentially as a result of the lower profits from affiliated companies and, to a lesser degree, of the increase in the shareholding in Chilectra and Rio Maipo, investments made by the Company during the past two years.

## **Performance of distribution business**

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In this segment, we highlight the increase in physical sales achieved by Chilectra and Rio Maipo (Santiago), Edesur (Buenos Aires) and Edelnor (Lima) which, unfortunately, were not able to compensate the decrease in sales registered by Codensa (Bogotá), Cerj (Rio de Janeiro) and Coelce (Ceará). In the case of the last two, the fall was due to the rationing of power due to the drought in Brazil during 2001, and implied, for the whole group, a 1.2% reduction in aggregated physical sales or 593 GWh.

The growth of US\$ 170 million in operating income was explained mainly by Cerj (US\$ 87 million), Edesur (US\$ 40 million), Coelce (US\$ 19 million) and Codensa (US\$ 11 million).

In this same line of business, there was also a sustained improvement in the productivity ratio during 2001 in all subsidiaries in the five countries where they operate. The average productivity rose from 1,223 clients per employee to 1,379 clients per employee, an improvement of 13%. This was the result of the addition of 317,000 new clients as well as a reduced staff complement related to a more efficient distribution of human resources within the Group that led to a significant reduction in cost of salaries that will continue to be reflected in future periods.

### **Performance of Generating Business**

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The Operating Income of this business segment rose by 30.4%, due principally to the improved results in Chile, Peru and Colombia while they declined in Brazil and Argentina.

In Chile, the improvement in operating income US\$ 103 million, was the result of an increase of 34.9% in average tariffs and an increase of 13.2% in the generation of hydroelectricity. In Peru, the increase by US\$ 18 million was due mainly to a 17.6% rise in physical sales, reflecting the greater generating capacity, and to the increase, in October 2000, of 191 MW of new additional capacity. In Colombia, operating income rose by US\$ 13 million as a result of a 9.2% increase in physical sales and a 16.4% rise in average tariffs. In Brazil, the fall in operating income by US\$ 5 million is due to a lower level of generation of hydroelectricity which implied a greater need to purchase power. Finally, in Argentina the fall by US\$ 8 millions explained by the drop in physical sales at Central Costanera and to lower spot prices that could not be entirely compensated by the increase in generation of hydroelectricity at El Chocón as a result of a greater availability of water.

Details of the variations described above can be found in the following pages, in the Analysis of the Financial Statements, which includes comments on the principal accounts in the Income Statement, Financial Statements and Principal Cash Flows, compared with the information corresponding to December 31, 2000.

On the other hand, in the financial area, the exchange rate continued to rise, reaching a record level of over Ch\$ 700, a circumstance which had great impact on the foreign exchange translation line. The closing exchange rate on December 31 was Ch\$ 654.79 which, compared to the closing figure on December 31, 2000 of Ch\$ 573.65, represents a devaluation of 14%.

As of December 17, 2001, the shares of both Enersis and Endesa Chile, are being traded in the Latin American Stock Market, Latibex, listed under the Madrid Stock Market within the framework of globalization of the principal companies in the region.

### **Markets in which the company operates**

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Enersis' commercial activities are handled through subsidiaries that operate the various businesses in the countries where the company has a presence. For Enersis, the most important activities are the Distribution and Generation of electricity.

The following tables illustrate the evolution of the key ratios in the different countries.

#### Distribution Business

Company	Energy sales (GWh) (*)		Energy losses (%)		Clients (th)		Clients per employee (th)	
	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01	Dec-00	Dec-01
Chilectra	9,089	9,585	5.2%	5.4%	1,262	1,289	1,455	1,785
Río Maipo	1,186	1,245	5.4%	6.4%	287	294	3,121	3,764
Edesur	12,597	12,909	10.3%	9.9%	2,108	2,097	886	925
Edelnor	3,583	3,685	9.9%	8.9%	852	867	1,379	1,557
Cerj	7,656	6,739	19.7%	22.7%	1,581	1,691	1,128	1,249
Coelce	5,894	5,352	13.3%	13.0%	1,796	1,917	1,128	1,309
Codensa	8,776	8,673	10.5%	11.8%	1,802	1,850	1,860	2,276
<b>Total</b>	<b>48,781</b>	<b>48,188</b>	<b>11.5%</b>	<b>11.9%</b>	<b>9,688</b>	<b>10,005</b>	<b>1,223</b>	<b>1,379</b>

(\*) It includes sales to final clients, tools, and intercompany sales

#### Generating Business

Country	Market of operations	Energy sales (GWh)		Market share	
		Dec-00	Dec-01	Dec-00	Dec-01
Chile	SIC y SING	20,086	18,673	55.4%	49.0%
Argentina	SIN	15,549	12,988	21.6%	13.5%
Perú	SICN	3,604	4,239	20.9%	23.0%
Colombia	SIN	13,356	14,591	19.7%	23.3%
Brasil	SICN	3,887	3,743	1.1%	1.2%
<b>Total</b>		<b>56,482</b>	<b>54,234</b>		

### I.- ANALYSIS OF THE FINANCIAL STATEMENTS

#### 1. - Analysis of the Income Statements

The profit obtained as at December 31, 2001 amounted to \$ 40,926 million that is 56% or \$ 51,949 million lower than the profit of \$ 92,875 million at the same date in the previous year.

It is important to point out that despite the lower profit, operating income during the period rose by 36% and the fall in profit is mainly the result of profits obtained on the sale of assets in 2000, specifically of the investments in Aguas Cordillera S.A., Aguas Puerto S.A. and Transelec S.A., which produced extraordinary revenues of approximately \$ 82.663 million.

The following table illustrates the comparisons and variations of each item in the Income Statement:

Income Statement (million Ch\$)	Dec-00	Dec-01	Dec 01-00	%Var 01-00
Operating Revenues	4,160	4,175	15	0.4%
Operating Costs	(847)	(820)	27	3.2%
<b>Operating Margin</b>	<b>3,313</b>	<b>3,355</b>	<b>42</b>	<b>1.3%</b>
Selling and Administrative Expenses	(19,428)	(20,040)	(612)	(3.2%)
<b>Operating Income</b>	<b>(16,115)</b>	<b>(16,685)</b>	<b>(570)</b>	<b>(3.5%)</b>
Profit(Loss) in Related Companies	213,910	231,680	17,770	8.3%
Net Other Non Operating Income	95,255	12,831	(82,424)	(86.5%)
Net Financial Margin	(136,917)	(111,347)	25,570	18.7%
Positive Goodwill Amortization	(43,190)	(49,001)	(5,811)	(13.5%)
Monetary Adjustment	227	1,537	1,310	577.1%
Exchange Difference	(24,518)	(36,216)	(11,698)	(47.7%)
<b>Non Operating Income</b>	<b>104,767</b>	<b>49,484</b>	<b>(55,283)</b>	<b>(52.8%)</b>
Income tax	4,208	8,064	3,856	91.6%
Negative Goodwill Amortization	15	63	48	320.0%
<b>Net Income</b>	<b>92,875</b>	<b>40,926</b>	<b>(51,949)</b>	<b>(55.9%)</b>
<b>R.A.I.I.D.A.I.E. (*)</b>	<b>238,590</b>	<b>226,797</b>	<b>(11,793)</b>	<b>(4.9%)</b>
<b>Earnings per share \$</b>	<b>11.20</b>	<b>4.94</b>	<b>(6.27)</b>	<b>(55.9%)</b>
<i>(*) Earnings before taxes, interests, depreciation, amortization and extraordinary items.</i>				

#### Non-Operating Income

The non-operating result recorded a profit of \$ 49.484 million, which represents a decrease of 53% or \$ 55.283 million in comparison to December 2000.

The net financial margin registered \$ 25.570 million profits compared to December 2000. This positive outcome is related to lower indebtedness and also lower interest rates in the international markets.

Investments in related companies show a net profit of \$ 231.680 million, that is \$ 17.770 million higher than December 2000. This positive variation is mainly related to better results of Edesur, Distrilec, Enersis de Argentina, Luz de Bogota y Chilectra by \$ 41.339 million, partially compensated by lower results recognized from Endesa Chile by \$ 24.904.

Amortization on lower value of investments increased by \$ 5.811 amounting to 49.001 million. This increase is mainly related to the acquisition of additional equity interest in our subsidiaries Chilectra and Rio Maipo.

Non-operating income and expenses as at December 31, 2001 amounted to a net profit of \$ 12,831 million, reflecting a fall of \$ 82.424 million respect to the year before, when the profit reached \$ 95.255 million. The main reasons for this fall are:

- A reduction of \$ 82.663 million related to the one time profits registered in 2000 in connection with the divestments in Aguas Cordillera S.A., Aguas Puesto S.A.
- An increase in losses because of the dividends granted to Chilectra de Argentina S.A., by \$ 9.425 million.
- Higher non operating income related to the repurchase of bonds made by our subsidiary Enersis International , adn equivalent to \$ 5.370 million.

Price-level restatement and exchange differences. These show a higher loss of \$ 11,698 million, from a loss of \$ 24,518 million as at December 31, 2000 to a loss of \$ 36,216 million in this exercise. This was mainly due to the effects of 11.04% devaluation of the Peso respect to the US Dollar, compared to only 3.52% devaluation during the year 2000.

### Interest rate risks

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As at December 31, 2001, Enersis had 40% of its debt exposed to floating rates (basically Libor and TAB Chile rate, while debt at variable rate for the year 2000 was 71%.

The reduction in the percentage of debt at variable rate during this year is mainly explained by changing obligations to fixed rates, as well as by hedging US\$ 425 million over Libor rate.

Considering the situation of debt exposed to floating rate trough all its subsidiaries, this would result 54% in 2000, and 43% in 2001.

### Foreign currency risk

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The Company's exposure to an exchange risk is brought about by the assets and liabilities denominated in foreign currency, mainly in US Dollars.

As at December 31, 2000, 51% of the debt was expressed in US Dollars. When considering the US Dollar/UF forward policy, the percentage of the debt expressed in US Dollars is reduced to 45%.

As at December 31, 2001, 60% of the debt was expressed in US Dollars. When considering the US Dollar/UF forward policy, the percentage of the debt expressed in US Dollars is reduced to 56%.

The important proportion of debt denominated in US Dollars is basically explained because a very important percentage of Enersis revenues are, directly or indirectly, linked to the US Dollar.

The exchange risk exposure is currently handled on a consolidated basis. The Company's policy is to hedge between 60% and 70% of the exposure to exchange risks.

On a consolidated basis, as at December 31, 2001, the Company had US Dollar/UF forward contracts for USD 506 million whilst as at December 31, 2000, the total was USD 902 million. The reduction is due to a decrease in the exposure to the variations in the Dollar exchange rate on our books.

This hedging policy lies in maintaining a certain position in forward contracts US\$/UF. In December 2000, Enersis had forward contracts by US\$ 196 million, while as of December 2001, these contracts amounted to US\$ 164 million.

## 2. - Analysis of the financial statements

Total assets increased by \$ 153.671 million respect to the previous year. This is principally due to:

Assets (million Ch\$)	Dec-00	Dec-01	Dec 01-00	%Var 01-00
Current Assets	186,196	214,146	27,950	15.0%
Fixed Assets	13,678	13,293	(385)	(2.8%)
Other Assets	3,706,329	3,832,435	126,106	3.4%
<b>Total Assets</b>	<b>3,906,203</b>	<b>4,059,874</b>	<b>153,671</b>	<b>3.9%</b>

- Increase of \$ 225.337 million on receivable accounts from related companies, both long and short term.
- Decrease in investments in related companies by \$ 27.296 million related to the merge of Enersis Investments, partially compensated by an increase in the investment in Luz de Bogotá, as well as in Endesa S.A., Chilectra S.A., Edesur S.A., Distrilec S.A., and Enersis SPVs.

Liabilities (million Ch\$)	Dec-00	Dec-01	Dec 01- 00	%Var 01- 00
Short Term Liabilities	410,668	270,197	(140,471)	(34.2%)
Long Term Liabilities	2,360,816	2,610,491	249,675	10.6%
Equity	1,134,719	1,179,186	44,467	3.9%
<b>Total Liabilities</b>	<b>3,906,203</b>	<b>4,059,874</b>	<b>153,671</b>	<b>3.9%</b>

Total liabilities by 23.6% or \$ 109.204 million mainly due to an increase in the obligations with banks and also to a higher exchange rate applied to obligations with banks and financial institutions and over bonds.

In relation to the equity, it increased by \$ 44,467 million. This variation is explained by the increase of \$ 19,245 million in Other Reserves, the decrease of \$ 15,704 million in Retained Earnings and profits of 2001 for \$ 40,926 million.



Below we illustrate the evolution of the principal financial ratios:

	Indicator	Unit	Dec-00	Dec-01	Var Dec 01-00	%Var 01-00
Liquidity	Current liquidity	times	0.45	0.79	0.34	75.6%
	Acid Ratio (1)	times	0.43	0.76	0.33	76.7%
	Working Capital	MM\$	(224,472)	(56,051)	168,421	(75.0%)
Indebtedness	Leverage	times	2.44	2.44	-	0.0%
	% Short term debt	%	0.15	0.09	(0.05)	(36.7%)
	% Long term debt	%	0.85	0.91	0.05	6.4%
	Interest Coverage (2)	times	1.19	1.44	0.25	21.2%
Profitability	ROE	%	8.18%	3.47%	-4.7%	(57.6%)
	ROA	%	2.4%	1.0%	-1.4%	(57.6%)
	<i>(1) Current assets net of expenses</i>					
	<i>(2) RAIIDAIE divided by interest expenses</i>					

The liquidity ratio as at December 2001 was 0.79 that reflects an improvement of 0.34 points respect to the same date of the previous year.

The debt ratio as at December 31, 2001 was 2.44 times, which remained almost flat compared to December 2000.

Furthermore, return on equity was 3.47%. As at the same date in the previous year, this was 8.18%.

### 3.- Main cash flows items

During the period, the Company generated a positive net cash flow of \$ 3.379 million composed of the following:

Effective Cash Flow (million Ch\$)	Dec-00	Dec-01	Dec 01-00	%Var 01-00
Operating Cash Flow	(106,683)	(3,438)	103,245	(96.8%)
Financing Cash Flow	14,449	90,238	75,789	524.5%
Investment Cash Flow	81,428	(83,421)	(164,849)	(202.4%)
Net Cash Flow	(10,806)	3,379	14,185	(131.3%)

**Operating activities** generated a net negative cash flow of \$ 3.438. This flow comprises mainly by profits for the period of \$ 40,926 million less additions to the net income that do not represent cash flow for \$ 147.217 million. Additionally, a positive variation in liabilities impacting the operating cash flow for \$ 21.489 million, and by positive variation on assets that do impact the operating cash flow for \$ 81.358 million.

**Financing activities** produced a positive cash flow of \$ 90.238 million mainly due to new loans hired in the amount of \$ 708.926 million and bonds issued by \$ 99.341 million. This was partially offset by prepayment of loans for \$ 393.889 million, dividends paid for \$ 15.394 million, loans paid to related companies for \$ 305.869 million, and other payments for \$ 9.842 million.

**Investment activities** generated a net negative flow of \$ 83.421 million, basically due to loans granted to related companies for \$ 178.338 million and investments for \$ 11.060 million. This was compensated by collection on loans given to related companies in the amount of \$ 93.059 million, and others for \$ 13.010 million.

## II. BOOK VALUE AND MARKET VALUE OF THE ASSETS

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With regard to the more important assets, we mention the following:

The value of the items in fixed assets have been adjusted in accordance with the accounting criteria established by the Chilean Superintendency of Securities and Insurance in its Circulars N° 550 and 556 issued in 1985. In the case of the foreign company, Inversiones Distrilima S.A., the value of the fixed assets were adjusted in accordance with the exception criteria indicated in Technical Bulletin N° 45 issued by the Chilean College of Accountants, the norm in force at the time the investment was made and which was not modified by Technical Bulletin N° 51 that replaced it.

Depreciation is calculated on the updated value of the goods in accordance with the years of useful life remaining for each item.

Investments in related companies are valued at their proportional equity value. In the case of foreign companies, as from the second quarter of 1998, this methodology has been applied on the basis of the financial statements prepared in accordance with the norms established in Technical Bulletin N° 64 of the Chilean College of Accountants.

Intangible values have been adjusted by price-level restatement and are amortized according to the norms indicated in Technical Bulletin N° 55 of the Chilean College of Accountants.

The assets expressed in foreign currency are shown at the exchange rate reigning as at the date of closure of the period.

Investments in financial instruments with repurchase/resale agreements are shown at their purchase value plus the proportion of the interest calculated on the implicit rate of each operation.

Accounts and bills receivable from related companies are classified according to their short and long-term maturities. The operations are adjusted to equal conditions similar to those that are normally applied in the market.

In summary, assets are valued according to generally accepted accounting principles and norms and to instructions given on this matter by the Superintendency of Securities and Insurance explained in Note 2 of the Financial Statements.



## Financial Statements of Subsidiaries

# Comparative Balance Sheets

For the years ended 2000 & 2001 (thousand Ch\$ as of December 2001)

	CHILECTRA		RÍO MAIPO		SYNOPSIS		CAM UNO LTDA.		INM. MANSO DE VELASCO		CAM LTDA. (Ex - Diprel)		ENERSIS ARGENTINA		ENERSIS INTERNATIONAL		EMPRESA ELÉCTRICA DE PANAMÁ		DISTRILIMA		EDESUR		ENDESA CHILE		INTEROCEAN DEVELOPMENT		
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	
<b>ASSETS</b>																											
Current assets	175,955,902	149,574,451	35,210,295	11,752,740	17,754,825	21,521,184	25,232,423	17,230,872	36,405,042	46,012,325	15,224,962	22,263,642	102,680	101,185	10,281,521	223,366,703	7,342,402	5,172,566	39,708,104	41,723,866	127,388,592	66,061,280	310,646,300	306,073,806	4,290,481	4,782,014	
Fixed assets	247,745,052	262,860,113	33,873,635	36,407,811	4,183,517	3,863,178	9,922,239	9,994,459	54,785,404	49,963,322	604,013	1,160,978	339	-	-	-	-	-	312,718,128	359,540,523	760,612,730	850,411,823	5,140,608,420	5,402,808,808	-	-	
Others assets	698,675,046	792,338,683	1,122,420	5,857,552	15,568	9,538	100,430	123,931	12,496,097	8,118,375	258,593	2,832,381	457	182	284,940,895	114,140,665	207,461,431	214,578,698	6,845,030	898,942	3,813,320	19,229,008	390,073,276	467,400,267	114,852,569	128,012,612	
<b>Total assets</b>	<b>1,122,376,000</b>	<b>1,204,773,247</b>	<b>70,206,350</b>	<b>54,018,103</b>	<b>21,953,910</b>	<b>25,393,900</b>	<b>35,255,092</b>	<b>27,349,262</b>	<b>103,686,543</b>	<b>104,094,022</b>	<b>16,087,568</b>	<b>26,257,001</b>	<b>103,476</b>	<b>101,367</b>	<b>295,222,416</b>	<b>337,507,368</b>	<b>214,803,833</b>	<b>219,751,264</b>	<b>359,271,262</b>	<b>402,163,331</b>	<b>891,814,642</b>	<b>935,702,111</b>	<b>5,841,327,996</b>	<b>6,176,282,881</b>	<b>119,143,050</b>	<b>132,794,626</b>	
<b>LIABILITIES AND EQUITY</b>																											
Short term liabilities	187,749,188	86,012,418	38,353,067	11,697,847	16,301,327	17,660,340	25,732,600	14,619,475	34,000,918	12,704,053	13,405,773	16,622,868	3,362	6,207	112,972	606,594	774,093	60,339	89,436,846	79,024,832	259,860,996	201,545,448	558,996,234	659,556,909	648	1,449	
Long term liabilities	474,787,390	615,944,324	10,095,603	20,707,822	623,329	420,832	639,699	968,489	443,687	16,603,008	358,930	4,512,420	-	-	33,676,790	44,577,090	88,204,485	97,485,842	29,177,915	62,383,903	59,885,550	76,630,519	2,677,251,416	2,721,454,706	-	-	
Minority interest	17,517,095	19,034,317	-	-	1,105	2,017	204,078	599,945	24,082,344	25,869,064	-	-	-	-	-	-	(2,226,439)	(8,527,896)	97,933,228	105,691,202	-	-	1,268,286,916	1,390,854,340	-	-	
Equity and reserves	293,207,503	307,045,388	19,261,309	19,261,309	4,065,831	4,135,553	1,354,138	1,689,930	6,029,959	6,029,959	1,588,365	1,662,913	80,353	80,353	197,723,037	202,273,602	137,478,138	151,273,638	117,995,959	131,563,763	570,121,700	634,254,216	1,267,744,541	1,273,450,789	125,571,248	133,903,809	
Subsidiary's organization cost	113,139,614	137,543,147	1,014,512	1,002,292	15,079	15,998	6,319,688	6,783,256	36,354,529	38,232,416	3,687	471,055	19,643	19,643	34,035,212	63,709,617	3,258,520	(9,426,445)	17,026,252	18,189,782	(46,523,793)	(57,970,295)	(44,629,055)	58,874,284	(5,306,996)	(6,428,846)	
Accumulated profits (losses)	65,015,793	71,053,639	9,869,354	8,992,219	4,997,089	5,314,256	4,687,231	4,069,976	7,777,450	5,433,178	2,261,242	3,995,818	5,592,107	15,018,688	38,206,020	54,488,744	(12,684,964)	(11,114,214)	7,701,062	11,982,797	58,524,553	81,242,223	111,577,566	70,058,270	(1,121,850)	5,318,214	
Net income	(29,040,583)	(31,859,986)	(8,387,495)	(7,643,386)	(4,049,850)	(2,155,096)	(3,682,342)	(1,381,809)	(5,002,344)	(777,656)	(1,530,429)	(1,008,073)	(5,597,341)	(15,023,524)	(8,531,615)	(28,148,279)	-	-	-	(6,672,948)	(10,054,364)	-	-	2,100,378	2,033,583	-	-
Interim dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities and equity</b>	<b>1,122,376,000</b>	<b>1,204,773,247</b>	<b>70,206,350</b>	<b>54,018,103</b>	<b>21,953,910</b>	<b>25,393,900</b>	<b>35,255,092</b>	<b>27,349,262</b>	<b>103,686,543</b>	<b>104,094,022</b>	<b>16,087,568</b>	<b>26,257,001</b>	<b>103,476</b>	<b>101,367</b>	<b>295,222,416</b>	<b>337,507,368</b>	<b>214,803,833</b>	<b>219,751,264</b>	<b>359,271,262</b>	<b>402,163,331</b>	<b>891,814,642</b>	<b>935,702,111</b>	<b>5,841,327,996</b>	<b>6,176,282,881</b>	<b>119,143,050</b>	<b>132,794,626</b>	

# Comparative Income Statements

For the years ended 2000 & 2001 (thousand Ch\$ as of December 2001)

	CHILECTRA		RÍO MAIPO		SYNOPSIS		CAM UNO LTDA.		INM. MANSO DE VELASCO		CAM LTDA. (Ex - Diprel)		ENERSIS ARGENTINA		ENERSIS INTERNATIONAL		EMPRESA ELÉCTRICA DE PANAMÁ		DISTRILIMA		EDESUR		ENDESA CHILE		INTEROCEAN DEVELOPMENT		
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	
<b>OPERATING INCOME</b>																											
Operating revenues	306,907,763	360,032,392	42,797,036	51,601,728	32,300,348	44,561,341	43,563,070	49,728,961	34,217,810	11,808,227	22,977,032	41,189,122	-	-	-	-	-	-	165,848,680	183,573,451	531,961,114	581,914,971	910,340,111	1,014,834,291	-	-	
Operating costs	(199,751,376)	(250,107,715)	(29,706,776)	(37,348,168)	(21,335,211)	(31,700,394)	(33,631,162)	(38,540,074)	(24,650,699)	(7,221,431)	(17,069,254)	(32,179,103)	-	-	-	-	(5,177)	-	(120,441,374)	(131,281,615)	(373,187,803)	(396,174,400)	(618,733,865)	(643,308,541)	-	-	
Gross margin	107,156,387	109,924,677	13,090,260	14,253,560	10,965,137	12,860,947	9,931,908	11,188,887	9,567,111	4,586,796	5,907,778	9,010,019	-	-	-	-	(5,177)	-	45,407,306	52,291,836	158,773,311	185,740,571	291,606,246	371,525,750	-	-	
S&A expenses	(33,137,152)	(30,635,280)	(2,588,171)	(4,224,724)	(5,691,912)	(5,691,912)	(3,663,454)	(4,262,756)	(1,315,252)	(1,674,797)	(3,250,019)	(3,898,304)	(10,652)	(9,477)	(131,014)	-	(17,210)	-	(16,475,686)	(18,660,194)	(70,593,296)	(71,324,275)	(32,451,869)	(33,685,786)	(696)	-	
<b>Operating income</b>	<b>74,019,235</b>	<b>79,289,397</b>	<b>10,502,089</b>	<b>10,028,836</b>	<b>5,107,046</b>	<b>7,169,845</b>	<b>6,268,454</b>	<b>6,926,131</b>	<b>8,251,859</b>	<b>2,911,999</b>	<b>2,657,759</b>	<b>5,111,715</b>	<b>(10,652)</b>	<b>(9,477)</b>	<b>(131,014)</b>	<b>-</b>	<b>(22,387)</b>	<b>-</b>	<b>28,931,620</b>	<b>33,631,642</b>	<b>88,180,015</b>	<b>114,416,296</b>	<b>259,154,377</b>	<b>337,839,964</b>	<b>(696)</b>	<b>-</b>	
<b>NON - OPERATING INCOME</b>																											
Non - operating income	78,272,294	94,039,228	3,476,318	3,680,195	1,390,417	956,191	2,099,417	206,450	4,138,196	7,990,271	839,396	1,073,969	5,599,807	15,037,201	27,236,239	31,534,760	10,605,224	7,113,093	7,930,319	6,885,899	12,981,117	31,677,500	302,402,299	78,587,445	4,361,859	2,678,466	
Non - operating expenses	(69,080,374)	(81,496,034)	(2,638,524)	(2,958,029)	(565,320)	(1,172,942)	(2,976,734)	(1,409,364)	(5,169,707)	(4,742,866)	(909,634)	(845,726)	-	(20,561)	(4,798,549)	(760,571)	(19,100,426)	(11,839,773)	(15,830,079)	(14,562,094)	(16,220,752)	(22,597,198)	(333,805,646)	(302,418,842)	(6,338,057)	(1,823,440)	
Price level restatement	(7,459,539)	(2,572,646)	116,444	141,248	(49,282)	31,298	158,956	122,940	1,467,724	629,831	129,815	248,573	2,952	(3,253)	15,899,344	(280,707)	(6,304,901)	(1,912,010)	-	-	-	-	888,976	4,211,876	855,044	(42,424)	
Foreign currency translation	-	3,109,782	-	-	-	29,728	-	(9,170)	-	98,027	-	(700,565)	-	14,778	-	23,995,262	-	(10,707,293)	-	-	-	-	(4,510,824)	(14,082,369)	-	4,505,612	
<b>Non - Operating income</b>	<b>1,732,381</b>	<b>13,080,330</b>	<b>954,238</b>	<b>863,414</b>	<b>775,815</b>	<b>(155,725)</b>	<b>(718,361)</b>	<b>(1,089,144)</b>	<b>436,213</b>	<b>3,975,263</b>	<b>59,577</b>	<b>(223,749)</b>	<b>5,602,759</b>	<b>15,028,165</b>	<b>38,337,034</b>	<b>54,488,744</b>	<b>(14,800,103)</b>	<b>(17,345,983)</b>	<b>(7,899,760)</b>	<b>(7,676,195)</b>	<b>(3,239,635)</b>	<b>9,080,302</b>	<b>(35,025,195)</b>	<b>(233,701,890)</b>	<b>(1,121,154)</b>	<b>5,318,214</b>	
Income tax	(9,794,659)	(19,916,817)	(1,586,973)	(1,900,031)	(885,372)	(1,698,733)	(747,097)	(1,392,809)	(956,699)	(414,096)	(456,094)	(892,148)	-	-	-	-	(50,944)	(69,689)	(9,884,402)	(7,855,000)	(26,415,827)	(42,254,375)	(85,906,651)	(45,387,668)	-	-	
Minority interest	(941,164)	(1,465,659)	-	(400)	(1,131)	(1,131)	(115,765)	(374,202)	46,077	(1,039,988)	-	-	-	-	-	-	2,188,470	6,301,458	(4,470,370)	(7,251,316)	-	-	(66,583,410)	(33,025,097)	-	-	
Negative goodwill amortization	-	66,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,023,974	1,133,666	-	-	39,938,445	44,332,961	-	-
<b>Net income</b>	<b>65,015,793</b>	<b>71,053,639</b>	<b>9,869,354</b>	<b>8,992,219</b>	<b>4,997,089</b>	<b>5,314,256</b>	<b>4,687,231</b>	<b>4,069,976</b>	<b>7,777,450</b>	<b>5,433,178</b>	<b>2,261,242</b>	<b>3,995,818</b>	<b>5,592,107</b>	<b>15,018,688</b>	<b>38,206,020</b>	<b>54,488,744</b>	<b>(12,684,964)</b>	<b>(11,114,214)</b>	<b>7,701,062</b>	<b>11,982,797</b>	<b>58,524,553</b>	<b>81,242,223</b>	<b>111,577,566</b>	<b>70,058,270</b>	<b>(1,121,850)</b>	<b>5,318,214</b>	

# Comparative Cash Flows

For the years ended 2000 & 2001 (thousand Ch\$ as of December 2001)

	CHILECTRA		RÍO MAIPO	
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LUZ DE BOGOTÁ		CERJ		INVESTLUZ		ENERSIS ENERGIA DE COLOMBIA	
2000	2001	2000	2001	2000	2001	2000	2001
135,124,730	186,142,391	116,754,969	172,642,829	85,958,329	108,819,605	5,532,857	927,838
888,001,668	968,144,994	600,101,017	687,214,555	617,586,716	699,182,586	8,280	7,203
145,415,192	141,088,255	203,649,580	310,896,365	211,771,658	254,531,563	-	-
<b>1,168,541,590</b>	<b>1,295,375,640</b>	<b>920,505,566</b>	<b>1,170,753,749</b>	<b>915,316,703</b>	<b>1,062,533,754</b>	<b>5,541,137</b>	<b>935,041</b>
78,894,225	70,906,555	153,546,864	405,390,224	86,828,430	222,574,359	5,053,796	641,695
31,046,692	43,433,530	334,728,265	290,132,024	81,455,422	45,729,858	-	-
498,302,343	556,526,974	-	-	260,756,166	277,609,074	-	-
529,281,257	586,757,973	654,923,192	478,532,813	516,585,805	562,249,536	92,173	536,273
32,213,140	26,562,211	(217,762,448)	-	(18,290,118)	(34,249,597)	3,034	3,274
10,229,443	11,188,397	(4,930,307)	(3,301,312)	(7,064,924)	(11,379,476)	392,134	(246,201)
(11,425,510)	-	-	-	(4,954,078)	-	-	-
-	-	-	-	-	-	-	-
<b>1,168,541,590</b>	<b>1,295,375,640</b>	<b>920,505,566</b>	<b>1,170,753,749</b>	<b>915,316,703</b>	<b>1,062,533,754</b>	<b>5,541,137</b>	<b>935,041</b>

LUZ DE BOGOTÁ		CERJ		INVESTLUZ		ENERSIS ENERGIA DE COLOMBIA	
2000	2001	2000	2001	2000	2001	2000	2001
296,882,881	317,381,297	345,393,318	365,889,680	221,973,803	240,315,466	25,821,380	5,925,849
(243,347,611)	(262,046,958)	(259,710,764)	(266,815,024)	(143,700,525)	(153,836,516)	(24,284,245)	(5,968,411)
53,535,270	55,334,339	85,682,554	99,074,656	78,273,278	86,478,950	1,537,135	(42,562)
(33,089,866)	(27,572,553)	(74,585,359)	(31,101,745)	(48,298,799)	(44,040,481)	(638,155)	(253,403)
<b>20,445,404</b>	<b>27,761,786</b>	<b>11,097,195</b>	<b>67,972,911</b>	<b>29,974,479</b>	<b>42,438,469</b>	<b>898,980</b>	<b>(295,965)</b>
21,858,403	16,310,161	40,897,200	53,132,589	11,660,233	11,431,869	65,058	175,483
(2,540,862)	(7,983,714)	(68,583,911)	(126,226,821)	(37,756,885)	(52,788,999)	(310,491)	(82,503)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>19,317,541</b>	<b>8,326,447</b>	<b>(27,686,711)</b>	<b>(73,094,232)</b>	<b>(26,096,652)</b>	<b>(41,357,130)</b>	<b>(245,433)</b>	<b>92,980</b>
(17,585,673)	(13,496,531)	11,659,209	1,820,009	(3,396,762)	(7,269,561)	(261,413)	(43,216)
(11,947,829)	(11,403,305)	-	-	(7,973,514)	(5,664,577)	-	-
-	-	-	-	427,525	473,323	-	-
<b>10,229,443</b>	<b>11,188,397</b>	<b>(4,930,307)</b>	<b>(3,301,312)</b>	<b>(7,064,924)</b>	<b>(11,379,476)</b>	<b>392,134</b>	<b>(246,201)</b>

LUZ DE BOGOTÁ		CERJ		INVESTLUZ		ENERSIS ENERGIA DE COLOMBIA	
2000	2001	2000	2001	2000	2001	2000	2001
42,105,392	88,784,328	299,358	(4,989,359)	34,046,047	15,993,294	1,947,685	(1,972,869)
(48,242,418)	(10,196,205)	67,803,840	67,353,022	(5,853,389)	36,374,239	-	-
(36,460,322)	(38,959,485)	(69,809,456)	(57,265,689)	(28,513,316)	(50,625,191)	-	654
<b>(42,597,348)</b>	<b>39,628,638</b>	<b>(1,706,258)</b>	<b>5,097,974</b>	<b>(320,658)</b>	<b>1,742,342</b>	<b>1,947,685</b>	<b>(1,972,215)</b>
(4,772,898)	(3,526,137)	-	-	-	-	(15,472)	(16,382)
(47,370,246)	36,102,501	(1,706,258)	5,097,974	(320,658)	1,742,342	1,932,213	(1,988,597)
87,930,140	44,904,844	3,890,791	2,038,110	7,011,099	6,489,273	-	2,139,199
<b>40,559,894</b>	<b>81,007,345</b>	<b>2,184,533</b>	<b>7,136,084</b>	<b>6,690,441</b>	<b>8,231,615</b>	<b>1,932,213</b>	<b>150,602</b>