



SANTIAGO STOCK EXCHANGE
ENERSIS

NEW YORK STOCK EXCHANGE (NYSE)
ENI

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

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ANNUAL REPORT 2004 / ENERSIS



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Ralco hydroelectric plant.

CHAIRMANS' LETTER TO SHAREHOLDERS

It is an honor for me to inform you of the principal activities of Enersis and its subsidiary companies during 2004 which have been summarized in this Annual Report which is presented for your consideration.

2004 was characterized as being one of consolidation of our financial recovery nationally and internationally following the making of the necessary timely adjustments in order to face the economic and social reality of the markets in which we operate.

Year after year, we have been setting realistic targets which we have fully met. 2004 will remain engraved in the history of our Group for being one of take-off in terms of good financial results. We had already, in 2003, made significant achievements with profits of Ch\$12,780 million, but these have now trebled to Ch\$44,308 million in 2004.

This result speaks for itself with respect to the good performance of Enersis and its subsidiaries throughout the whole electricity business chain and in the five countries where the Group has a presence. This is also reflected in the company's operating income which increased 15.4% to Ch\$634,202 million.

Also notable was the 5.5% increase in electricity sales, both in generation and distribution, which confirms the projections made by our companies for achieving sustained growth within that range.

The continuous increase of our distribution customers means that today we have close to 11 million electrical connections in the six cities where we provide electricity. We are constantly making improvements which we can measure, for example, in the increase in labor productivity, which grew by 6.4% to 1,521 customers per employee.

But these good signs are also related to projects that our subsidiaries ventured on in 2004, including one that marks a milestone for us. I refer to the inauguration and start-up of Endesa Chile's Ralco project, an unprecedented event in the history of Chile as it is the largest hydroelectric plant in the country which provides important energy support for the Central Grid System (SIC) with a maximum capacity of 690 MW. This has been completed despite many years of unfounded criticisms and has managed to combine respect for the environment with unbeatable solutions for the whole Pehuenche population that was affected by the passage of modern times.

This hydroelectric plant joins the outstanding contribution made by the Endesa Fortaleza plant in Ceará State in Brazil which started operating in early 2004 and added 319 MW of capacity for sustaining the electricity needs of north-eastern Brazil.

Just as the balance sheet reflects good situation, so do the financial ratios which continue to show considerable improvements. This is reflected in the healthy financial structure of Enersis whose liquidity increased and access to the financial markets improved. Particularly notable was the successful debt renegotiation in November 2004 when Enersis signed a loan agreement for US\$ 350 million for the refinancing of the company's debts. This new loan has substantially better conditions than the previous ones, with a Libor interest margin of 37.5 basis points compared to the previous margin of 115 basis points, and a term extended from 2006 to 2008.

This new financial reality allows the Enersis Group to have a maturity pattern that better matches the characteristics of the electricity market where it operates. And what is even better, it has enabled the group to reduce its average financial debt last year by some US\$1,228 million.

One of the key improvements in the financial field has been the favorable change in EBITDA which has grown strongly, increasing over the last two years by more than US\$450 million to a total of US\$1,831 million at December 31.

The perception of risk therefore has improved ostensibly, a situation noted by the credit-rating agencies which have begun to raise the company's rating. This occurred together with a rise in the share price and the reduction in risk spreads, both in the cost of bank borrowings and the risk premium demanded on the company's bonds.

The improved liquidity explains why Enersis's shares are more sensitive to the decisions of investors in the face of economic or market conditions. This was evident from the rise in the share price which ended the year at Ch\$93.66, an 8.9% increase over the year, while the ADR rose 15.6% to US\$8.51.

In other hand it is a matter of satisfaction to know that our professional teams have been improving internal controls and procedures in order to comply with the requirements of the Sabarnes Oxley Act, concluding that these controls and procedures are effective to a reasonable level of reliability for the

collection, analysis and publishing of the information required from the company. In the same context, the finance management developed a so-called regulations and procedures project which is an extension of the rigor of that law to all aspects of the company's financial management.

With respect to our shareholders, we are sure we have done an efficient job in communicating with them and keeping them informed of our company's actions. This was reflected in two important prizes received during the year.

The first place, that was won for the investor relations web site, in the category TOP 5, "Best Investor Relations Website" awarded by the company MZ Award in this part of the world, called "Southern Cone", which consists of all Spanish-speaking South American countries.

The other award was given by the prestigious magazine "Institutional Investor" that annually gives prizes for Latin American companies whose shares are traded in the United States. Enersis was distinguished as being the best electrical company in the region in the Investor Relations category. The prize was instituted to recognize the company that has been known during the year for its optimum transparency and pro-activity in the provision of information to national and international investors in compliance with several strict requirements, while the evaluation criteria are based on a confidential survey made to the principal analysts and investors interested in the region.

An important and symbolic landmark occurred on June 22 when the New York Stock Exchange celebrated Enersis Day, enabling our company to celebrate 11 years of trading on that important stock market and to present its new corporate image to the market.

Enersis, being the star of the day, closed trading activities with the traditional "Ring the Bell", in recognition of the years that the company has listed its stock on the New York Stock Exchange (NYSE).

Considering Enersis's position in the market, as the Latin American investment vehicle for Endesa (Spain), it decided to launch a new corporate image to reflect this relationship through a new logo. Since then, Enersis has a renewed corporate image that strongly and clearly expresses the international support provided by one of the world's largest electricity groups.

In the social field, I should mention the impetus with which our companies are tackling their commitment with their surroundings, the environment, their communities and customers. Social



Pablo Yrarrázaval Valdés
Chairman of Enersis

responsibility today is a pillar of our actions as demonstrated by the numerous actions being carried out day by day in various aspects directly or indirectly affecting our society, which speaks very well for our company as it reaffirms the business maturity and balance with the environment in which we carry on our business.

We are making dozens of contributions in social, cultural, educational and environmental aspects. A social responsibility policy has been percolating little by little through the Group and the efforts of all our companies have focused on the matters that are most closely related to their surroundings and direct areas of action.

Despite the many actions in the social responsibility area, we can point out projects like “Illuminating Churches in the South of the World” which, in four years, has managed to illuminate and adorn 47 churches and religious temples in Chile, Colombia and Peru. Education and information on electricity is also a matter that is strengthened every year, for which our companies have been especially dedicated through visitor centers and inter-active showrooms for the better teaching of children, young people and even adults.

The subsidiaries in Chile have been involved in important projects. The best example is Endesa Chile’s Fundación Pehuén, an integral project that has spent ten years working for the welfare of the Pehuenche families in the Upper Bío Bío, near the Ralco plant. The generator is also involved in the Huinay Project developed in Chile’s extreme south through a scientific ofield station unique to the continent for the study of biodiversity over an area of 35,000 square kilometers.

The contributions of the Chilectra subsidiary include a dozen activities in various cultural aspects, from the opening of its photographic archives to the whole community to arranging a successful national poetry competition. However, the most notable action in this area is its general sponsorship of Santiago’s International Book Fair, the largest cultural show in Chile and involving an agenda of more than 200 book-related artistic-cultural expressions over two weeks.

Important changes have been made in our companies relating to their internal organization. In some cases, these have implied complicated restructurings that have been the only way to move ahead in the process of optimization and innovation, which is the challenge that our companies have in an ever-more competitive world.

The most concrete examples, among many, are in the distribution companies Chilectra and Cerj. In both cases, but with their particularities, enormous efforts have been made to modernize performance and make it more dynamic, in order to successfully face the demanding service quality standards that the market imposes.

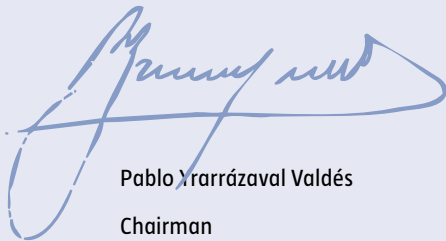
In Chile, under the slogan "Chilectra 21st Century", the distributor has made internal and external changes in all service areas and a long-term challenge which coincides with its declaration of principles of being the leading company in distribution, the sale of electricity and related services, recognized and valued alike by its customers, employees, shareholders and the community.

For its part, the Río de Janeiro State distributor, Cerj, completely changed its image and became known as Ampla. This, together with an effort to optimize the technical and commercial work, represents a renewed challenge to position the company closer to and with a better service for its more than 2 million customers.

We must recognize the contributions made by thousands of employees who daily give of their best to make our performance a corporate success, adjusting to the changes in the business and facing the challenges with enthusiasm and creativity. We should also thank the contributions of those executives and professionals who have left, as well as welcome, the new wisdom that enters full of ideas and spirit for making this the most important private-sector multinational electricity group in Latin America.

I should also mention the results of the working climate survey made to all employees of Endesa, both in Europe and in Latin America. In our continent, the satisfaction indicator was 73%, compared to 62% in 2002 when the previous survey was made. In global terms, the opinions have improved to a greater or lesser extent in all the matters analyzed, especially those relating to customer orientation and valuation by the person directly responsible hierarchically, all indicate that internally (part of our social responsibility), improvements and efforts have been made to further optimize the situation of our employees who today total over eleven thousand people.

This is a brief summary of a year which was very positive for us and which, without any doubt, opens up for us the prospect of future growth in all areas of our electricity business, confident that we are following the correct path for making this company a model in corporate management, concerned about its customers, with an important role in society and seeking a just return for you who have placed your trust in this company. We thank you for this trust and you may be assured that our commitment will be to improve day by day to the satisfaction of everyone: shareholders, customers, the community and employees.



Pablo Xrarrázaval Valdés

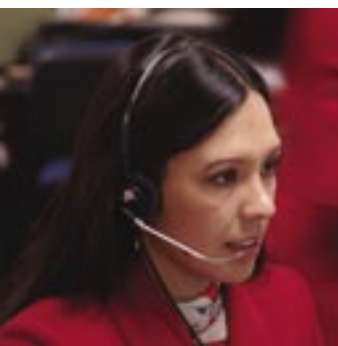
Chairman

ENERSIS S.A.

HIGHLIGHTS OF 2004

THE FOLLOWING ARE THE EVENTS OF IMPORTANCE IN 2004

- Net income for the year increased significantly by 246.7%, from Ch\$12,780 million to Ch\$44,308 million.
- Consolidated operating income rose by 15.4% from Ch\$549,498 million to Ch\$634,202 million.
- Generation business energy sales increased by 5.5%, from 50,634 GWh to 53,444 GWh. Those of the distribution business increased by 5.5% from 49,577 GWh to 52,314 GWh.
- Labor productivity in electricity distribution improved by 6.4% from 1,429 to 1,521 customers per employee, confirming the Group's progress in efficiency.
- The customers served by Group companies increased by 4.2% from 10.4 million to 10.9 million, in line with average annual demographic growth.
- The Endesa Fortaleza thermal plant, in north-east Brazil, started operating in January 2004 with a maximum installed capacity of 319 MW.
- The Ralco hydroelectric plant, of the subsidiary Endesa Chile, was commissioned in September 2004. Its installed capacity is 690 MW, thus allowing it to strengthen Chile's Central Grid System (SIC) by providing 9% of its total energy.
- The value of Enersis increased by 8.9% during the year while the value of its ADR grew by 15.6%, taking into account the appreciation of the Chilean peso against the US dollar.



- The healthy financial structure of Enersis enabled the company to improve its liquidity and its access to the financial markets. An important confirmation of this is the new market perception which allowed the company to renegotiate its debt at a tenth of the margins existing in 2003.
- Enersis received first prize as the Investor Relations Best Web Site in the Southern Cone, reflecting the excellence in this matter in the Electrical Companies category and as the best electricity company in the region in the Investor Relations category.
- In recognition of its successful presence in the United States market, Enersis celebrated 11 years of listing on the New York Stock Exchange (NYSE) with a symbolic ceremony called "Enersis Day" at that exchange. Representatives of that stock market spoke of Enersis as the most innovative and traded company among Chilean quoted companies.
- Enersis renewed its corporate image which now expresses the international support provided by Endesa, its controlling shareholder, strongly and clearly by integrating in its logo the characteristic sparkle of the Spanish multinational. The launch of this new logo was made in June 2004 at the "Enersis Day" ceremony.

THE COMPANY



Name	:	ENERSIS S.A.
Kind of Company	:	Open corporation
Tax No.	:	94,271,000 - 3
Address	:	Santa Rosa N°76, Santiago, Chile
Telephones	:	(56-2) 353 4400 - (56-2) 378 4400
Fax	:	(56-2) 378 4788
PO Box	:	1557, Santiago
Web Site	:	www.enersis.com
Electronic Mail	:	comunicacion@e.enersis.cl
Securities Registry No.	:	Nº 175
External Auditors	:	Deloitte & Touche
Subscribed and Paid Capital (ThCh\$)	:	2,283,404,124
Chilean Stock Exchanges Ticker Code	:	ENERSIS
New York Stock Exchange Ticker Code	:	ENI
Madrid Stock Exchange Ticker Code	:	XENI
ADR Program Custodian Bank	:	Banco de Chile
ADR Program Depositary Bank	:	Citibank N.A.
Latibex Custodian Bank	:	Banco Santander
Latibex Link Entity	:	Santander Central Hispano Investment S.A
Chilean Credit Rating Agencies	:	Feller Rate, Fitch, Humphrey's
International Credit Rating Agencies	:	Fitch, Moody's y Standard & Poor's



Ralco hydroelectric plant.



City of Niterói that receives electricity from Cerj (Ampla)

Constitution Details: The company predecessor of Enersis S.A. was constituted with the name of Compañía Chilena Metropolitana de Distribución Eléctrica S.A., under public deed dated June 19, 1981 signed before the Santiago notary Patricio Zaldívar Mackenna and amended by public deed dated July 13 the same year and signed before the same notary. Its existence was authorized and its bylaws approved by Resolution No.409-S of July 17, 1981 of the Superintendency of Securities and Insurance (SVS). The extract of these two documents was inscribed in the Santiago Trade Register (folio 13,099 No.7,269) for 1981, and was published in the Official Gazette on July 23, 1981. The bylaws have since been the subject of various amendments. On August 1, 1988, the company became known as Enersis S.A.. The last amendment is that appearing in a public deed dated May 19, 2004 signed before the Santiago notary Patricio Zaldívar Mackenna, whose extract was inscribed in the Santiago Trade Register (folio 16,876 No.12,702) for 2004, and was published in the Official Gazette on June 5, 2004.

Historical Summary: On June 19, 1981, Compañía Chilena de Electricidad S.A. created a new corporate structure resulting in a parent company and three subsidiary companies. One of them was Compañía Chilena Metropolitana de Distribución Eléctrica S.A.



CIEB, interconnection line between Brazil and Argentina.

In 1985, under the privatization policy set by the Chilean government, the transfer of the share capital of Compañía Chilena Metropolitana de Distribución Eléctrica S.A. to the private sector was begun, which process was completed on August 10, 1987. In this process, pension fund management companies (AFPs), employees of the same company, institutional investors and thousands of small investors became shareholders in the company. The organizational structure was based on operative activities or functions whose achievements were evaluated functionally, and its profitability was limited by a tariff scheme because of the company's exclusive dedication to electricity distribution. In 1987, the company's board proposed a division of the different activities of the parent company. Four subsidiaries were therefore created to allow their management as business units with their own objectives, thus expanding the business of the company into other non-regulated businesses but still related to the main business. This division was approved by an extraordinary shareholders' meeting held on November 25, 1987 which determined its new corporate objects. Compañía Chilena Metropolitana de Distribución Eléctrica S.A. therefore came to have the nature of an investment company. On August 1, 1988, as agreed by the ordinary shareholders' meeting of April 12, 1988, one of the companies born from the division changed its name to Enersis S.A.

Energis Corporate Purpose: The purpose of the company are to explore, develop, operate, generate, distribute, transmit, transform and/or sell energy in any of its forms or nature, in Chile or abroad, either directly or through other companies, and activities in telecommunications and the provision of engineering in Chile or abroad. It also has the object of investing and managing its investments in subsidiary and associate companies that are generators, transmitters, distributors or sellers of electrical energy or whose business is related to any of the following: (i) energy in any of its forms or nature; (ii) the supply of public utilities or those which have energy as their principal input; (iii) telecommunications and information technology; and (iv) internet trading activities. In compliance with its principal object, the company shall develop the following functions: a) promote, organize, constitute, modify, dissolve or liquidate companies of any kind whose objects are related to those of the company; b) propose to the subsidiary companies investment, financing and commercial policies, as well as accounting systems and criteria which they should follow; c) supervise the performance of its subsidiaries; d) provide its subsidiary or associate companies with the financial resources necessary for developing their businesses and provide its subsidiaries with management services, financial, commercial, technical and legal advice, auditing services and in general services of any kind that appear necessary for their best performance. Apart from its principal object and acting always within the limits set by the Investment and Financing Policy approved by the ordinary shareholders' meeting, the company may invest in i) the acquisition, exploitation, construction, rental, administration, intermediation, commercialization and disposal of all kinds of movable and immovable assets, directly or through subsidiary or associate companies, ii) all kinds of financial assets including shares, bonds and debentures, trade paper and in general all kinds of securities and contributions to companies, whether directly or through subsidiary or associate companies.



OWNERSHIP AND CONTROL

OWNERSHIP STRUCTURE

The capital of the company is divided into 32,651,166,465 shares of no par value and all of the same and sole series.

32,651,166,465 shares were subscribed, paid and held at December 31, 2004, in the following manner:

SHAREHOLDER	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	%
Endesa Internacional S.A.	1	19,794,583,473	60.62
AFP's	6	5,420,562,840	16.60
ADRs (Citibank N.A. per SVS Circular No.1375)	1	3,317,372,350	10.16
Stockbrokers, Mutual Funds & Insurance Companies	108	2,447,878,253	7.50
Foreign Investments Funds	22	248,386,274	0.76
Others	9,633	1,422,383,275	4.36
Total	9,771	32,651,166,465	100.00

Identification of the controllers

In accordance with the definition in Title XV of Law 18,045, the controller of the company, Endesa S.A, Spain, holds 60.62% of the share capital of Enersis through its control of Endesa Internacional S.A.

The twelve largest shareholders of the company

Enersis was owned by 9,771 shareholders at December 31, 2004. The twelve largest were:

NAME	TAX NO.	NUMBER OF SHARES	%
Endesa Internacional S.A.	59,072,610-9	19,794,583,473	60.62%
Citibank N.A. (ADRs & Chap.XIV)	97,008,000-7	3,779,499,374	11.58%
AFP Provida S.A.	98,000,400-7	1,909,012,845	5.85%
AFP Habitat S.A.	98,000,100-8	1,118,467,473	3.43%
AFP Cuprum S.A.	98,001,000-7	836,459,721	2.56%
AFP Santa María S.A .	98,000,000-1	687,024,387	2.10%
AFP Summa Bansander S.A.	98,000,600-K	678,932,396	2.08%
Banchile Corredores de Bolsa S.A.	96,571,220-8	475,856,976	1.46%
AFP Planvital S.A.	98,001,200-K	190,666,018	0.58%
Santander Investment S.A. Corredores de Bolsa	96,683,200-2	163,755,393	0.50%
BCI Corredor de Bolsa S.A.	96,519,800-8	137,579,171	0.42%
Larraín Vial S.A. Corredores de Bolsa	80,537,000-9	102,285,086	0.31%
Sub total 12 Shareholders		29,874,122,313	91.49%
Other 9,759 Shareholders		2,777,044,152	8.51%
Total 8,771 Shareholders		32,651,166,465	100.00%

More important changes in shareholdings

The more important changes in Enersis shareholding during 2004 were:

NAME	TAX NO	SHARES AT 31/12/2003	SHARES AT 31/12/2004	% CHANGE
Citibank N.A. (ADRs & Chap.XIV)	97,008,000-7	3,131,712,672	3,779,499,374	20.7%
AFP Provida S.A.	98,000,400-7	2,054,685,902	1,909,012,845	(7.1%)
AFP Habitat S.A .	98,000,100-8	679,461,335	1,118,467,473	64.6%
AFP Cuprum S.A.	98,001,000-7	912,855,104	836,459,721	(8.4%)
AFP Summa Bansander S.A .	98,000,600-K	729,762,948	678,932,396	(7.0%)
Banchile Corredores de Bolsa S.A.	96,571,220-8	673,750,034	475,856,976	(29.4%)
AFP Planvital S.A.	98,001,200-K	129,016,633	190,666,018	47.8%
Santander Investment S.A. Corredores de Bolsa	96,683,200-2	138,085,786	163,755,393	18.6%
BCI Corredor de Bolsa S.A.	96,519,800-8	150,826,312	137,579,171	(8.8%)
Larraín Vial S.A. Corredores de Bolsa	80,537,000-9	138,605,309	102,285,086	(26.2%)
Cía de Seguros de Vida Consorcio Nacional de Seguros	99,012,000-5	213,109,789	87,289,207	(59.0%)
Fondo Mutuo Banchile Acciones	96,767,630-6	54,821,604	78,423,284	43.1%
Bolsa Electrónica de Chile de Valparaíso	96,551,730-8	178,161,247	76,557,076	(57.0%)
The Chile Fund Inc.	59,028,400-9	97,800,180	76,375,294	(21.9%)
Fondo Mutuo Santander	96,667,040-1	55,015,178	76,312,404	38.7%
Genesis Chile Fund Limited	59,028,210-3	0	76,000,000	ND

Share transactions

There were no purchases nor sales of shares in the company during 2004 made by the company's chairman, directors, chief executive officer, senior executives and inspectors of accounts. Neither were there any purchases or sales of company shares by the majority shareholders.

SANTIAGO STOCK EXCHANGE, CHILEAN ELECTRONIC STOCK EXCHANGE AND VALPARAISO STOCK EXCHANGE

Transactions on the stock exchanges where Enersis shares are traded in Chile, through the Santiago Stock Exchange, Chilean Electronic Stock Exchange and Valparaiso Stock Exchange, and in the United States of America and Spain, through the New York Stock Exchange (NYSE) and the Latin American Stock Market on the Madrid Stock Exchange (Latibex) respectively, are detailed as follows:

Quarterly stock market information for the last three years

During 2004, 6,931 million shares were traded on the Santiago Stock Exchange, equivalent to Ch\$568,408 million. The closing share price at December was Ch\$93.66.

SANTIAGO STOCK EXCHANGE	UNITS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2002	512,037,133	72,041,084,807	140.70
2nd Quarter 2002	474,079,058	48,911,115,424	103.17
3rd Quarter 2002	692,521,240	54,285,443,986	78.39
4th Quarter 2002	684,639,252	44,147,517,186	64.48
1st Quarter 2003	435,639,838	26,289,331,211	60.35
2nd Quarter 2003	2,037,701,115	126,168,454,878	61.92
3rd Quarter 2003	2,615,141,119	183,158,237,990	70.04
4th Quarter 2003	2,949,415,326	241,758,079,458	81.97
1st Quarter 2004	1,413,791,567	114,464,836,990	80.96
2nd Quarter 2004	1,032,271,059	70,883,441,314	68.67
3rd Quarter 2004	2,236,312,231	180,354,445,209	80.65
4th Quarter 2004	2,248,285,905	202,705,192,331	90.16

During the year, 2,083 million shares were traded on the Chilean Electronic Stock Exchange, equivalent to Ch\$173,813 million. The closing share price at December was Ch\$94.50.

CHILEAN ELECTRONIC EXCHANGE	UNITS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2002	269,920,400	37,714,503,611	139.72
2nd Quarter 2002	190,914,137	19,585,092,537	102.59
3rd Quarter 2002	175,890,647	13,502,731,692	76.77
4th Quarter 2002	209,062,958	13,168,996,825	62.99
1st Quarter 2003	129,900,766	7,816,872,780	60.18
2nd Quarter 2003	701,457,496	44,548,746,027	63.51
3rd Quarter 2003	798,685,064	56,421,436,525	70.64
4th Quarter 2003	1,073,262,130	87,227,786,087	81.27
1st Quarter 2004	534,792,384	43,742,052,276	81.79
2nd Quarter 2004	219,310,562	16,749,908,612	76.38
3rd Quarter 2004	565,021,305	44,917,950,788	79.50
4th Quarter 2004	763,885,464	68,403,030,387	89.55

During the year, 58 million shares were traded on the Valparaiso Stock Exchange, equivalent to Ch\$4,985 million. The closing share price at December was Ch\$95.41.

VALPARAISO STOCK EXCHANGE	UNITS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2002	18,797,002	2,597,626,847	138.19
2nd Quarter 2002	7,970,306	748,664,861	93.93
3rd Quarter 2002	22,259,663	1,751,836,764	78.70
4th Quarter 2002	9,087,665	570,105,970	62.73
1st Quarter 2003	9,976,687	588,061,758	58.94
2nd Quarter 2003	16,722,391	1,076,487,907	64.37
3rd Quarter 2003	20,788,077	1,486,507,277	71.51
4th Quarter 2003	22,763,455	1,864,617,521	81.91
1st Quarter 2004	17,400,165	1,414,623,582	81.30
2nd Quarter 2004	15,688,115	1,200,734,218	76.54
3rd Quarter 2004	12,719,018	1,209,656,286	95.11
4th Quarter 2004	12,601,377	1,160,034,348	92.06

NEW YORK STOCK EXCHANGE (NYSE)

Enerjis shares began to be traded on the New York Stock Exchange (NYSE) on October 20, 1993. The ADR of Enerjis consists of 50 shares in the company and its ticker code in ENI. Citibank N.A. acts as the depository bank and Banco de Chile as the custodian in Chile.

During 2004, 120 million ADRs were traded in the United States of America, equivalent to US\$809 million. The closing ADR price was US\$8.51.

NEW YORK STOCK EXCHANGE	ADRS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2002	10,004,100	103,381,378	10.33
2nd Quarter 2002	4,378,200	35,266,409	8.06
3rd Quarter 2002	3,304,200	17,965,659	5.44
4th Quarter 2002	4,063,400	17,549,621	4.32
1st Quarter 2003	2,396,400	9,594,354	4.00
2nd Quarter 2003	22,642,100	103,382,511	4.57
3rd Quarter 2003	28,205,200	144,246,700	5.11
4th Quarter 2003	43,052,600	285,393,515	6.63
1st Quarter 2004	36,556,900	251,401,801	6.88
2nd Quarter 2004	26,246,600	159,600,325	6.08
3rd Quarter 2004	26,505,200	166,479,161	6.28
4th Quarter 2004	30,515,600	231,918,560	7.60

LATIN AMERICAN STOCK MARKET OF THE MADRID STOCK EXCHANGE (LATIBEX)

The shares of Enersis began to be traded on the Latin American Stock Market of the Madrid Stock Exchange (Latibex) on December 17, 2001. The trading unit (block) for the company is 50 shares and its ticker code is XENI.

During 2004, 3 million blocks were traded on Latibex, equivalent to €14 million. The closing price was €6.22.

Santander Central Hispano Bolsa S.A. S.V.B. acts as the link entity and Banco Santander as the custodian in Chile.

LATIBEX	BLOCKS	AMOUNT (CH\$)	AVERAGE PRICE
1st Quarter 2002	547,410	6,513,823	11.90
2nd Quarter 2002	735,956	6,439,734	8.75
3rd Quarter 2002	1,168,892	6,518,111	5.58
4th Quarter 2002	1,332,800	6,028,207	4.52
1st Quarter 2003	1,674,520	6,217,505	3.71
2nd Quarter 2003	1,590,018	6,210,510	3.91
3rd Quarter 2003	289,159,472	1,246,411,078	4.31
4th Quarter 2003	36,196,071	207,310,744	5.73
1st Quarter 2004	599,507	3,288,305	5.49
2nd Quarter 2004	665,930	3,377,061	5.07
3rd Quarter 2004	713,812	3,688,468	5.17
4th Quarter 2004	589,448	3,455,069	5.86

DIVIDEND POLICY FOR 2005

The board unanimously agreed to propose the following dividend policy for 2005 to the ordinary shareholders' meeting of Enersis, planned for April 8, 2005,

To not distribute interim dividends against net income for the year and propose to the ordinary shareholders' meeting to be held during the first four months of 2006 a final distribution of an amount equivalent to 50% of the net income for 2005.

Compliance with this program, in terms of dividend, will be subject to the net income actually produced and to the results of projections periodically made by the company or the existence of certain conditions.

The following shows the dividends per share paid in recent years:

DIVIDEND NO	KIND OF DIVIDEND	DATE OF CLOSING	DATE PAID	CHILEAN PESOS PER SHARE	YEAR CHARGED TO
67	Interim	02.20.98	02.26.98	0.800000	1997
68	Final	05.07.98	05.13.98	4.500000	1997
69	Interim	11.20.98	11.26.98	1.600000	1998
70	Final	05.11.99	05.17.99	4.000000	1998
71	Final	04.19.01	04.25.01	1.806391	2000

DISTRIBUTABLE EARNINGS

The following shows the distributable earnings for the year:

	THCH\$
Net income for the year	44,307,596
Amortization of negative goodwill	(17,106,902)
Net income	27,200,694

MATERIAL INFORMATION

The material information reported during the year 2004 is set out in the accompanying financial statements.

Material information arising from previous years and which has influenced the company's business included that of the financial and economic strengthening, capital increase and the signing of syndicated loans.

SUMMARY OF SHAREHOLDERS' COMMENTS AND PROPOSALS

No comments were received by Enersis with respect to the business between January 1 and December 31, 2004 from the majority shareholders or groups of shareholders representing 10% or more of the issued shares with voting rights, in accordance with provisions of clause 74 of Law 18,046 and clauses 82 and 83 of the regulations of the Corporations Law.

BOARD OF DIRECTORS

Enerjis is managed by a Board of Directors of seven members who remain in their positions for a period of three years and may be re-elected.

The current board was elected at the ordinary shareholders' meeting held on March 31, 2003.



CHAIRMAN
Pablo Yrarrázaval
 Tax No: 5.710.967-K
 Chairman of the Santiago Stock Exchange



VICE CHAIRMAN:
Rafael Miranda
 Tax No: 48.070.966-7
 Industrial Engineer
 Instituto Católico de Artes e Industrias
 (ICAI) de Madrid



DIRECTOR:
Alfonso Arias
 Tax No: 48.087.945-7
 Degree in Law & Economic & Business
 Sciences
 Universidad Complutense de Madrid



DIRECTOR:
José Luis Palomo
 Tax No: 48.085.073-4
 Degree in Economic & Business Sciences, Law &
 Sociology
 Universidad de Madrid



DIRECTOR:
Ernesto Silva
 Tax No: 5.126.588-2
 Commercial Engineer
 Pontificia Universidad Católica de Chile



DIRECTOR:
Hernán Somerville
 Tax No: 4.132.185-7
 Lawyer
 Universidad de Chile



DIRECTOR:
Eugenio Tironi
 RUT: 5.715.860-3
 Sociologist
 School of Senior Studies in Social Sciences, Paris,
 France

SECRETARY:
Domingo Valdés
 RUT: 6.973.465-0
 Lawyer
 Universidad de Chile

DIRECTORS' REMUNERATION

As required by clause 33 of the Corporations Law 18,046, the ordinary shareholders' meeting held on March 26, 2004 agreed the remuneration of the board of Enersis for the year 2004.

The amounts paid to Enersis directors as such, to members of the committee and to those that performed as directors of subsidiaries during 2004 are as follows:

DIRECTOR	THOUSANDS OF PESOS AT DECEMBER 31, 2004		
	BOARD OF ENERSIS	ENERSIS COMMITTEE	TOTAL
Pablo Yrarrázaval Valdés	44,576	7,437	52,013
Rafael Miranda Robredo	28,771	-	28,771
José Luis Palomo Álvarez	22,288	-	22,288
Alfonso Arias Cañete	22,288	-	22,288
Ernesto Silva Bafalluy	22,288	7,437	29,725
Hernán Somerville Senn	22,288	7,437	29,725
Eugenio Tironi Barrios	22,288	-	22,288
TOTAL	184,788	22,310	207,098

BOARD EXPENSES

The board made no use of the operating expense budget in 2004 that was approved by the ordinary shareholders' meeting held in March 2004.

BOARD PRACTICES

The current board of directors was elected at the Shareholders' meeting dated March 31, 2003 for a period of three years. (For the period during which that person has served, please see "— A. Directors and Senior Management" above). Directors have no service contracts with Enersis.

Corporate Governance

Enersis is managed by its executive officers under the direction of its board of directors which, in accordance with the *estatutos*, or articles of incorporation and bylaws, of Enersis, consists of seven directors who are elected at an annual regular shareholders' meeting. Each director serves for a three year term and the term of each of the seven directors expires on the same day. Staggered terms are not permitted under Chilean law. If a vacancy occurs on the board during the three year term, the board of directors may appoint a temporary director to fill the vacancy. In addition, the vacancy will trigger an election for every seat on the board of directors at the next general

shareholders' meeting. The current board of directors was elected in March 2003 and their terms expire in March 2006. The members of the board of directors do not have service contracts with Enersis or any of its subsidiaries that provide benefits upon termination of employment.

Chilean corporate law provides that a company's board of directors is responsible for the management, administration and representation of a company in all matters concerning its corporate purpose, subject to the provisions of the company's *estatutos* and the stockholders' resolutions. In addition to the *estatutos*, the Board of Directors of Enersis has adopted regulations and policies that guide our corporate governance principles. The most important of these regulations and policies are the following:

The Internal Regulations on Conduct in Securities Markets, approved by the Board on January 31, 2002, which determine the rules of conduct that must be followed by members of the Board of Directors, senior management and other managers and employees who, due to the nature of their job responsibilities, may have access to sensitive or confidential information, with a view to contributing to transparency and to the protection of investors. These regulations are based on the principles of impartiality, good faith, placing the company's interests before one's own, and care and diligence in using information when acting in the securities markets.

The Charter Governing Executives (*"Estatuto del Directivo"*), approved by the Board on May 28, 2003, and the Employees Code of Conduct, which develop our principles and values, establish the rules governing dealings with customers and suppliers, and establish the principles that should be followed by employees in their work, including ethical conduct, professionalism and confidentiality. They also impose limitations on the activities our senior executives and other employees may undertake outside the scope of their employment with us, such as non-compete limitations.

The above regulations and rules reflect our core principles of transparency, respect for stockholders' rights, and the duty of care and loyalty of the directors imposed by Chilean law.

Compliance with NYSE Listing Standards on Corporate Governance

Following is a summary of the significant differences between our corporate governance practices and those applicable to domestic issuers under the corporate governance rules of the New York Stock Exchange. Because we are a "controlled company" under NYSE rules (a company of which more than 50% of the voting power is held by an individual, a group or another company), we would not, were we to be a U.S. company, be subject to the requirement that we have a majority of independent directors, or nomination and compensation committees,

Independence and functions of the Audit Committee

Under the NYSE corporate governance rules, all members of the Audit Committee must be independent. We will be subject to this requirement effective July 31, 2005. As required by Chilean Law, Enersis has a *Comité de Directores* composed of three directors. Although Chilean Law requires that a majority of the *Comité de Directores* (two out of three members) must be composed of directors who were not nominated by the controlling shareholder and did not seek votes from the controlling shareholder (a "non-control director"), it permits the *Comité de Directores* to be composed of a majority or even a unanimity of control directors, if there are not sufficient non-control directors on the board to serve on the committee. Currently, our *Comité de Directores* is composed by one non-control director and

by two directors appointed by the controlling shareholder. Our *Comité de Directores* does not currently meet the independence requirements to which the Audit Committee of Enersis, will become subject on July 31, 2005, or the additional independence requirements to which the audit committees of U.S. companies are subject.

Under the NYSE corporate governance rules, the audit committee of a U.S. company must perform the functions detailed in the NYSE Listed Company Manual Rules 303A.06 and 303A.07. Non-U.S. companies are required to comply with Rule 303A.06 beginning July 31, 2005, but are not at any time required to comply with Rule 303A.07. We do not currently comply with these rules, but we expect that when we become subject to Rule 303A.06, we will comply with both the independence and the function requirements of the rule.

Corporate Governance Guidelines

The NYSE's corporate governance rules require U.S. listed companies to adopt and disclose corporate governance guidelines. Chilean law does not contemplate this practice, other than with respect to the codes of conduct described above.

Committees and Other Advisory Bodies

The Comité de Directores

The *Comité de Directores* is composed of three members who are simultaneously directors of the Company. It performs the following functions:

- examination of Annual Report, Financial Statements and the Reports of the External Auditors and Inspectors of the Accounts;
- formulation of the proposal to the Board of Directors for the selection of external auditors and private rating agencies;
- examination of information related to operations by the Company with related parties and/or related to operations in which the Company board members or relevant executive officers may have personal interest;
- examination of the remuneration framework and compensation plans for managers and executive officers; and
- any other function mandated to the committee by the *estatutos*, the board of directors or the shareholders of the company.

DIRECTORS' COMMITTEE

In accordance with clause 50 bis of Law 19,705, Enersis has a Directors' Committee comprising three members who have the powers and duties contemplated in that clause.

On April 1, 2003, the board of the company appointed Pablo Yrarrázaval (related to the controller), Hernán Somerville (related to the controller) and Ernesto Silva (un-related to the controller) as members of the Directors' Committee. The Directors' Committee in turn, at its meeting held on May 15, 2003, unanimously agreed to appoint Pablo Yrarrázaval as chairman and Domingo Valdés as secretary. The Directors' Committee at December 31, 2004 was therefore conformed by:

Chairman:

Pablo Yrarrázaval
Tax No: 5.710.967-K
Chairman of the Santiago Stock Exchange

Members:

Ernesto Silva
Tax No: 5.126.588-2
Commercial Engineer
Pontificia Universidad Católica de Chile

Hernán Somerville
Tax No: 4.132.185-7
Lawyer
Universidad de Chile

Committee Secretary:

Domingo Valdés
Tax No: 6.973.465-0
Lawyer
Universidad de Chile

ACTIVITIES OF THE DIRECTORS' COMMITTEE DURING 2004

At the first meeting of the year, held on January 28, 2004, the Committee examined the unconsolidated and consolidated financial statements of the company at December 31, 2003 with their notes, statements of income and material information, together with the respective reports of the external auditors and inspectors of accounts.

The Directors' Committee approved the text of the report that had to be presented to the company's ordinary shareholders' meeting concerning the activities of the Committee during 2003 and the expenses incurred by it, including its advisers, during that year.

The Directors' Committee also proposed to the board the appointment of the independent external auditing firm Deloitte & Touche for the year 2004 and the appointment of the firms Feller Rate Clasificadora de Riesgo Limitada, Fitch Chile Clasificadora de Riesgo Limitada and Clasificadora de Riesgo Humphreys Ltda. as the private domestic credit-rating agencies, and the firms Fitch ratings, Moody's Investor Services and Standard & Poor's International Ratings Services as the international credit-rating agencies, of Enersis for 2004.

At its meeting on February 27, 2004, the Directors' Committee analyzed in detail the statement of structured financial debt and trading current accounts of Enersis, as debtor or creditor, with Enersis group related companies at January 31, 2004.

At its meeting on May 26, 2004, the Directors' Committee, following an exhaustive analysis, agreed to propose to the Enersis board the signing of a purchase contract for the shares of the closely-held corporation Elesur S.A. that Endesa (Spain) and Endesa Internacional S.A. (direct and indirect parent companies of Enersis) hold. This purchase was completed, and implied that Elesur S.A. became a consolidated subsidiary of Enersis, which is the holder of 99.9989% of its share capital. In arriving at these conclusions, the Committee made a rigorous examination of its shareholders' equity,

financial statements and the general situation of Elesur S.A. in order to determine the implications and scope of the operation and decide whether the purchase was convenient to the corporate interests of Enersis and met conditions of equity similar to those normally prevailing in the markets. The Committee resolved to prepare a specific report on this transaction which was read and commented on at the following board meeting of Enersis.

At its meeting on June 21, 2004, the Committee analyzed the state of progress of the registration of the F4 documents (relating to the registration of a Yankee bond issue with the United States Securities and Exchange Commission (SEC) for US\$ 350 million) and Form 20-F (relating to the annual report in SEC format for the year 2003 and later up-dates).

The Directors' Committee met 12 times during 2004 at which it examined and approved information relating to the operations referred to in clauses 44 and 89 of the Corporations Law 18,046 and

making reports on the matters. The Committee examined quarterly the company's unconsolidated and consolidated financial statements and the remunerations systems and compensation plans for the company's principal managers and executives.

In conclusion, the Enersis Directors' Committee has fully considered the matters set out in clause 50 bis of Law 18,046 during 2004 and has analyzed and contributed to the better development of these operations.

EXPENSES OF THE DIRECTORS' COMMITTEE DURING 2004

The Directors' Committee made no use of the operating expenses approved by the ordinary shareholders' meeting held on March 26, 2004. The Committee had no need to contract any professional advisers in carrying out its functions.

ORGANIZATIONAL STRUCTURE



ENERSIS MANAGEMENT TEAM



Fernando Isac, Francisco Herrera, Domingo Valdés, Macarena Lama, Mario Valcarce, José Luis Domínguez, Alfredo Ergas and Francisco Silva.

SENIOR EXECUTIVES

CHIEF EXECUTIVE OFFICER

Mario Valcarce

Tax No: 5,850,972-8
Commercial Engineer
Universidad Católica de Valparaíso

CHIEF REGIONAL FINANCE OFFICER

Alfredo Ergas

Tax No: 9,574,296-3
Commercial Engineer
Universidad de Chile

CHIEF REGIONAL PLANNING AND CONTROL OFFICER

Macarena Lama

Tax No: 21,495,901-1
Agronomist
Escuela Técnica de Ingenieros Agrónomos de Madrid

CHIEF REGIONAL ACCOUNTING OFFICER

Fernando Isac

Tax No: 14,733,649-7
Economist
Universidad de Zaragoza

LEGAL COUNSEL

Domingo Valdés

Tax No: 6,973,465-0
Lawyer
Universidad de Chile

CHIEF COMMUNICATIONS OFFICER

José Luis Domínguez

Tax No: 6,372,293-6
Civil Engineer
Pontificia Universidad Católica de Chile

CHIEF AUDIT OFFICER

Francisco Herrera

Tax No: 7,035,775-5
Civil Engineer
Pontificia Universidad Católica de Chile

CHIEF HUMAN RESOURCES AND ADMINISTRATION OFFICER

Francisco Silva

Tax No: 7,006,337-9
Public Administrator
Universidad de Chile

REMUNERATION OF SENIOR EXECUTIVES AND MANAGERS

The total remuneration received by the senior executives and managers of Enersis amounted to ThCh\$2,139 million at December 31, 2004.

INCENTIVE PLANS

Enersis has an annual bonus plan for its executives for compliance with objectives and the level of individual contribution to the company's results. This plan includes a definition of a range of bonuses according to the hierarchical level of the executive. The bonuses eventually paid consist of a certain number of gross monthly salaries.

SEVERANCE PAYMENTS MADE

Severance payments made during 2004 amounted to Ch\$ 50 million which were paid to managers leaving the company during the year.

MANAGEMENT OF SUBSIDIARY COMPANIES

CHIEF EXECUTIVE OFFICER OF ENDESA CHILE:

Héctor López

Tax No: 48,062,402-5
Degree in Law and Economic Sciences
ICADE de Madrid

CHIEF EXECUTIVE OFFICER OF CHILECTRA:

Rafael López

Tax No: 14,709,119-2
Degree in Economic Sciences
Universidad de Málaga

CHIEF EXECUTIVE OFFICER OF EDESUR:

José M, Hidalgo

Tax No: 10,120,778-G
Degree in Economic and Business Sciences
Universidad de Santiago Compostela

CHIEF EXECUTIVE OFFICER OF EDELNOR:

Ignacio Blanco

Tax No: 14,677,073-8
Degree in Economic and Business Sciences
Universidad de Zaragoza

CHIEF EXECUTIVE OFFICER OF CERJ (AMPLA):

Marcelo Llévanes

Tax No: 9,085,706-1
Commercial Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER OF COELCE:

Cristián Fierro

Tax No: 9,921,311-6
Civil Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER OF CODENSA:

José Inostroza

Tax No: 6,917,769-7
Civil Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER OF SYNOPSIS SOLUCIONES Y SERVICIOS IT LTDA,:

Claudio Guzmán

Tax No: 6,966,452-0
Information Technology Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER OF COMPAÑIA AMERICANA DE MULTISERVICIOS LTDA, (CAM):

Pantaleón Calvo

Tax No: 6,611,573-9
Civil Engineer
Universidad de Chile

CHIEF EXECUTIVE OFFICER OF INMOBILIARIA MANSO DE VELASCO LTDA,:

Andrés Salas

Tax No: 6,002,870-2
Civil Engineer
Universidad de Chile

DISTRIBUTION OF HUMAN RESOURCES

The personnel of Enersis are distributed as follows, including information on consolidated subsidiaries, at December 31, 2004:

COMPANY	SENIOR MANAGERS & EXECUTIVES	PROFESSIONALS & TECHNICIANS	EMPLOYEES & OTHERS	TOTAL
Enersis	15	106	91	212
Endesa Chile (1)	55	1,369	138	1,562
Chilectra (2)	13	479	200	692
Edesur	32	1,624	621	2,277
Edelnor	14	336	193	543
Cerj (Ampla)	25	1,010	373	1,408
Codensa	18	795	88	901
Coelce	23	545	769	1,337
Synapsis (3)	13	629	119	761
CAM (4)	10	1,157	329	1,496
Inmobiliaria Manso de Velasco	4	11	14	29
Total	222	8,061	2,935	11,218

(1) Includes: Endesa Chile, Ingendesa, Pangué, Pehuenche, Celta, San Isidro, Central Costanera, El Chocón, Edegel, Emgesa, Betania, Cachoeira Dourada and Túnel el Melón.

(2) Includes: Empresa Eléctrica de Colina and Luz Andes.

(3) Includes: Synapsis Chile, Synapsis Argentina, Synapsis Colombia, Synapsis Brasil and Synapsis Perú.

(4) Includes: CAM Chile, CAM Argentina, Cam Brasil, CAM Colombia and CAM Perú.

Enersis provided numerous activities in 2004 for the continuous improvement in the quality of service offered by the company to its subsidiaries. Human Resources management also set itself the objective of consolidating an increase in satisfaction in the organization's working climate.

Both definitions lead to the carrying out of a Management of Change Program based on the need to generate a positive attitude of belonging and quality of service in everyone working for Enersis, annually organizing workshops focused on identifying and resolving internal problems in every area of the organization.

Other activities carried out during the year and which contributed to the compliance of the management's objectives were the different training programs directed to workers and their families such as supervision, the development of technical and personal skills, and induction programs. In all, these totaled 16,000 hours of training distributed as follows: 7% for managers, 43% for professionals and 50% for staff.

The working climate survey was made in October in all companies of the Endesa (Spain) Group and the global results were published in late December. In the case of Latin America, the general satisfaction indicator rose by 11 percentage points compared to the previous survey made in 2002. In the specific case of Enersis, the degree of satisfaction increased by 26%.

Another important landmark in the Group's human capital performance was the development and implementation of a management system based on the SAP platform, which allows the integrated and effective management of human resources development processes and the unification and control of the processes for providing a global view.

With respect to General Services, specifically in infrastructure, we continued with the expansion, renovation and modernization of some of the installations in Endesa's corporate building in Santiago, Chile, in order to centralize the Group's strategic and tactical functions in one place. Chilean subsidiaries were also given support in matters concerning transport, logistics and safety management.

CULTURAL ACTIVITIES

The contribution made by Enersis in Chile in terms of social responsibility is more than outstanding when taking into account all the projects and contributions in different areas that this new business vision involves.

It requires the participation in initiatives that contribute to the growth and improvement of the standard of living of local inhabitants. These have mainly been focused on cultural, social support and educational matters.

The following are the most notable of Enersis's initiatives in social responsibility:

ILLUMINATING THE CHURCHES IN THE SOUTH OF THE WORLD

Since October 2001, Enersis with the Fundación Endesa and the Chilean Group companies (Endesa Chile and Chilectra), jointly with the Chilean Episcopal Conference, inaugurated a complete ornamental illumination systems for 25 temples belonging to the country's historical heritage.

In 2004, the benefited included the Parish Church of the Metropolitan Cathedral, the parishes of Putre and Parinacota, the Padre Hurtado Sanctuary, Santo Domingo church in Santiago and the cathedrals of Osorno and Puerto Montt.

The president of Fundación Endesa, Rodolfo Martín Villa, together with the chairmen of the three Enersis group companies in Chile, Pablo Yrarrázaval, Luis Rivera and Jorge Rosenblut, signed a new agreement with the Chilean Episcopal Conference extending the term of the agreement to the end of 2006 in order to complete pending projects and also attend new requests that may arise, whose maximum period for execution is three years.

DONATION OF LIBRARIES TO REMOTE COMMUNITIES

This reinforcement campaign made by Enersis and El Mercurio newspaper began four years ago. To this date, around four thousand books have been handed to public libraries in Chile, in areas where the population has difficult access to culture. In addition to having collaborated with the communities of Putre (1st Region), Tirúa (Eighth Region) and Puerto Natales (Twelfth Region), Enersis supported education and social reintegration in Santiago's Feminine Penitentiary Center where 1,800 prisoners are held.

ENERGY INFORMATION CENTER

The Enersis Group has maintained the Energy Information Center for four years. This provides free entry to children from schools in the Metropolitan Region for them to become better aware of energy-related concepts.

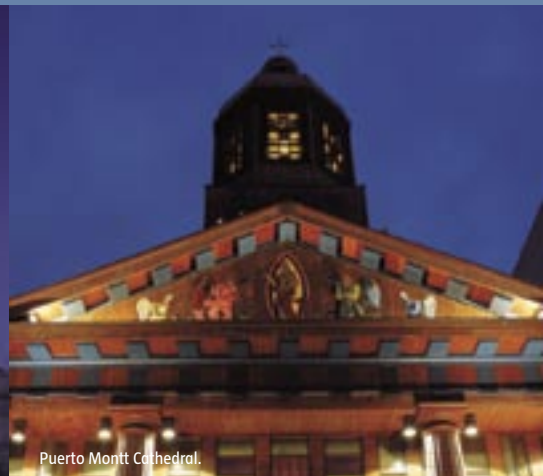
The center, which in 2004 received approximately 10,000 school children, has games, interactive maps and a video explaining electricity generation and distribution activities. The company also complements this educational program in Santiago with work of a team of professionals created to provide talks on electricity to students living in the areas close to the country's power stations.



Parinacota Church.



Antofagasta Cathedral.



Puerto Montt Cathedral.

CHRISTMAS EVENT FOR CHILDREN AT SOCIAL RISK

Fifty-five thousand children in social risk belonging to 181 charitable institutions in the Metropolitan Region enjoyed a large-scale spectacle offered by the First Lady, Luisa Durán, in the National Stadium, in which two thousand artists presented the “Deep Blue” story on stage. This event was sponsored by the company.

SPONSORSHIP OF REGIONAL DEVELOPMENT CONFERENCES

Eneris, together with El Diario Financiero, covered Chile during the period June to December with a “Cycle of regional development conferences”, a program carried out for the sixth consecutive year. In 2004, the habitants of Iquique, Calama, Antofagasta, Viña del Mar, Concepción, Temuco, Puerto Varas and Santiago were invited free of charge.

The conferences were notable for the quality of their speakers, for having promoted a debate on the political, social and economic scenarios and for having shown different points of view on Chile’s regional development prospects.

ESTRATEGIA NEWSPAPER SEMINARS

Eneris sponsored weekly seminars organized by the Estrategia newspaper, a specialized journal that developed a plan of 48 business seminars in which Eneris group employees actively participated.

This training is given by recognized specialists in matters such as strategic planning, marketing, safety and risk prevention. The sessions, which are also open to the general public, last for two days and are held in the Estrategia building.

FINANCIAL ACTIVITIES

CHILEAN FINANCES

Liabilities were refinanced in 2004 through new syndicated loans, the prepayment of bank debt and other minor operations, including the prepayment of bank debt with funds generated by the companies' operations.

In February, Endesa Chile signed a syndicated loan agreement with a group of banks led by BBVA, Citigroup, Caja Madrid and Santander Central Hispano Investments Inc., for an amount of US\$250 million, with an interest rate of Libor + 115 basis points and a term of 3 years 6 months. The proceeds, together with own funds, were used to prepay the previous syndicated loan of US\$284 million.

In April, Enersis prepaid US\$150 million of the Jumbo III loan and signed an Amended and Restated Credit Agreement for US\$350 million and reduced the interest rate by 110 basis points.

In November, Enersis and Endesa Chile signed different revolving credit facilities for a total of US\$600 million with a group of banks led by BBVA, Caja Madrid, Banco Santander Central Hispano and Citigroup. This consisted of US\$ 350 million for Enersis, with a 4-year bullet repayment and an interest rate of Libor + 37.5 basis points. The Libor margin is approximately 10.7% of the margin applicable to the Jumbo III loan of May 2003. For Endesa Chile, the facility consisted of US\$250 million, with a 6-year bullet and an interest rate of Libor + 37.5 basis points.

In June, the debts of Compañía Americana de Multiservicios, Inmobiliaria Manso de Velasco and Chilectra with BancoEstado, for a total of UF2,042,111, were renewed at a rate of TAB + 0%. All these debts were prepaid at the end of December as a result of the company's excellent cash position.

These operations carried out during 2004 have not only reduced the debt but also produced a substantial reduction in borrowing interest rates and thus the financing expenses of the Enersis Group.

INTERNATIONAL FINANCES

It was established as an objective in early 2004 to increase the levels of debt in local currency of each country in which the Group operates. This would enable subsidiaries to have financial commitments more in line with the currency of their revenues.

Consequently, a total of approximately US\$600 million was issued on local markets of which US\$333 million were issued in Colombia, US\$145 million in Brazil, US\$79 million in Peru and US\$41 million in Argentina.

The highlights include the following transactions:

Argentina: Edesur issued domestic bonds for a total of 120 million Argentine pesos, being the first electricity company to issue in pesos, for a term of 3 years, following the country's economic crisis. It was the company's first issue in 7 years.

Brazil: Coelce issued debentures for a total of 89 million reals (BRL) at an 8-year term, being the longest term in local currency among the country's electricity companies. Cerj (Ampla) also managed to issue debentures for a total of BRL 294 million at 3 years as the result of a successful financial strengthening plan that has reduced its cost of debt and extended its maturity.

Colombia: Codensa has issued local bonds for a total of 500,000 million Colombian pesos (COP) at 5, 7 and 10-year terms. The proceeds were used to repay short-term debts. Betania issued COP 300,000 million at a 7-year term, and a second tranche is expected to be issued in 2006 for COP 100,000 million.

Peru: Edelnor placed domestic bonds for a total of 150 million soles (PEN) at terms of 4, 5 and 10 years in various tranches. Edegel also issued PEN 50 million at 4 years also in various tranches. These transactions form part of their debt refinancing policies.

The Group's **interest rate hedging policy** consists of maintaining cover for at least 70% of its most hedged fixed-rate debt. Throughout 2004, as a result of the reductions in floating-rate debt, the company's hedging levels have remained close to 90%. Every time a loan is repaid, the related derivative instruments are liquidated in order to avoid keeping instruments without any underlying purpose.

During 2004, a new **exchange rate hedging policy** was begun based on cash flows. The objective is to maintain a balance between flows indexed to foreign currencies (US\$) and the level of assets and liabilities in that currency.

As a result of a study made of the indexation of cash flows, Enersis had to contract UF/US\$ swaps for US\$700 million in order to leave the level of dollar liabilities adjusted to expected flows in that currency. In the case of Endesa Chile, it was not necessary to redenominate its debt, according to the levels of its dollar assets and liabilities.

The policy also establishes maximum levels of accounting mismatch for Enersis and Endesa Chile consolidated, so occasionally it is necessary to hedge short term. According to the actions taken during the year, the levels of Group mismatch have been maintained within the limits of the company's policies.

OTHER

The Enersis group during 2004 implemented the requirements for complying with the Sarbanes Oxley Act (SOA). The Finance Department also prepared the regulations and procedures project for extending the rigor of that law to all aspects of the company's financial management. The object is to regulate and standardize all important processes carried out in the group's various financial departments, to ensure their correct functioning.

In addition, the Debt Control(Compliance) and Capital Markets Management strengthened the compliance responsibilities in 2004 to the most demanding rules coming out of the international financial markets and, in particular, the SEC. It has also put into practice a control system of restrictions and risk measurements related to the group's different loan agreements, thus contributing to the best practices of international companies.

CREDIT RATING

Enersis is an investment company whose assets belong to electricity generating, distribution and transmission businesses, plus investments in other related businesses. The Group is based in Chile and also operates in Argentina, Brazil, Colombia and Peru which provides it with an important and positive diversification and a balanced corporate risk profile. Enersis's cash flows follow a similar diversified pattern.

The precautionary measures have been duly valued by the Chilean and international credit-rating agencies. These firms recognize, among other things, that one of the Group's strengths is its suitable portfolio of investments and conservative financial structure. However, there are certain risks that cannot be controlled by the company and which affect its cash flows, making them less predictable and thus causing some uncertainty.

Contributing to a positive risk evaluation relating to the investments outside Chile is the better perception of the new Brazilian regulatory model, the strong recovery in the economies, the strengthening of local currencies and the recovery in energy demand.

An exception is the Argentine situation where there is still no clear resolution of the problems associated with the arbitrary freezing of tariffs by the government in early 2002.

However, and as a result of the structural change made in Enersis's financial and capital positions throughout 2003, the perception of the Group risk improved notably. This is confirmed in the opinions issued in 2004 by the credit-rating agencies Fitch, Moody's and Standard & Poor's.

The credit ratings of Enersis, internationally and in Chile, noting the positive prospects in two of them, as of March 2005, are as follows:

KIND OF DEBT	FITCH	STANDARD & POOR'S	MOODY'S
Local currency	BBB-	BBB-	-
Foreign currency (Trend)	BBB- (Positive)	BBB- (Positive)	Ba1 (Stable)
INSTRUMENT	FITCH	FELLER RATE	HUMPHREYS
Shares	1st Class Level 1	1st Class Level 1	1st Class Level 2
Bonds	A+	A+	A-

The Group's corporate strategy for containing the risks inherent in an investment company in the electricity area, has been to manage the company's assets prudently and responsibly, taking care to maintain an adequate level of liquidity. This policy has been carried out last year by the strengthening of cash positions, reduction in debt, improvements in service quality indicators, concentration on core activities and constant monitoring of the economic and regulatory situation in each country where we operate.

A concrete measure in the global context of the pro-active management of Group risk is the Enersis Group Risk Committee for identifying the most varied risks that can affect the company and proposing the necessary containment measures promptly. This Committee has prepared a Group risks map and is operating with the most modern Business Risk Administration techniques.

BUSINESSES

HISTORIC EXPANSION

Enersis is one of the largest private-sector electricity groups in Latin America in terms of consolidated assets and sales. This has been achieved through stable and balanced growth in its electricity generation and distribution businesses and their related activities.

The distribution business is carried out through its subsidiary **Chilectra**, a company that distributes electricity in Chile's Metropolitan Region, and has foreign investments.

Its investments in generation in Chile and abroad are mainly developed through the subsidiary **Empresa Nacional de Electricidad S. A.** (Endesa Chile).

It also has businesses in areas that complement its activities through majority holdings in the following companies:

Synapsis Soluciones y Servicios IT Ltda.

Supplies services and equipment related to computing and data processing.

Inmobiliaria Manso de Velasco Ltda.

Dedicated to real estate, through the integral development of real estate projects and the administration, rental, purchase and sale of the real estate of Enersis and subsidiaries in Chile.

Compañía Americana de Multiservicios Ltda. (CAM)

Its business is related to commercial and other operations in networks for public utility companies, preferably in meter system services for utilities and as a purchasing agent, importer and exporter, and also the seller and provider of materials for Enersis subsidiaries and other companies.

INTERNATIONALIZATION

Enersis began its international expansion in **1992** by taking part in different privatizations in neighboring countries, thus developing a significant presence in the electricity sectors of Argentina, Peru, Colombia and Brazil.

In July that year, Distrilec Inversora S.A., a company in which Enersis is a shareholder, acquired Empresa Distribuidora Sur S. A., **Edesur**, which distributes electricity in Buenos Aires, Argentina. Later, in December 1995, Enersis acquired an additional 39% of this company to give it control.

Between July **1994** and December 1995, Enersis, through Inversiones Distrilima S.A., acquired 60% of Empresa de Distribución Eléctrica de Lima Norte S.A., **Edelnor**, in Peru. It also acquired Edechancay that same year.

During **1996**, Enersis entered for the first time into the Brazilian market, acquiring jointly with other partners, an important holding in Companhia de Eletricidade do Rio de Janeiro, **Cerj**, which distributed electricity in the city of Rio de Janeiro, Brazil. Today it trades under the name of **Ampla**.

In **1997**, Enersis successfully took part, through a consortium, in the capitalization and subsequent acquisition of control of Codensa S. A., **Codensa**, which distributes electricity in the city of Bogotá and in the department of Cundinamarca, Colombia.

In early **1998**, Enersis returns to the Brazilian market, this time in a consortium that is awarded control of Companhia Energética de Ceará S.A., **Coelce**, that distributes electricity in north-east Brazil, in the state of Ceará.

During **1999**, **Endesa (Spain)** became the controller of Enersis. Through a share purchase offering, in which it offered Ch\$320 per share, the multinational acquired another 32% of Enersis which, added to the 32% that it bought in August 1997, gave it a final shareholding of 64%. The transaction, completed on April 7, 1999, involved an investment of US\$1,450 million.

On May 11, **1999**, Enersis acquired a further 35% in **Endesa Chile**, in addition to the 25% it already held. This gave it practically 60% of the generating company, making it the parent company and consolidating itself among the leading private-sector generating groups in Latin America.

Important transactions were carried out in **2000** which can be summarized as follows: a capital increase of the company by US\$520 million, and proceeds of US\$1,400 million from the sale of the subsidiaries Transelec, Esva, Aguas Cordillera and divestments of real estate, within the strategy framework of the Genesis Plan.

Important investments were made throughout **2001**: US\$364 million to increase the company's shareholding in Chilectra; US\$150 million in the acquisition of a 10% holding in Edesur, Argentina, which was held by company employees; US\$132 million for increasing its holding in the Brazilian Cerj (Ampla); and US\$23 million for increasing the shareholding of Enersis in Río Maipo by 15%.

During **2002**, construction continued in Chile of the **Ralco** hydroelectric plant, **located** in the 8th Region, and of the **Fortaleza**

thermal plant in the state of Ceará in Brazil. The commercial operation also started of the second phase of the **electrical interconnection** between Argentina and Brazil, completing a transmission capacity of 2,000 MW. Enersis also strengthened the financial position of Cerj (Ampla) by the conversion of subordinated bonds into capital by US\$100 million and a capital increase of US\$100 million, and US\$1.6 million was invested in increasing its shareholding in Distrilima (the company that controls the distributor Edelnor) by 1.73%.

During **2003**, Enersis made a **capital increase** for strengthening its capital base by more than US\$2,104 million. It also **refinanced** US\$4,018 million through different instruments like new syndicated loans, bonds issues on the local and foreign markets, prepayment of the "Jumbo II" loan and other smaller operations. Finally, **assets were sold** for US\$757 million which included the Canutillar generating plant and the Río Maipo electricity distributor.

Debt refinancing for US\$2,100 million was achieved in **2004**, through different instruments like new syndicated loans, the issue of bonds on the local and foreign markets, the prepayment of the "Jumbo III" loan and other smaller operations. In addition, the subsidiary Endesa Chile's Ralco plant started its operations with a contribution of 690 MW of capacity.

RISK FACTORS

Enersis is a holding company that counts on payments from its subsidiary and associate companies to meet its financial obligations. An important part of the business of some of these subsidiaries depends on hydrological conditions so potential drought conditions could affect the company's profits. Certain subsidiaries could also find themselves in a position of having to pay administrative fines caused by droughts.

Regulatory changes by the governments of the different countries where the company's subsidiary and associate companies operate could signify additional operating costs and impact their results.

Energis has debt subject to financial covenants and other contractual restrictions. Also, exchange rate fluctuations could affect the company's operating results adversely.

Some Latin American economies where Energis has investments have been characterized by occasional drastic interventions by government authorities. For example, the Argentine authorities have implemented a series of monetary and exchange control measures that have affected the operating results adversely and could continue to have a negative impact.

With respect to the recent natural gas shortage in Argentina, this could have a negative impact on our generating plants in Chile and Argentina, especially those that use Argentine natural gas.

As a result of this shortage, the local price of natural gas has risen; this could lead to a fall in our operating margins if we are incapable of passing on these higher costs to our customers.

DEVELOPMENT AND GROWTH

The principal objective of Energis is to maximize the economic value of its equity through stable growth based on electricity businesses that are strictly evaluated and managed. The achievement of this objective is based on an investment strategy focused on increasing the value of the subsidiaries and associates and on the acquisition of new companies.

A key factor in this strategy is making investments that significantly need Energis's experience, management skills and operating capacity. This need requires making investments in companies in which Energis can have influence over management and operations, and with the power to approve or reject its investment projects.

Another development factor consists of having an exceptional team of professionals who actively interact with the subsidiaries, advising them in the evaluation of their investment or financing projects and who are permanently open to new opportunities in the respective business areas in the Latin American market.

The above factors enable Energis to make investments that contribute to the profit growth with a proper weighting of the risks deriving from the businesses in which it participates.

INVESTMENTS AND DIVESTMENTS

Chile

Chilectra carried out a complete investment plan in 2004 involving US\$59 million, mainly for meeting demand in its concession area and improving the quality of its customer service.

On March 25, 2004, Chilectra, through its Agency, bought 760,255,861,477 shares in Cerj (Ampla) from Energis Internacional for US\$138,275,774, being the equivalent of a 17.95% shareholding in Cerj.

On September 6, 2004, the Ralco hydroelectric plant became available to the Load Economic Dispatch Center (CDEC-SIC) and began to operate commercially with its first unit, followed by the second unit on September 22. On September 27, this plant on the Upper Bío Bío was inaugurated, enabling the injection into the electricity grid of an average annual generation of 3,150 GWh, with a capacity of 690 MW, which signifies a contribution of 9% to the energy required on the Central Grid (SIC).

Brazil

The extraordinary shareholders' meeting of Cerj (Ampla) held on January 8, 2004 unanimously approved a capital increase of 1,339,622,641,509 common shares in a proportion of R\$0.53 per thousand shares, equivalent to R\$710,000,000.

On February 27, Energis, through its Cayman Islands Agency, subscribed for 1,335,849,056,604 common shares corresponding to the rights of Endesa Spain, Chilectra, Electricidade de Portugal and Energis, which was fully capitalized. Ampla was then able to reduce its debt by approximately US\$240 million and Energis increased its shareholding (direct and indirect) from 71.82% to 80.72%.

In January 2004, the Endesa Fortaleza thermal plant, in the state of Ceará in Brazil, entered into service, adding 319 MW of capacity to meet the electricity needs of north-east Brazilian market.

PROSPECTS FOR 2005

Chile

In electricity distribution, Chilectra expects a consolidation of the economic growth seen in 2004 when energy sales volumes increased by 7.6%. The company will also continue to develop and consolidate the sale of services and products related to sales of electricity.

Chilectra expects to consolidate its strategic plan "Chilectra 21st Century". It will continue in 2005 with the renewal of the corporate image projecting a message of proximity and modernity to its customers. With respect to social responsibility, actions will be focused on the Fundación Chilectra Activa, an institution that will dedicate its efforts to the strengthening of education with emphasis on matters related to electricity.

Energis expects that the authorities will continue creating conditions for private investment in electricity generation, transmission and distribution in order to maintain a stable national energy matrix that guarantees electricity supplies to end customers and national economic development.

The company will also remain alert to gas dependency of Argentina as the principal input for electricity generation. The government has nevertheless said that it foresees no electricity restrictions for 2005.

The distributor is trying to lead in the development of the city of Santiago and has proposed to all the civic authorities involved a plan for placing overhead wiring underground. Also, in its intent to offer an integral service to its customers, it has created the Activa

Chilectra card which gives access to a world of benefits apart from electricity.

In general terms, the trend foreseen for 2005 in the countries where the Group has investments is toward an increase in electricity demand in line with expected economic growth.

Brazil

Cerj (Ampla) will continue with its efforts to reduce the level of energy losses. It is expected that the company will connect in 2005 more than 120,000 customers with high-technology electrical networks (DAT) which are anti-theft and make more than 87,000 normalizations. The DAT networks consist in replacing the existing electricity network with one that prevents direct connection by the customer.

The company also expects to consolidate its internal transformation plan. This strategic plan, in 2005, will seek to improve the working climate, personal development, improve and consolidate the corporate image, reduce the level of losses and optimize its functions operationally.

Coelce will continue with its electrification program "Light for Everyone" whose investments are to expand the distribution networks for the rural sector of the company's concession zone. This program falls within the energy "universalization" plan being carried out by the government and the company, to supply energy to all its customers. During 2005, Coelce will focus its programs on anti-theft, mainly through the metering of more than 500 transformers which involve 110,000 customers, in order to detect areas of heavy energy theft.

In another area, the company will continue with its strategic plan called "Plan Escalada Coelce" which seeks to improve the service and attention to its customers, improve the labor climate with its workers and staff, reductions in the level of energy losses and improvement of the corporate image.

Argentina

The focus of attention will be the same as in 2004: the renegotiation of tariffs and Edesur's concession contract with the Argentine government. We remind you that the emergency law of January 2002 basically "peso-ified" and froze distribution tariffs on the basis of 1 peso = 1 US dollar. The law therefore has a serious effect on the company's economic-financial equation which has been dragged to a particularly critical state with respect to the provision of the service and the accomplishment of obligations in the terms originally agreed.

With respect to investments, Edesur will make every effort to maintain the quality of service and respond to the growth of its concession area, taking into account the company's financial situation in view of an adverse tariff scenario that does not guarantee an economic return.

It is hoped that the government will recompense the business according to the quality of service and profitability conditions set out in the concession contract on which the investment was based.

The Taltal, San Isidro and Gasatacama plants in Chile currently depend on natural gas for their thermal generation and are parties to minimum volume purchase contracts with Argentine suppliers. On March 26, 2004, the Argentine state issued a resolution allowing for the partial suspension of fuel exports. This resolution permits the country's president to temporarily suspend the long-term supply contracts with Argentine exporters. Should there be continuous interruptions in natural gas supplies from Argentina, the gas could possibly be replaced by more expensive fuels like coal and/or diesel in order to maintain our current level of generation, and this would translate into higher generating costs and lower operating margins.

For its part, Endesa Chile has enabled its natural gas generators to continue to face the winter of 2005 with the equipment and permits required for generating with diesel oil in the event of gas supply restrictions.

Peru

According to the current electricity legislation, the new distribution tariffs for the next 4 years are due to be set, effective November 1, 2005, for the distributor Edelnor. It is hoped that the authority will keep to purely technical factors in this process and thus lead to an adequate return on the investments the company has carried out and create conditions so that Edelnor can continue to provide its customers with the best service.

It is also expected that Edelnor will increase its sales in line with the country's economic growth and raise its income from other energy-related services.

Colombia

Codensa should be able to further optimize its capital structure. The competent authority has been asked to approve a capital reduction of COP\$925,000 million which was previously approved in 2004 by the company's bond-holders meeting.

The company is expected to intensify the commercialization and trading of new services and products related to energy sales.

PROPERTIES AND INSURANCE

The company owns some equipment and substations located in Chile's Metropolitan Region. It has insurance cover for risks such as fire, lightning, explosions, malicious acts, earthquake, flooding, landslides, etc.

TRADEMARKS

The company has registered the trademarks Enersis, Chispazos, Dixsa, EnersisPLC and Internet at the speed of light and Enersis PLC.

INVESTMENT AND FINANCING POLICY FOR 2004

The ordinary shareholders' meeting held on March 26, 2004 approved the Investment and Financing Policy which states:

1. INVESTMENTS

(a) Investment areas

Enersis will invest in the following areas, as authorized in its bylaws:

- The investment in or formation of subsidiary or associate companies whose business is similar, related or linked to energy in any of its forms or nature or the supply of public utilities or have energy as a principal input.
- Investments consisting of the acquisition, exploitation, construction, rental, administration, commercialization and disposal of all kinds of real estate, directly or through subsidiaries.
- Other investments in any kind of financial assets, debt titles and securities.

b) Maximum investment limits

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

- i) Investments in its electricity sector subsidiaries, that are necessary for these to be able to comply with their respective objectives.

- ii) Investments in other subsidiaries such that the sum of the proportions of the fixed assets corresponding to the participation in each of these other subsidiaries does not exceed the proportion of the fixed assets corresponding to the participation in the electricity sector subsidiaries and Enersis.

(c) Participation in the control of the investment areas

For the control of the investment areas and as established in Enersis's corporate purpose, the following shall be followed to all possible extent:

- The appointment of directors will be proposed in shareholders meetings of the subsidiary and associate companies that belong to the Enersis holding, ensuing that these persons are preferably directors or executives of the company or its subsidiaries.
- The investment, financing and commercial policies, together with accounting systems and criteria to be followed, will be proposed to the subsidiary companies.
- The performance of the subsidiary and associate companies will be supervised.
- A constant control will be maintained over debt limits so that the investments or contributions made or planned do not imply anything unusual in the parameters defining the maximum investment limits.

2. FINANCING

(a) Maximum indebtedness

The maximum consolidated debt level of Enersis will be a total debt / equity plus minority interest ratio of 1.75 times.

(b) Management powers for agreeing dividend restrictions with creditors.

Dividend restrictions may only be agreed with creditors if such restrictions are previously approved in a shareholders' meeting.

(c) Management powers for agreeing the granting of security with creditors.

The company's management may agree to the granting of personal guarantees or tangible security, in accordance with its law and the bylaws.

(d) Assets essential for the functioning of the company.

The shares representing the contributions made to its subsidiary Chilectra constitute assets essential for the functioning of the company.

COMPARATIVE FINANCIAL STATEMENTS

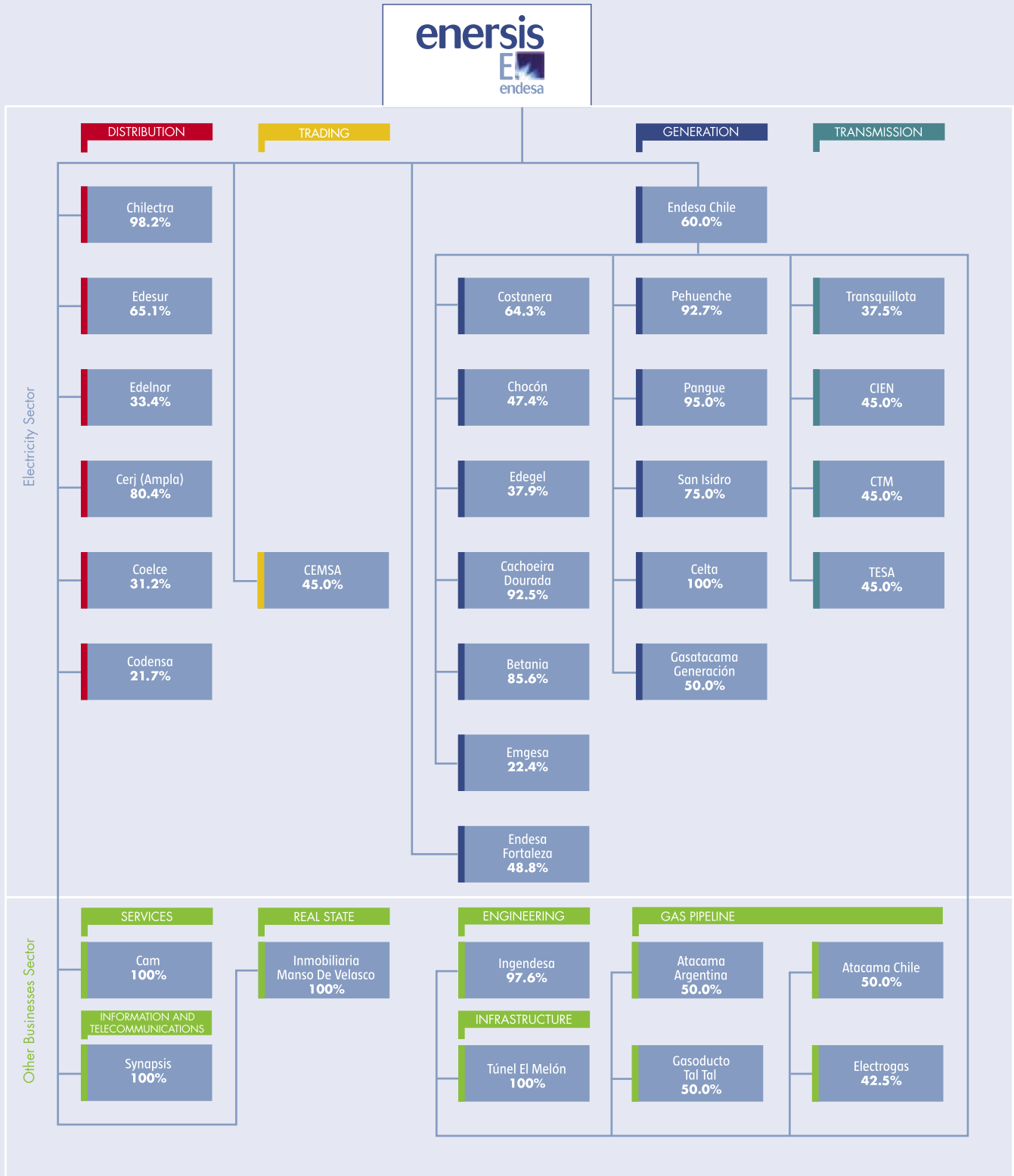
Millions of Ch\$ (nominal)	1995	1996	1997	1998	1999
Total assets	1,524,737	4,136,432	6,180,415	7,442,034	11,123,834
Total liabilities	704,661	2,028,207	3,202,042	4,017,266	6,822,701
Minority interest	311,971	1,465,902	2,272,352	2,640,805	3,602,470
Shareholders' equity	508,105	642,323	706,021	783,963	698,662
Current ratio	0.75	1.17	1.20	0.94	0.81
Debt ratio (1)	0.86	0.96	1.08	1.17	1.59
Sales	736,026	1,160,667	1,334,977	1,548,497	2,270,897
Cost of sales	(561,474)	(718,014)	(857,444)	(942,288)	(1,596,916)
Administrative and selling expenses	(86,030)	(117,240)	(115,129)	(129,857)	(244,742)
Operating income	88,522	325,413	362,404	476,352	429,240
Non-operating result	57,516	(14,845)	(66,693)	(184,815)	(400,246)
Net income (loss) for the year	97,542	105,969	103,516	90,093	(78,159)

(1) Total liabilities / (shareholders' equity plus minority interest)

Millions of Ch\$ (nominal)	2000	2001	2002	2003	2004
Total assets	11,058,463	12,388,155	12,621,165	10,732,747	10,507,525
Total liabilities	6,444,707	7,254,045	7,564,982	4,835,073	4,822,966
Minority interest	3,513,155	3,954,923	4,050,603	3,349,282	3,125,006
Shareholders' equity	1,100,600	1,179,186	1,005,580	2,548,392	2,559,553
Current ratio	0.62	0.71	0.56	1.02	1.49
Debt ratio (1)	1.40	1.41	1.50	0.82	0.85
Sales	2,589,957	2,970,273	2,485,873	2,352,333	2,708,925
Cost of sales	(1,754,707)	(1,966,322)	(1,730,050)	(1,651,732)	(1,898,088)
Administrative and selling expenses	(314,736)	(271,383)	(223,179)	(169,503)	(176,635)
Operating income	520,514	732,567	532,644	531,098	634,202
Non-operating result	(159,532)	(483,496)	(796,530)	(449,911)	(368,653)
Net income (loss) for the year	90,083	40,926	(223,748)	12,468	44,308

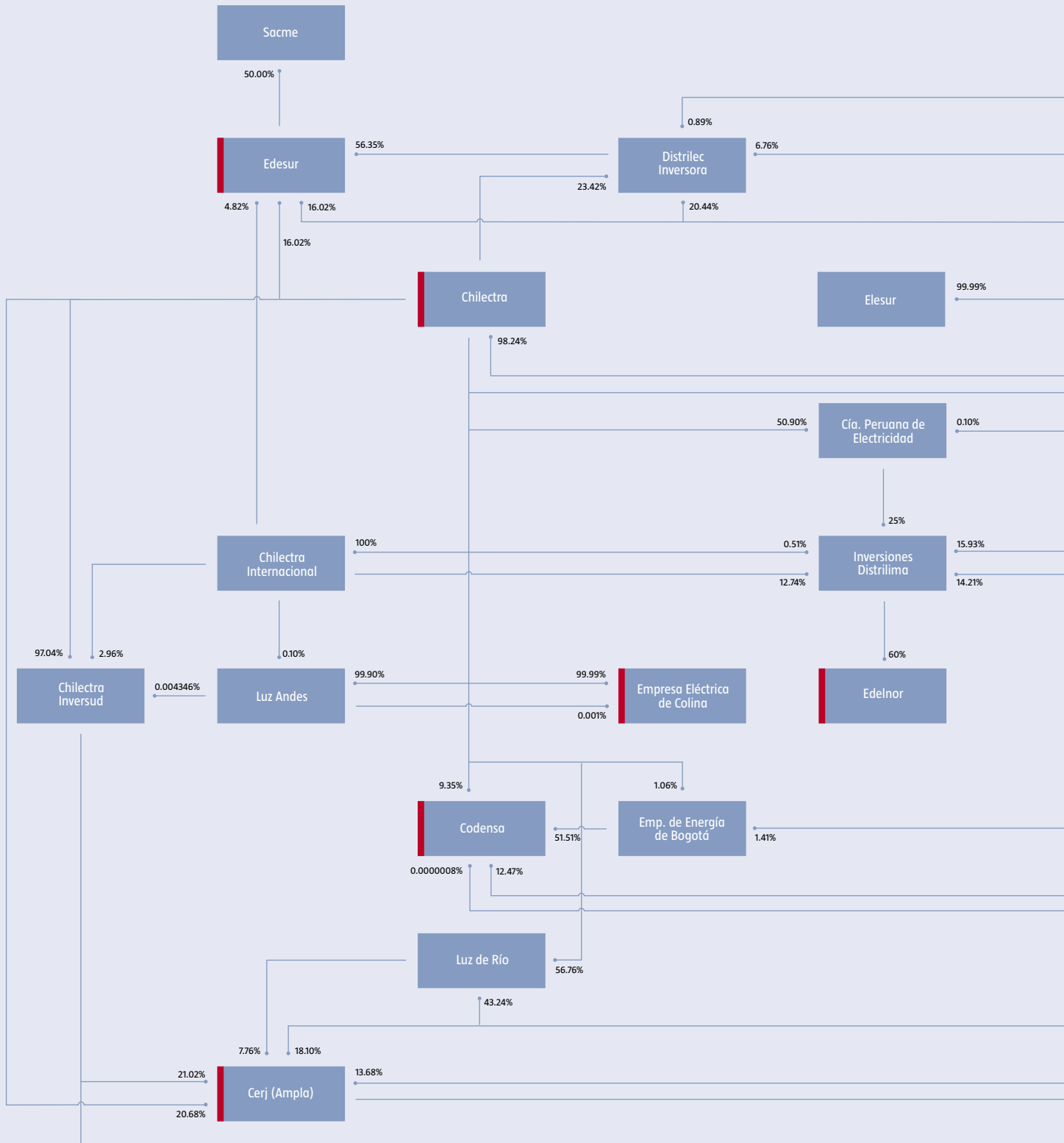
(1) Total liabilities / (shareholders' equity plus minority interest)

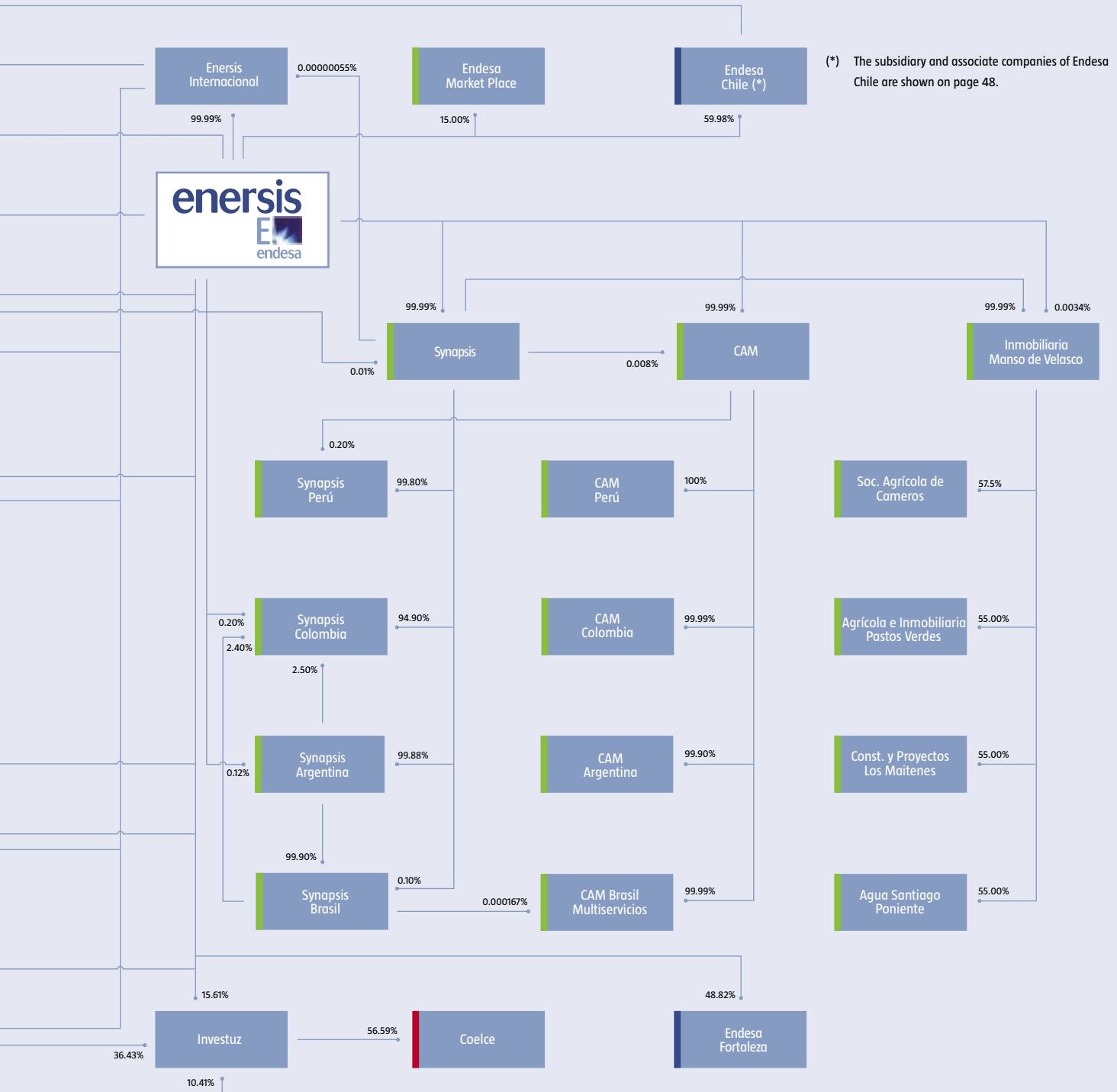
CORPORATE STRUCTURE



ENERSIS GROUP STRUCTURE

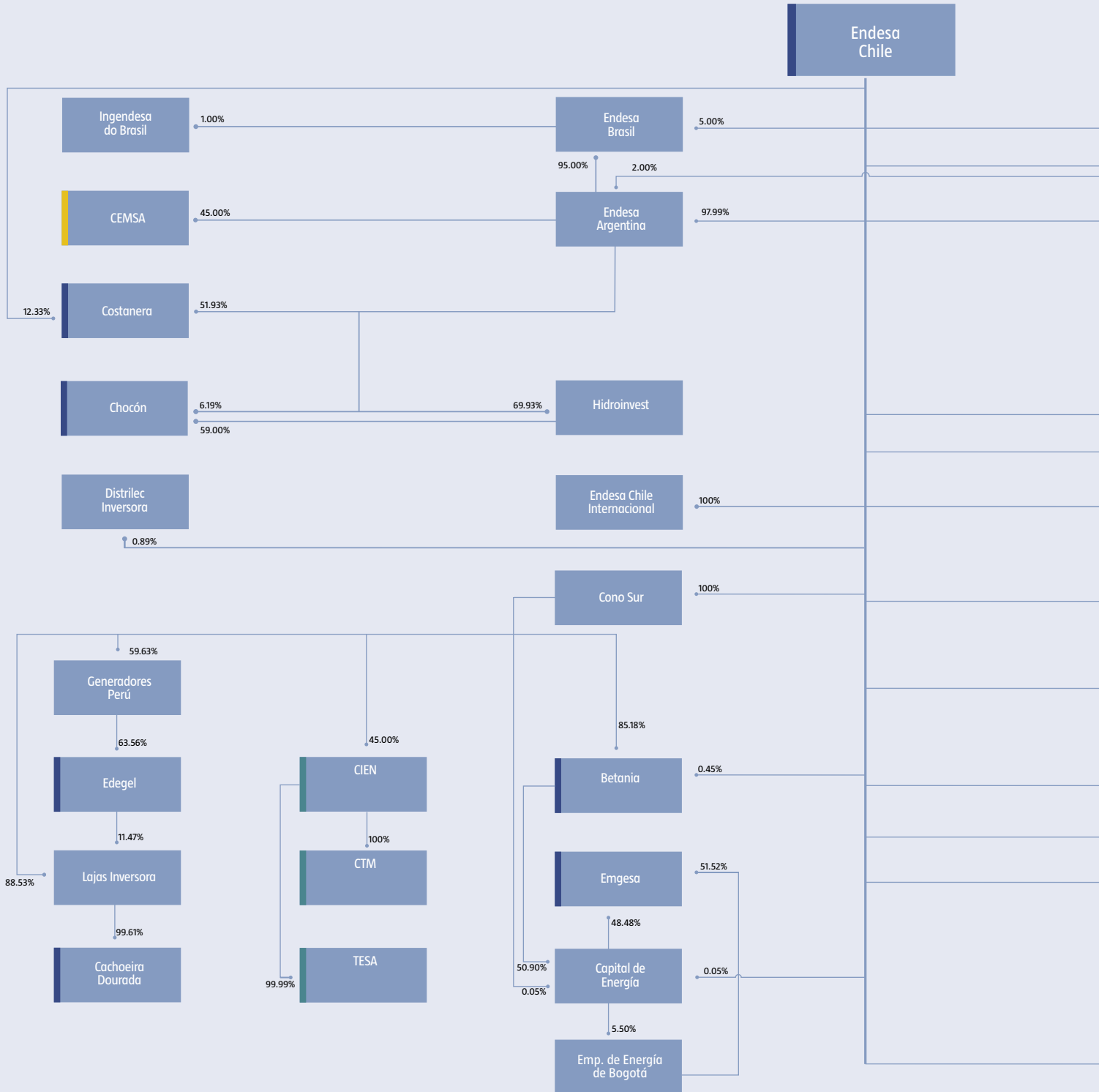
At December 31, 2004

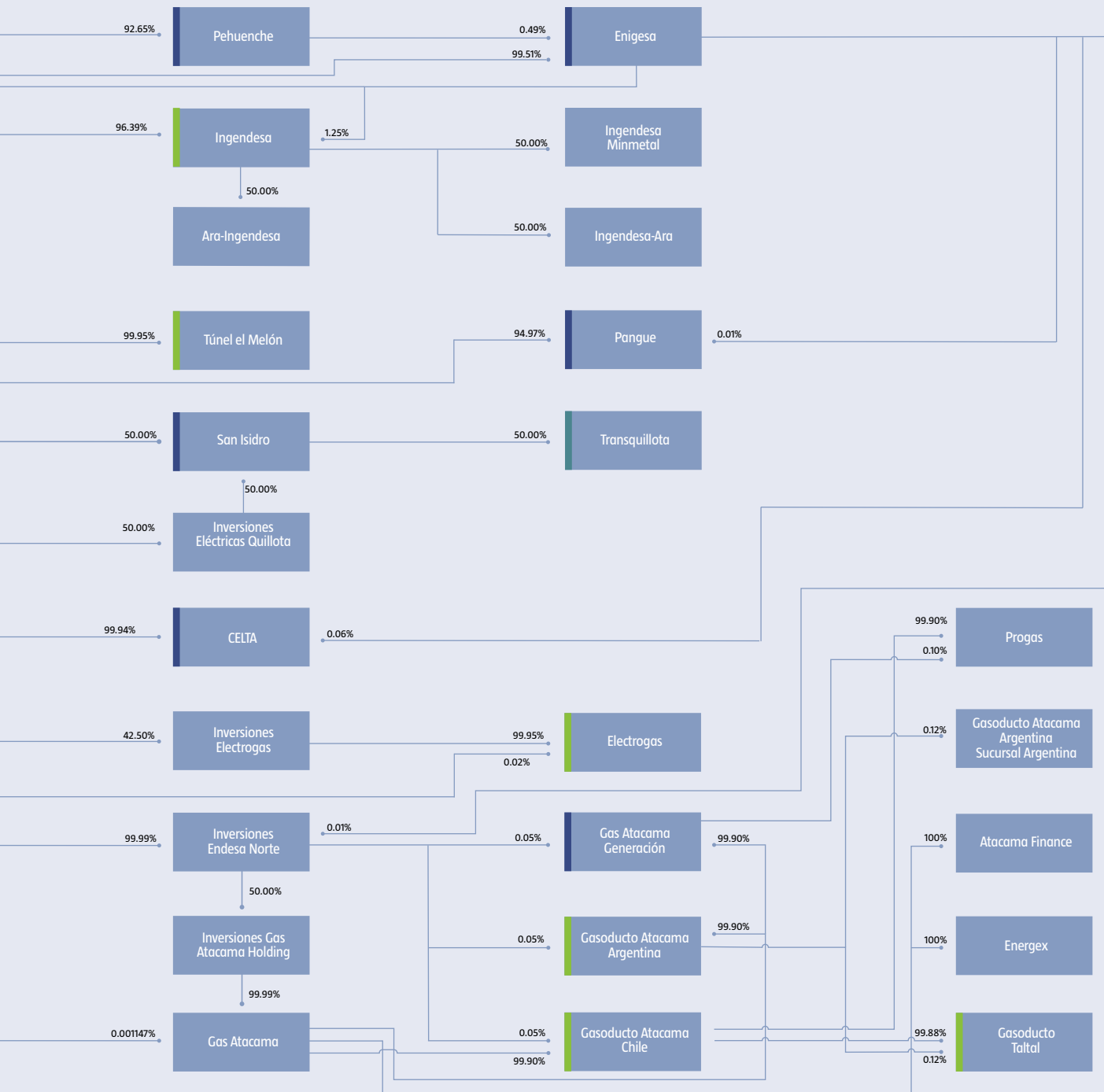




ENDESA CHILE GROUP STRUCTURE

At December 31, 2004









ELECTRICITY GENERATION



CHILE
4,477 MW



ARGENTINA
3,623 MW



PERÚ
967 MW



BRAZIL
977 MW



COLOMBIA
2,609 MW



ENDESA CHILE

THE COMPANY

Name:
Empresa Nacional de Electricidad S.A.

Kind of company:
Open corporation

Tax No.:
91,081,000-6

Address:
Santa Rosa N°76, Santiago, Chile

Telephone No.:
(56-2) 630 9000

Fax:
(56-2) 635 4720

PO Box:
1392, Santiago

Web Site:
www.endesa.cl

E-mail
comunicacion@endesa.cl

Securities register No.:
N°114

External auditors:
Ernst & Young Serv. Prof. de Auditoría Ltda.

Total number of shares:
8,201,754,580

Subscribed and paid capital (ThCh\$)
1,050,193,846

*Holding of Enersis
(direct and indirect)*
60.0%

Investments as proportion of Enersis assets:
26.7%

Corporate objects (extract):
Generation and supply of electricity, sale of consultancy and engineering services in Chile and abroad, and the construction and exploitation of infrastructure works.



View of Ralco reservoir, located in Chile's Bío Bío Region.

BOARD OF DIRECTORS

Chairman

Luis Rivera

Vice Chairman

Antonio Pareja

Directors

Jaime Bauzá

Ignacio Blanco

Enrique García

Carlos Torres

Andrés Regué

Antonio Tuset

Leonidas Vial

SENIOR EXECUTIVES

Chief Executive Officer

Héctor López

Chief Communications Officer

Renato Fernández

Legal Counsel

Carlos Martín Vergara

Chief Financial and Administration Officer

Alejandro González

Chief Human Resources Officer

Juan Carlos Mundaca

Chief Planning and Control Officer

Julio Valbuena

Chief Trading and Sales Officer

José Venegas

Chief Energy Planning Officer

Rafael Errázuriz

Chief Production and Transport Officer

Rafael Mateo

Chief Generation Officer, Chile

Claudio Iglesias

ENDESA CHILE

Energis is the principal shareholder in Endesa Chile with a holding of 60.0%. The Group channels its investments in electricity generation in Latin America through Endesa Chile.

The principal activities of Endesa Chile and its subsidiaries are related to the generation and commercialization of electricity, as well as the sale of consultancy and engineering services in all fields.

At the consolidated level, Endesa Chile operates 46 plants in five Latin American countries, with a total installed capacity of 12,333 MW.

In Argentina, through its subsidiaries Central Costanera S.A. and Hidroeléctrica El Chocón S.A., it operates a total of 3,623 MW capacity which represents 15% of the total of the Argentine grid system. These plants generated 11,290 GWh in 2004 with sales of 11,604 GWh.

In Brazil, through Centrais Elétricas Cachoeira Dourada S.A., it operates a total of 658 MW of capacity which represents 1% of that country's installed capacity, with annual generation of 3,262 GWh and sales of 3,902 GWh. Also, through the interconnection line with Argentina, operated by CIEN, 2,000 MW are added to that market whose energy and power is supported by the Argentine subsidiary Central Costanera S.A.

Endesa Chile is the principal electricity generator in Chile and one of the country's largest companies. It operates a total of 4,477 MW of capacity which represents 38% of the country's installed capacity. 76% of the installed capacity of the company and subsidiaries in Chile is hydroelectric and the rest thermal. Endesa Chile participates in the Central Grid System (SIC), the largest in the country which covers about 93% of the population. It has installed capacity of 4,295 MW on this grid, representing approximately 52% of the SIC.

The company also participates on the Northern Grid (SING) through its subsidiary Celta S.A. and indirectly through Gasoducto

Atacama Chile S.A. and GasAtacama Generación S.A., supplying various mining companies, and with sales on the spot market. The installed capacity of Celta S.A. on this grid is 182 MW, representing 5% of the SING. Including GasAtacama Generación, in which Endesa Chile holds 50%, the installed capacity on the SING reaches 27%.

In Chile, Endesa Chile generated 16,797 GWh and sold 18,462 GWh during 2004.

In Colombia, through Central Hidroeléctrica de Betania S.A.E.S.P. and Emgesa, it operates a total of 2,609 MW of capacity, which represents 19% of the country's installed capacity. These plants generated 11,881 GWh with sales of 15,148 GWh during 2004.

In Peru, through Edegel, it operates a total of 967 MW of capacity, which represents 22% of the Peruvian grid. Total generation was 4,136 GWh with sales of 4,328 GWh during 2004.

Outstanding among the most important electricity projects developed during 2004 was the start-up of Ralco plant, a reservoir hydroelectric plant located in the BíoBío River 600 km to the south of Santiago, with adduction tunnel and underground machine room and an installed capacity of 690 MW. This is the most important hydroelectric plant in Chile, representing 8% of the installed capacity on the SIC and the third largest hydroelectric plant of Endesa Chile.

The Ralco reservoir has a total volume of 1,200 million cubic meters and covers an area of 3,467 hectares.

With a net fall of 175 meters, a turbineable flow of 452 m³/s and an average load factor of 52%, equivalent to 4,560 hours annually, it permits an annual average generation of 3,150 GWh, equivalent to 8% of the installed capacity of the SIC. While it is true that the designed capacity was originally 570 MW, later, following the efficiency achieved in the construction of the hydraulic works and taking into account the levels of over-opening of vanes obtained in September 2004, an environmental impact declaration was presented to the National Environmental Commission (Conama) seeking authorization to operate the plant with a capacity of up to 690 MW; this was approved in December 6, 2004.

Regarding the San Isidro II project, Chile's 5th Region Corema on August 16, 2004 gave its final approval of the environmental impact study for the project, a combined-cycle generating unit which would operate with natural gas and be located in the district of Quillota, with a capacity of 370 MW. It expects to generate around 2,500 GWh annually.

Unit 2 of the Isla plant was also modernized in 2004. This included a change in the control system, protections, and the voltage and velocity regulators. The change was made due to the obsolescence of the equipment and to facilitate its future remote control.

Work was also done to leave Unit 2 of the Taltal plant in condition for its operation with diesel oil as an alternative fuel.

With respect to the related company Cien, in which Endesa Chile holds 45% and Endesa Spain 55%, this permits the energy integration of Mercosur and makes possible the export and import of electricity between Argentina and Brazil in either direction. It has

two 500 Kv transmission lines covering a distance of about 500 km between Rincón in Argentina and the Santa Catarina substation in Brazil, and has a total capacity of 2,000 MW.

Line I of Cien has contracts with Tractobel for 300 MW and with Furnas for 700 MW. Line II has contracts with Copel for 400 MW, Cerj for 284 MW and Samarco for 25 MW.

Besides generation, Endesa Chile has other businesses, among which is Ingendesa which participates in large investment projects in Chile and Latin America, particularly in the areas of energy, infrastructure, mining, public utilities and telecommunications, through services provided to both Group and un-related companies.

Endesa Chile also manages Sociedad Concesionaria Túnel El Melón S.A. which opened to the public in September 1995. The concession expires in May 2016.

Endesa Chile employed 1,562 people at December 31, 2004 in all its companies in Latin America.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	1,032,662	943,288	89,374	9.5%
Cost of sales	(629,191)	(564,208)	(64,983)	(11.5%)
Administrative & selling expenses	(34,445)	(32,107)	(2,338)	(7.3%)
Operating income	369,025	346,974	22,051	6.4%
Non-operating result	(165,109)	(183,480)	18,371	10.0%
Net income	83,789	80,084	3,705	4.6%



Command center at Endesa Fortaleza's plant

ENDESA FORTALEZA

THE COMPANY

Name

CGTF - Central Geradora Termelétrica Fortaleza S.A.

Kind of company

Closely-held foreign corporation

Tax No.:

04,659,917/0001-53

Address:

Rodovia 422, Km 1 s/nº, Complexo Industrial e Portuário de Pecém Caucaia – Ceará

Postal Code: CEP

61600-000

Telephone No.:

(55-85) 3464-4100

Fax:

(55-85) 3464-4114

E-mail

ilobo@endesabr.com.br

External auditors:

Ernst & Young Auditores Independentes S/S

Total number of shares:

151,935,779

Subscribed and paid capital (reals)

151,935,779

Holding of Enersis (direct and indirect)

48.8%

Investments as proportion of Enersis assets:

0.8%

Corporate objects (extract):

(i) Study, project, construct and explore electricity production, transmission, distribution and commercialization systems that are conceded, permitted or authorized under any title, and the exercise of other activities related to the provision of services of any kind related to the above activities.

(ii) The acquisition, obtaining and exploration of any rights, concessions and privileges related to the above activities, and any related activity; and

(iii) The participation in the capital of other companies as shareholder or partner, whatever their objects.

Chairman

Francisco Bugallo

Director

Marcelo Liévenes

Director

Juan León Herrera

Chief Executive Officer

Manuel Herrera

Chief Financial Officer

Raimundo Câmara

Chief Technical Officer

José Pires Medeiros

DIRECTORS AND MANAGEMENT



Top view of Endesa Fortaleza's plant installations.

Endesa Fortaleza is owned 51% by Endesa and 49% by Enersis. This combined-cycle plant is located fifty kilometers from the capital of Ceará state and started its commercial operations in December 2003.

Gross energy generation in 2004 was 1,322 GWh and its sales of energy to Coelce reached 2,690 GWh. The plant uses natural gas as its fuel.

During the first half year, it operated for a continuous period of almost 100 days that enabled it to check the equipment, especially during the guarantee period, which functioned as planned.

On January 28, 2004, the National Electricity Agency (Aneel) issued its Resolution No.40 which reduced the "lastro" of the plants in the north-east based on a gas supply problem in the region. On November 18, 2004, an agreement was signed between Endesa

Fortaleza, other PPT (Thermal Electricity Priority Program) plants of the north-east and Petrobras, with the intervention of ONS and CCEE (ex MAE), whereby the original "lastro" was reestablished for the plants signing the agreement. This operating procedure was approved by Aneel through the note published on December 24, 2004.

Endesa Fortaleza has a firm gas purchase contract with CEGAS / Petrobras for 1,550,000 cubic meters a day under the PPT conditions.

The installed capacity is 319 MW.

The market share of Endesa Fortaleza represents 0.5% of the installed generating capacity on the SIN (National Integrated Grid) and 3.2% of thermal plants.

The company employed 46 people at December 31, 2004.



Santiago, Chile.



ELECTRICITY DISTRIBUTION



CHILE
1,371,109 CLIENTS



ARGENTINA
2,138,753 CLIENTS



PERÚ
912,194 CLIENTS



BRAZIL
4,448,993 CLIENTS



COLOMBIA
2,014,672 CLIENTS

COMPARATIVE OPERATING DATA

DISTRIBUTION	1995	1996	1997	1998
CHILECTRA				
Energy sales (GWh)	6,676	7,256	7,647	8,175
Energy losses	9.0%	8.6%	7.6%	6.0%
Customers (thousands)	1,099	1,133	1,169	1,212
Employees	1,801	1,643	1,664	1,674
EDESUR				
Energy sales (GWh)	9,731	10,398	11,160	11,680
Energy losses	12.0%	10.1%	8.3%	8.1%
Customers (thousands)	2,050	2,042	2,078	2,094
Employees	3,940	3,515	3,180	2,999
EDELNOR				
Energy sales (GWh)	2,756	2,993	3,256	3,389
Energy losses	15.7%	13.8%	11.7%	9.7%
Customers (thousands)	673	749	805	816
Employees	758	943	777	765
CERJ (Ampla)				
Energy sales (GWh)	-	5,733	6,424	7,208
Energy losses	-	29.3%	25.3%	19.1%
Customers (thousands)	-	1,217	1,341	1,452
Employees	-	4,376	2,288	1,897
COELCE				
Energy sales (GWh)	-	-	-	5,377
Energy losses	-	-	-	13.3%
Customers (thousands)	-	-	-	1,508
Employees	-	-	-	1,834
CODENSA				
Energy sales (GWh)	-	-	7,929	8,217
Energy losses	-	-	23.8%	19.5%
Customers (thousands)	-	-	1,536	1,628
Employees	-	-	2,067	1,904

	1999	2000	2001	2002	2003	2004
	8,425	8,854	9,585	9,952	10,518	11,317
	5.4%	5.2%	5.4%	5.6%	5.6%	5.2%
	1,239	1,262	1,289	1,319	1,341	1,371
	1,383	868	722	720	745	692
	12,325	12,597	12,909	12,138	12,656	13,322
	7.8%	10.3%	9.9%	11.6%	11.8%	11.8%
	2,105	2,108	2,097	2,090	2,117	2,139
	2,630	2,379	2,267	2,251	2,258	2,277
	3,423	3,583	3,685	3,872	3,968	4,250
	8.8%	9.9%	8.9%	8.5%	8.4%	8.4%
	843	852	867	871	892	912
	722	618	557	565	554	543
	7,694	7,656	6,739	7,145	7,276	7,628
	15.3%	19.7%	22.7%	22.6%	23.6%	22.8%
	1,559	1,581	1,691	1,778	2,012	2,115
	1,782	1,402	1,354	1,451	1,517	1,408
	5,709	5,894	5,352	5,558	5,905	6,141
	11.2%	13.3%	13.0%	12.9%	13.5%	13.9%
	1,652	1,796	1,917	2,009	2,109	2,334
	1,958	1,592	1,464	1,401	1,375	1,337
	8,502	8,776	8,673	9,015	9,254	9,656
	14.4%	10.5%	11.8%	10.3%	10.2%	9.7%
	1,746	1,802	1,850	1,911	1,972	2,015
	1,213	969	813	802	858	901

2003 figures have been adjusted under the criteria and methodologies applicables in 2004



Comercial office in Providencia

CHILECTRA

THE COMPANY

Name

Chilectra S.A.

Kind of company

Open corporation

Tax No.:

96,524,320-8

Address:

**Santa Rosa N°76,
Santiago, Chile**

Telephone No.:

(56-2) 675 2000

Fax:

(56-2) 675 2999

PO Box:

1557 Santiago

Web Site:

www.chilectra.cl

E-mail

comunicacion@chilectra.cl

Securities Register No.

N°0321

External auditors:

KPMG Auditores Consultores Ltda.

Total number of shares:

366,045,401

Holding of Enersis (direct and indirect)

292,064,473

Participación de Enersis (directa e indirecta)

98.2%

Investments as proportion of Enersis assets:

12.8%

Corporate objects (extract):

Exploit in Chile and abroad the distribution and sale of hydroelectric, thermal or other kinds of electricity, and the distribution, transport and sale of fuel of any kind, supplying this energy or fuel to the greatest number of customers directly or through other companies.



BOARD OF DIRECTORS

Chairman

Jorge Rosenblut

Vice Chairman

José M. Fernández

Directors

Alberto Martín

Pedro Buttazzoni

Hernán F. Errázuriz

Marcelo Llévenes

Álvaro Quiralte

SENIOR EXECUTIVES

Chief Executive Officer

Rafael López

Chief Communications Officer

Marcelo Castillo

Legal Counsel

Gonzalo Vial

Chief Regional Distribution Officer

Marcelo Silva

Chief Regional Services Officer

Cristóbal Sánchez

Chief Economic and Control Officer

Juan Pablo Spoerer

Chief Innovation & Human Resources Officer

Cristián Herrera

Chief Regulation Officer

Guillermo Pérez

Chief Operations & Market Performance Officer

Juan Camilo Olavarría

Chief Commercial Officer

Alfredo Herrera

Chief Networks Management Officer

Enrique Fernández

Chief Processes Management Officer

Cristián Montero

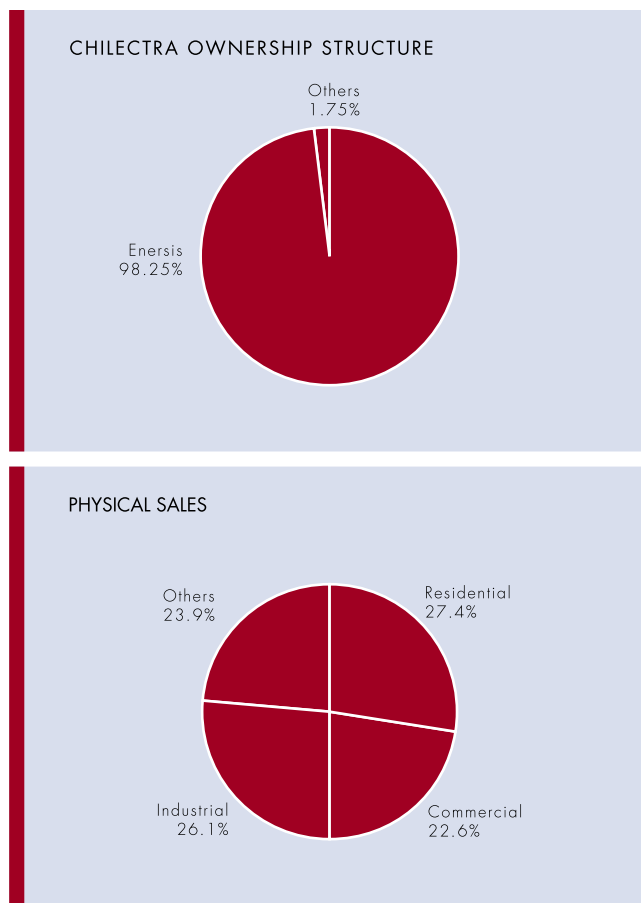
Chief Large Customers Officer

Christian Mosqueira

CHILECTRA

Chilectra is Chile's largest electricity distributor in terms of energy sales. Its concession area covers 33 municipalities in the Metropolitan Region, incorporating a total of 2,118 km². This includes concession areas held by Empresa Eléctrica Colina Ltda. and Luz Andes Ltda. It has 355 km of high-tension lines, 53 substations and 133 power transformers with a capacity of 5,830 MVA.

Energis, its principal shareholder and controller, has a shareholding of 98.2%.



Physical Sales and Purchases

Physical energy sales in 2004 were 11,317 GWh, representing a 7.6% increase over 2003.

On the other hand, Chilectra bought energy from various generators in 2004 as follows: AES Gener (33.2%), Endesa Chile (40.1%), Colbún (21.8%), Puyehue (0.8%) and others (4.1%).

Tariffs

Distribution tariffs in Chile are set every four years. The last tariff-setting was in November 2004, through Ministry of the Economy Decree 276 which set tariff formulas applicable from November 4, 2004 on supplies subject to price regulation made by electricity distribution concession-holders.

The new tariffs have translated into a reduction of 4.5% in Chilectra's sales of energy and capacity.

The following regulatory matters occurred during 2004:

- The so-called "Short Law" came into effect in March, whose principal effect was to resolve the lack of investment in the transmission segment. It also covered issues like reduction in the limit for qualifying as a free customer (from 2,000 MW to 500 MW), the establishment of distribution tolls and the constitution of arbitration proceedings for resolving disputes, based on a panel of experts.
- The panel of experts regulation was promulgated on July 7 and published on September 16 (Supreme Decree 181).
- The Free Competition Defense Tribunal appointed members of the experts panel (July 12).
- The setting of prices for related services, which begun in late 2003, was established in Supreme Decree 197, published on October 14, 2004.

Energy Losses

Chilectra again set a new record in 2004 in terms of energy losses, reaching a level of 5.2%, compared to 5.6% in 2003. This makes Chilectra a world-category operator in controlling losses.

Customers

With respect to its commercial activities, Chilectra's customers at December 31 totaled 1,371,109, representing a 2.2% increase over the year before.

Chilectra signed different contracts with customers during the year, the most important being:

- Empresa de Transportes de Pasajeros Metro S.A.: contract for supplying electricity for the next 10 years to the Metropolitan Region's most important means of transport which projects consumption of 80 MW and 300 GWh in annual energy.
- Sociedad Concesionaria Costanera Norte S.A.: contract for supplying electricity until 2033, with contemplated capacity of 2,500 kW.

Chilectra 21st Century

The company launched Chilectra 21st Century in 2004, a strategic plan reflecting the company's vision, mission and values and seeking to increase operational efficiency and service vocation, and complemented by the adoption of a pro-active role in knowing and satisfying customer needs.

This strategic plan has also focused on making Chilectra a corporate citizen committed to the development of the city of Santiago, through the introduction of various initiatives centered on improving the living standards of its inhabitants in both the environmental and social areas.

This transformation and modernization effort was also translated into a renewal of the corporate image in order to consolidate and transmit the new company philosophy to customers, employees and the community in general.

Within the Chilectra's 21st Century strategic plan, the company launched its Activa Chilectra card on the market, offering customers financing for the purchase of products offered by the company (electrical domestic appliances, video equipment, computers, air conditioning, etc.).

Regarding related products and services, the company presented a new range to the market. It has established an alliance with Smartcom for the sale of mobile telephones at its commercial offices, with much better sales than expected (thirty thousand). It also strengthened the sale of non-traditional products like heat-accumulating heaters, electric water heaters and air-conditioning equipment, and services like Chilectra Hogar, RDU (emergency repairs) and PAD (home service orders). It has also increased its insurance broking business to customers, currently offering the protected family, protected loan and obligatory automobile insurance policies. Sales of these products and services reached ThCh\$1,769,084 in 2004.

Chilectra has organized various activities to get closer to the community, like the Chilectra Cup, Beat Drugs; Santiago's International Book Fair; Search for Lost Children and Agreement with FOAL and the creation of Fundación Chilectra Activa.

Chilectra employed 692 people at December 31, 2004, with a productivity of 1,981 customers per employee which is 10.1% higher than in 2003.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	483,006	444,803	38,203	8.6%
Cost of sales	(342,986)	(314,129)	(28,857)	(9.2%)
Administrative & selling expenses	(42,408)	(35,299)	(7,109)	(20.1%)
Operating income	97,612	95,375	2,236	2.3%
Non-operating result	(27,903)	(65,943)	38,041	57.7%
Net income	77,322	52,756	24,566	46.6%



City of Buenos Aires, Argentina.

EDESUR

THE COMPANY

Name:

Empresa Distribuidora Sur S.A.

Kind of company:

Foreign corporation

Tax No.:

30-65511651-2

Address:

**San José 140 (1076), Capital Federal,
Argentina**

Telephone:

(54-11) 4370 3700

Fax:

(54-11) 4381 0708

Web Site:

www.edesur.com.ar

E-mail

emailservicio@edesur.com.ar

External auditors:

Deloitte & Co. S.R.L.

Total number of shares:

898,585,028

Subscribed and paid capital (Argentine pesos)

898,585,028

Holding of Enersis (direct and indirect)

65.1%

Investments as proportion of Enersis assets:

2.4%

Corporate objects (extract):

Distribution and sale of electricity and related business.



Medium-tension line works in the streets of Buenos Aires.

BOARD OF DIRECTORS

Chairman

Rafael López

Vice Chairman

Rafael Fernández

Directors

Rafael Arias

Daniel Maggi

Alfredo Mac Laughlin

Marcelo Silva

Julio Valenzuela

Gonzalo Vial

Jorge Volpe

Alternate Directors

Pedro Aramburu

Alan Arntsen

Manuel Benites

Jorge Gustavo Casagrande

Santiago Daireaux

Roberto Fagan

Horacio Babino

Mariano Grondona

Pablo Lepiane

SENIOR EXECUTIVES

Chief Executive Officer

José María Hidalgo

Chief Environment & Quality Officer

José María Gottig

Chief Communications Officer

Daniel Martini

Chief Internal Audit Officer

Jorge Lukaszczuk

Chief Legal Affairs Officer

Álvaro Estivariz

Chief Human Resources Officer

Héctor Ruiz

Chief Commercial Officer

Sandro Rollan

Chief Distribution Officer

Daniel Colombo

Chief Services Officer

Daniel Alasia

Chief Planning & Economic Control Officer

Juan Garade

Chief Administration & Finance Officer

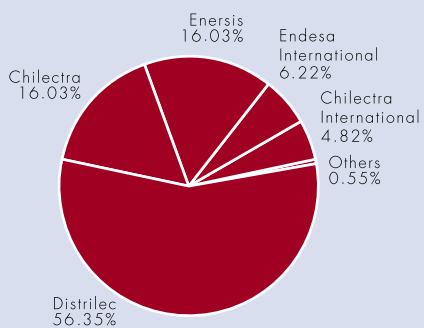
Juan Verbitsky

EDESUR

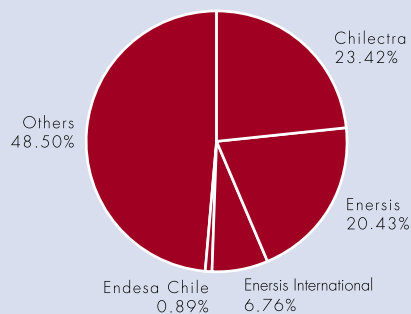
Edesur's principal object is the distribution and sale of electricity in the southern zone of Buenos Aires, comprising two-thirds of the Federal Capital area and twelve districts of the province of Buenos Aires. Its concession area covers 3,309 km².

Energis, its principal shareholder and controller, has a direct and indirect shareholding of 65.1%.

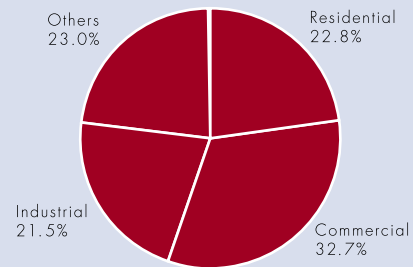
EDESUR OWNERSHIP STRUCTURE



DISTRILEC OWNERSHIP STRUCTURE



PHYSICAL SALES



Physical Sales

The company supplied 13,322 GWh to its end customers in 2004, representing an increase of 5.3% over 2003, corresponding 22.8% to the residential sector, 32.7% to the commercial sector, 21.5% to the industrial sector and 23.0% to others.

Tariffs

All the efforts of Edesur, whether technical, commercial, administrative, fiscal and financial, were directed to alleviating, wherever possible, the serious effects of the emergency and the government measures to "peso-ify" and freeze distribution tariffs. Despite the conditions imposed, Edesur made every effort to make the minimum necessary investments for sustaining the service. The investment made by Edesur in 2004 amounted to over US\$50 million. As a result of this and the investments made previously, the technical service quality indicators (number and duration of interruptions) did not show much change compared to 2003.

Law 25,561 passed by congress and published in the Argentine official bulletin on January 7, 2002, declared a public emergency in social, economic, administrative, financial and exchange matters. This regulation amended the convertibility law and annulled the dollar or other foreign currency adjustment clauses and indexation clauses based on other countries' price indices and any other indexation mechanism in contracts signed by the public administration, including public works and utilities. The resultant prices and tariffs of these clauses were established in pesos at an exchange rate of 1 peso = 1

US dollar. The passing of this “Economic Emergency” law was an act that affected the situation of Edesur by producing serious damage to the company’s economic-financial equation and dragged this down to a particularly critical state for providing the service and meeting its contractual obligations in the terms originally agreed.

In order to repair this situation, the Argentine authority has decreed different processes and negotiation periods for public works and utilities contracts. In conclusion, three years after the initial approach and beyond the period set in regulations, the renegotiation of contracts did not achieve satisfactory results nor showed significant progress.

Energy Losses

Despite the economy growth during 2004, the population living below poverty level and destitute homes continued to be significant, so theft of energy and unpaid bills largely concentrated the attention of the commercial management. Thanks to this, Edesur managed to hold its loss ratio to 11.8% in 2004. In order to control the losses, Edesur implemented programs that prevented the fraudulent meter tampering and illegal connections, and carried out traditional normalization projects, the cables raisings, etc.

Customers

Edesur provides electricity to 2,138,753 customers, 1% more than the year before. Of these, 1,844,244 (86.2%) are residential, 259,425 (12.1%) are commercial, 26,674 (1.2%) are industrial and 8,410 (0.4%) correspond to other customers.

Regarding unpaid bills, the maximum efforts have been made to reduce the amounts due through an effective policy of cutting supplies, supported by payment plans and facilities, in order to reduce the amounts outstanding and continue with a systematic improvement in the balance due compared to the billing amounts. As a result, the company’s recoveries were 97.8%.

Notable was the growth in large customer works through the “Edesur Empresas” business line, and the growth in the invoicing of services for the maintenance of street lighting in different districts of the Federal Capital.

Employees

There were no significant changes in the number of people employed compared to 2003, reaching 2,277 people at December 31, 2004. The productivity rate was 939 customers per employee, similar to 2003.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	208,982	188,541	20,441	10.8%
Cost of sales	(181,425)	(165,195)	(16,230)	(9.8%)
Administrative & selling expenses	(27,811)	(28,724)	913	3.2%
Operating income	(254)	(5,378)	5,125	95.3%
Non-operating result	(8,808)	(9,581)	773	8.1%
Net income	(17,130)	(27,779)	10,649	38.3%



Edelnor's system dispatch center, Lima, Peru.

EDELNOR

THE COMPANY

Name:

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

Kind of company:

Foreign open corporation

Tax No.:

20,269,985,900

Address:

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

Telephone

(51-1) 561 2001

Fax:

(51-1) 452 3007

Web Site:

www.edelnor.com.pe

E-mail

enlinea@edelnor.com.pe

External auditors:

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

Total number of shares:

985,380,267

Subscribed and paid capital (Peruvian soles)

985,380,267

Holding of Enersis (direct and indirect)

33.4%

Corporate objects (extract):

**Distribution, transmission and
generation of electricity.**



Equipment for electrical emergency services.

BOARD OF DIRECTORS

*Chairman***Reynaldo Llosa***Vice Chairman***Ignacio Blanco***Directors***Fernando Bergasa****Róger Espinosa****Cristián Herrera****Alfredo Llorente****Guillermo Jesús Morales****Ricardo Vega**

SENIOR EXECUTIVES

*Chief Executive Officer***Ignacio Blanco***Chief Commercial Officer***Carlos Solís***Chief Organization & Human Resources Officer***Rocío Pachas***Chief Technical Officer***Walter Sciutto***Chief Administration & Control Officer***Juan Yamamoto***Chief Legal & Regulation Officer***Luis Salem***Chief Communications Officer***José Otárola**

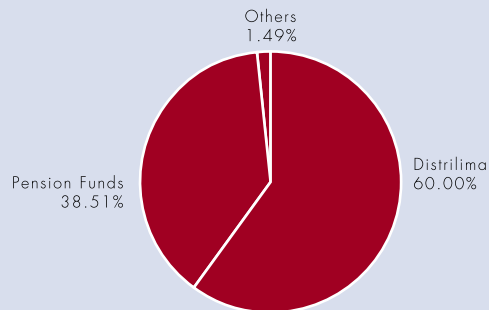
EDELNOR

Edelnor is the public utility concession-holding company for the northern part of Metropolitan Lima and the province of Callao, plus the provinces of Huaura, Huaral, Barranca and Oyón. It serves 52 districts on an exclusive basis and shares 5 other districts with the southern area distributor.

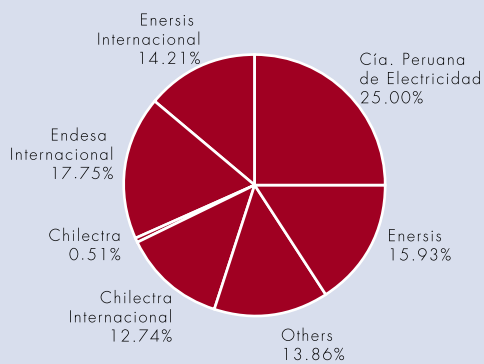
In the Metropolitan area, Edelnor's concession zone mainly covers the industrial part of Lima and some populous city districts. The concession zone granted to Edelnor covers a total of 2,440 km², of which 1,838 km² correspond to northern Lima and Callao.

Energis has a direct and indirect shareholding of 33.4% in the company.

EDELNOR OWNERSHIP STRUCTURE



DISTRILIMA OWNERSHIP STRUCTURE

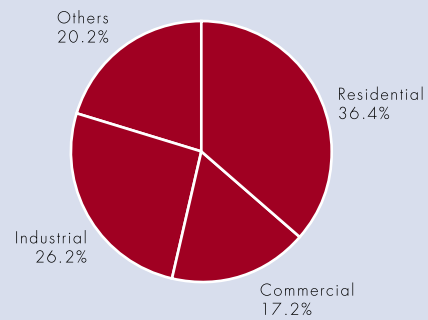


Physical Sales and Purchases

Physical energy sales in 2004 were 4,250 GWh, a 7.1% increase over 2003. Of the total sold, 36.4% was residential, 26.2% industrial, 17.2% commercial and 20.2% corresponded to other sectors.

Edelnor in 2004 bought energy mainly from Electroperú (50.7%), Edegel (24.8%), Eepsa (4.4%), Egenor (14.3%) and Cahua (5.7%).

PHYSICAL SALES



Tariffs

The Peruvian authority will set distribution tariffs on November 1, 2005. Tariffs are set by considering an efficient model distribution company and taking into account the following components: commercial costs related to the customer, standard losses of capacity and energy, standard investment costs, maintenance and operation of distribution per unit of capacity supplied. The tariff-setting process began in November 2004. Up to date, Edelnor has presented all the information within the time limits and in the form required by the authority.

Energy Losses

The energy loss indicator at the end of 2004 was 8.4%, the same as the year before, after having carried out a loss control plan by distribution substation under the priority set by the largest loss

per customer criteria. This method gives priority to control measures and investment assignment according to the substations' loss levels, in order to seek the highest productivity from the operation. A total of 1,423 substations were therefore focused which concentrated a monthly loss of 11.7 GWh, reducing this to 8.7 GWh by the end of 2004, i.e. by 25%. 473,000 inspections were also made and 24.3 GWh were recovered under the concept of recovery of un-recorded consumption. Finally, toward the last quarter of the year, normalization works and network reforms were notably increased for the marginal areas of the concession where there is mass theft that reaches levels of 70%, a high level of delinquency and opposition to works and a relapse rate of over 50%.

Edelnor invested more than US\$20 million in 2004, mainly in the improvement and expansion of the electricity system and public lighting, and also in the implementation of corporate information systems.

Customers

Electricity was supplied to 912,194 customers of which 93.4% were residential, 4.5% commercial, 0.1% industrial and 2.0% corresponded to other customers.

The "Edelnor Constructores" program was launched in December 2003, establishing a balance between our mission to improve the living standards of our customers and our commercial objective of promoting the installation and use of electrical appliances in the concession zone. The purpose is to establish alliances with construction, real estate and/or housing development promoter companies to encourage investment in electrical appliances for the houses being built. Throughout 2004, Edelnor Constructores has established alliances with 89 construction and real estate firms to the benefit of 3,556 families, by equipping their homes with 4,419 electrical appliances, mostly water heaters, and generating sales of US\$426,966 in 2004.

"Seguro Más por un Dólar" is a product directed to customers in the social-economic segments C and D, consisting of a multiple benefits insurance policy covering replacement of stolen meters, fire, accidents, burial expenses, payment of electricity bills for one year, etc. At December, 2004, 115,780 customers were covered by this insurance; customer number 100,000 was contracted during February 2004.

Employees

There were 543 employees at December 31, 2004, with a productivity of 1,680 customers per employee, 4.3% more than in 2003.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	182,363	180,345	2,018	1.1%
Cost of sales	(137,720)	(135,623)	(2,097)	(1.5%)
Administrative & selling expenses	(16,804)	(17,522)	718	4.1%
Operating income	27,838	27,201	638	2.3%
Non-operating result	(9,717)	(3,149)	(6,568)	(208.6%)
Net income	(523)	13,404	(13,927)	(103.9%)



Rio de Janeiro, Brazil.

CERJ (AMPLA)

THE COMPANY

Name:

Cerj – Companhia de Eletricidade do Rio de Janeiro

Kind of company:

Foreign open corporation

Tax No.:

33.050.071/0001-58

Address:

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

Telephone:

(55-21) 2613 7000

Fax:

(55-21) 2613 7153

Web Site:

www.ampla.com

E-mail

arochinha@ampla.com

External auditors:

Deloitte Touche Tohmatsu

Total number of shares:

4,235,186,511,194

Subscribed and paid capital (Reals)

1,625,424,306

Holding of Enersis (direct and indirect)

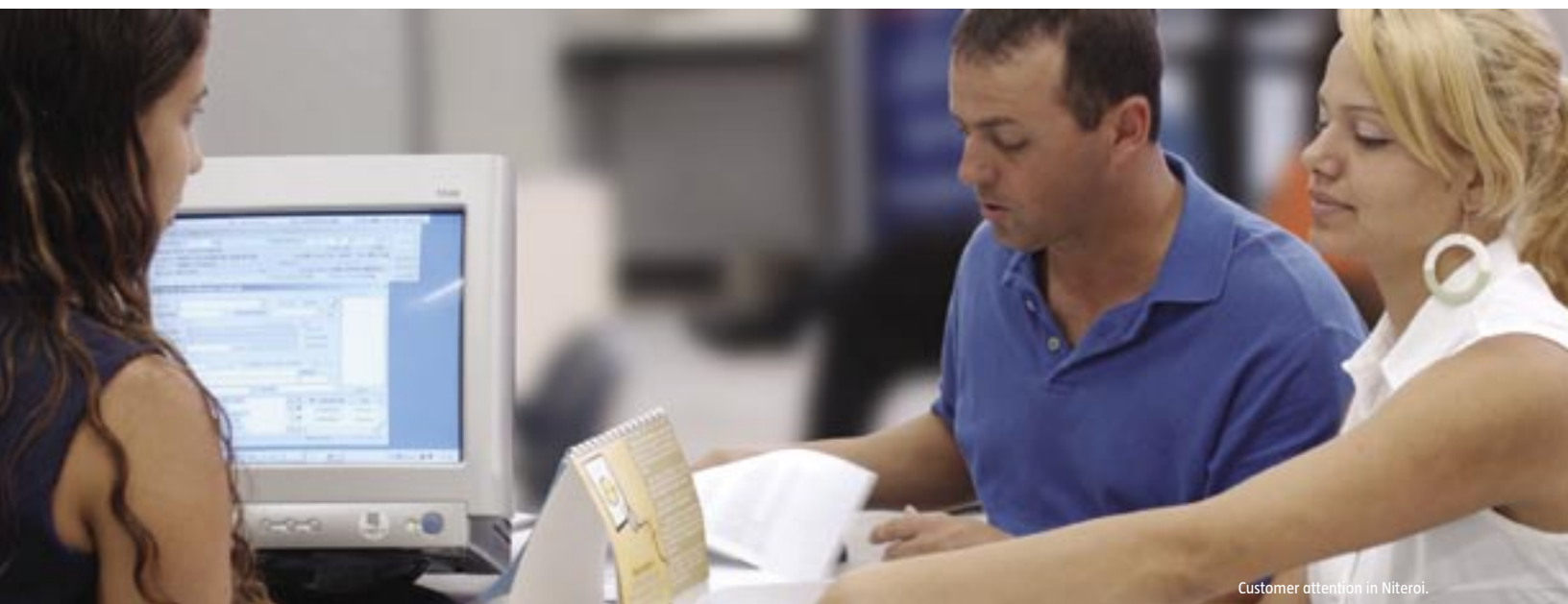
80.4%

Investments as proportion of Enersis assets:

2.7%

Corporate objects (extract):

Study, plan, project, construct and explore electricity production, transformation, distribution and commercialization systems, and provide related services; make investigations into the energy sector and participate in other companies in the energy sector as a shareholder.



Customer attention in Niterói.

BOARD OF DIRECTORS

*Chairman***António Melo***Vice Chairman***Gonzalo Carbó***Directors***Alfonso Arias****Rafael López****Carlos Silva****Marcelo Silva****Martín Serrano***(Gerente de Finanzas Internacionales de Enersis)***Francisco Pereira****Marcelo Llévènes***Alternate Directors***José Alves****Fernando Urbina****Antonio José Sellare****Joaquim Ferreira**

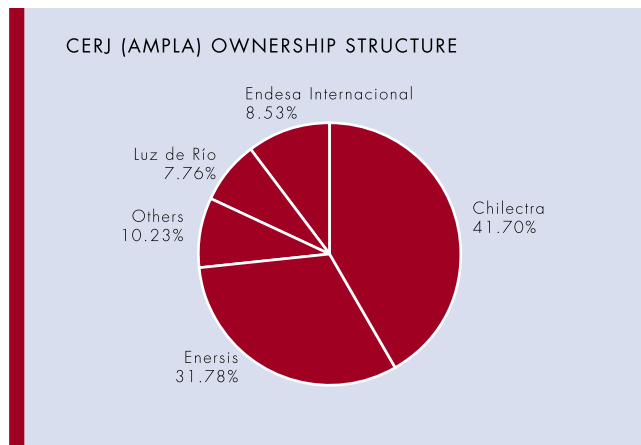
SENIOR EXECUTIVES

*Chief Executive Officer***Marcelo Llévènes***Chief Regulations Officer***José Alves***Chief Commercial Officer***Gonzalo Mardones***Chief Human Resources Officer***Eunice Rios***Chief Loss Management Officer***Claudio Rivera***Chief Administration & Finance Officer***Abel Alves***Director Jurídico***Ana Gonçalves***Chief Technical Officer***Maria L M Olano***Chief Institutional Relations Officer***Mário de Carvalho**

CERJ (AMPLA)

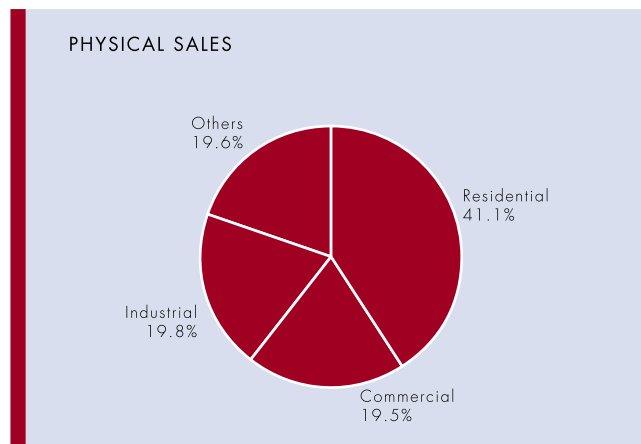
Cerj (Ampla) is an electricity distribution company that covers 73.3% of the state of Rio de Janeiro, an area of 32,054 km². The population of the zone is approximately 8 million, living in 66 municipalities, the main ones being Niteroi, Sao Gonçalo, Petrópolis, Campos and the coastal area of Los Lagos.

Enersis has a direct and indirect shareholding of 80.4% of the company.



Energy Sales

Cerj supplied 7,628 GWh during the year of which 41.1% corresponded to residential customers, 19.5% to commercial, 19.8% to industrial and 19.6% to other customers.



Tariffs

The ANEEL approved the tariff adjustment for Ampla on December 23, 2004. The effective increase in the 2005 tariff is 14.8% over that for 2004, being the combined effect of the 2004 tariff adjustment and the recalculation of the 2003 tariff revision.

Energy Losses

Cerj managed to contain the natural increase in losses in 2004 to finally reduce them to 22.8% by the end of the year, 0.8% less than the year before. The reduction in the loss rate is the result of the application of innovative measures and a better understanding of the effectiveness of each action for a given kind of customer. In certain cases, it was necessary to design an anti-theft electrical network (DAT network) and, in others, actions for combating theft, improving collections and carrying out commercial activities were taken together with social actions (integral project). In other areas, it was just necessary to follow the traditional approach (normalization project). The investment in combating losses was BR\$109.6 million (approximately US\$41 million).

The DAT networks consist of replacing the existing electricity network by one that prevents the customers direct connection. The DAT solution makes sense when the theft problem is concentrated on direct connections to the network (clandestine and overdue customers). 94,740 customers were connected with DAT technology in 2004 with the following results:

- Reduction in losses from 52.9% to 9.8% in the greatest losses areas.
- 41% increase in the billings of these customers.
- The collection rate increased by 3.9% compared to customers without DATR networks.
- 26% reduction in the total debt of these customers.

Customers

Cerj had 2,115,403 customers of which 86.5% were residential, 6.4% commercial, 0.3% industrial and 6.8% corresponded to other sectors.

To attend new customers, the distribution network was extended by 376 km in medium and low tension and 6,339 distribution transformers were installed. 14,775 customers were attended in 1,786 “universalization” projects. These represented a total investment of BR\$80 million (approximately US\$30 million) in 2004.

The commercial activity was characterized by the launching of a new brand, “Ampla”, which arose from the need to reposition the

company to show the transformation that took place in 2004 and the successes in improving its quality ratings and satisfying customers. It also arises from the need to separate the company entirely from its past. The new brand positions Ampla as a company “simple in essence and daring and innovative in attitude”.

Employees

The company reduced the number of its employees by 7.2% to 1,408, with a productivity of 1,502 customers per employee, 13.3% better than in 2003. It should be pointed out that Ampla has reduced its hierarchical levels from seven to four, and the number of departmental heads from 282 to 86, in order to make the company and its processes less bureaucratic.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	354,638	325,533	29,105	8.9%
Cost of sales	(293,145)	(289,209)	(3,936)	(1.4%)
Administrative & selling expenses	(14,600)	(11,199)	(3,401)	(30.4%)
Operating income	46,892	25,125	21,767	86.6%
Non-operating result	(75,373)	(154,919)	79,546	51.3%
Net income	(30,959)	(101,243)	70,284	69.4%



Fortaleza, Brazil.

COELCE

THE COMPANY

Name:

Companhia Energética do Ceará

Kind of company:

Foreign open corporation

Tax No.:

07.047.251/0001-70

Address:

**Av. Barão de Studart, 2917/83, Bairro
Dionísio Torres, Fortaleza, Ceará, Brazil**

Telephone:

(55-85) 3216 1100

Fax:

(55-85) 3216 1410

Web Site:

www.coelce.com.br

E-mail:

investor@coelce.com.br

External auditors:

Deloitte Touche Tohmatsu

Total number of shares:

155,710,600,088

Subscribed and paid capital (Reals)

433,057,722

Holding of Enersis (direct and indirect)

31.2%

Incorporate objects (extract):

**Explore electricity production, transmission,
distribution and commercialization and
related services in the state of Ceará**



Nightfall at Fortaleza beach in north-east Brazil.

BOARD OF DIRECTORS

Chairman

Marcelo Llévènes

Vice Chairman

Luciano Galasso

Directors

Eunice Rios

Cristóbal Sánchez

Antônio Cleber Uchoa

José Alves

Jorge Parente

Carlos Silva

Luis Gastão Bittencourt

Fernando de Moura

Gonzalo Vial

Alternate Directors

José Nunes

Antonio Viana

Antônio Basílio Pires e

Priscila Sartori

Antônio José Sellare

Juarez Ferreira

Antônio Gouvêa

SENIOR EXECUTIVES

Chief Executive Officer

Cristián Fierro

Chief Institutional Projects Officer

José Nunes

Chief Commercial Officer

Luciano Galasso

Chief Distribution Officer

José Távora

Chief Control and Strategic Planning Officer

Abel Pérez

Chief Organization & Human Resources Officer

José Ferreira

Chief Finance, Administration & Institutional Relations Officer

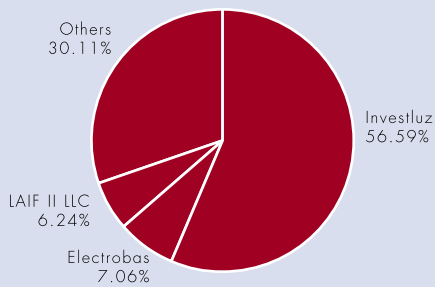
Antonio Alves

COELCE

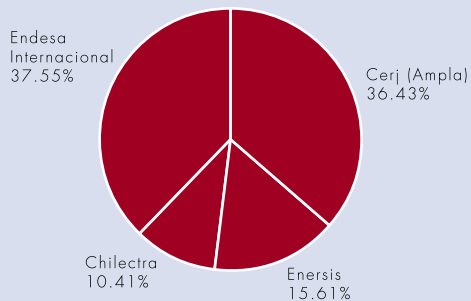
Coelce is the electricity distribution company of the state of Ceará in north-east Brazil, with a concession zone of 148,825 km². The company serves a population of more than seven million.

Enersis has a direct and indirect shareholding of 31.2% of the company.

COELCE OWNERSHIP STRUCTURE



INVESTLUZ OWNERSHIP STRUCTURE



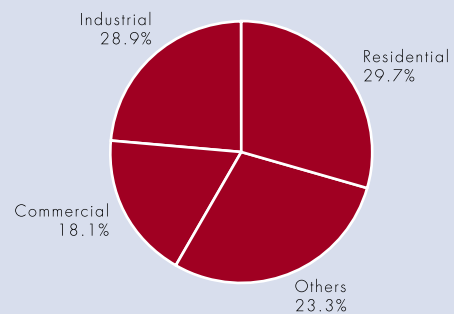
Energy Sales and Purchases

Energy sales amounted to 6,141 GWh in 2004, i.e. 4.0% higher than in 2003. Of these, 29.7% were to residential customers, 18.1% to commercial, 28.9% to industrial and 23.3% to other customers. Coelce bought a total of 7,068 GWh to meet demand, 3.9% more than in 2003, with Chesf (a hydroelectric generating company) supplying 55.42%, Endesa Fortaleza 36.29% and others 8.29%.

Because of the gradual reduction in the amounts of energy and demand of the initial contracts with the supplier Chesf and in accordance with Decree 5,163/2004, Coelce was a buyer in the tender for pre-existing energy made on December 7, 2004 by the Ministry of Mines and Energy as part of the new energy model imposed by decree on July 30, 2004.

45,311 GWh were contracted for the period 2005-2014 at lower prices than those then prevailing in the market. Each new contract has a term of 8 years with supplies starting in 2005, 2006 and 2007. These contracts will partially replace the present contracts with CIEN that expire in December 2004, Chesf and the increases in demand during the period.

PHYSICAL SALES



Tariffs

As defined in the concession contract, the supply tariffs were adjusted on April 22 by 11.1%. This recognized new values in the calculation of 2003 tariff revision, from 31.3% to 32.4%, generating an increased income to be recognized in the 2004 to 2006 adjustments.

Energy Losses

The year 2004 saw the continuation of the plan to control losses that began in 2003, in which new actions were taken to discipline the market and control this important variable for the company. The traditional normalization projects, large customers and PIMT districts were carried out and achieved practically all the targets set with satisfactory results. In this way, we began in 2004 the process of measuring the losses by regional frontier in order to identify which are the areas of the state of Ceará that have the highest loss ratings and, with these results, focus the application of resources on loss control projects. The losses in 2004 were 13.9% compared to 13.5% in 2003.

Customers

Coelce, through three services (Coelce Domiciliario, Kit de Energía and Seguro Súper 3 +1), provides convenience and security to the company's 2,333,590 customers. The company is thus repositioning itself in the market, reinforcing the image of a provider of solutions that complement the electricity distribution business.

Coelce made investments of approximate US\$50 million in 2004, 27% more than in 2003. A total of 78,214 new customers were connected to the low-tension electricity network and investments were also made mainly in demand, supply quality and energy losses.

The census of public lighting was also up-dated which allowed us to increase the energy invoiced by 600 MW per month, an increase of 2.2% of total street lighting sales. Various actions were taken for the recovery and collection of unpaid bills, with positive results. This is confirmed by outstanding debt at December 2004 being paid 52.2 days from billing which is lower than the 64.8 days recorded in 2003, showing a recovery rate of 100.4% compared to 99.7% the year before.

Continuing with its policy of a company committed to the social-cultural development of the state of Ceará, Coelce continued with its project "Coelce en las escuelas" whose specific purpose is to work in actions that tend to promote learning oriented to the use of electricity and the environment, and to contribute directly to poor communities throughout the state of Ceará, focused on children between 5 and 9 years old. This Coelce program in the schools already covers 5,173 children in 39 schools.

Employees

The company employed 1,337 people at December 31, 2004, with a productivity of 1,746 customers per employee, representing an improvement of 13.8% compared to 2003.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	264,358	212,572	51,786	24.4%
Cost of sales	(229,674)	(162,022)	(67,652)	(41.8%)
Administrative & selling expenses	(29,782)	(30,362)	580	1.9%
Operating income	4,902	20,188	(15,286)	(75.7%)
Non-operating result	(18,286)	(26,386)	8,100	30.7%
Net income	(14,040)	(10,433)	(3,607)	(34.4%)



City of Santa Fe de Bogotá, Colombia.

CODENSA

THE COMPANY

Name:

Codensa S.A. E.S.P.

Kind of company:

Foreign corporation

Tax No.:

830,037,248-0

Address

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

Telephone:

(571) 601 6060

Fax:

(571) 601 5917

Web Site:

www.codensa.com.co

E-mail:

tservice@codensa.com.co

External auditors:

Deloitte Colombia Ltda.

Total number of shares:

132,093,274

Subscribed and paid capital (Colombian pesos)

1,320,932,740,000

Holding of Enersis (direct and indirect)

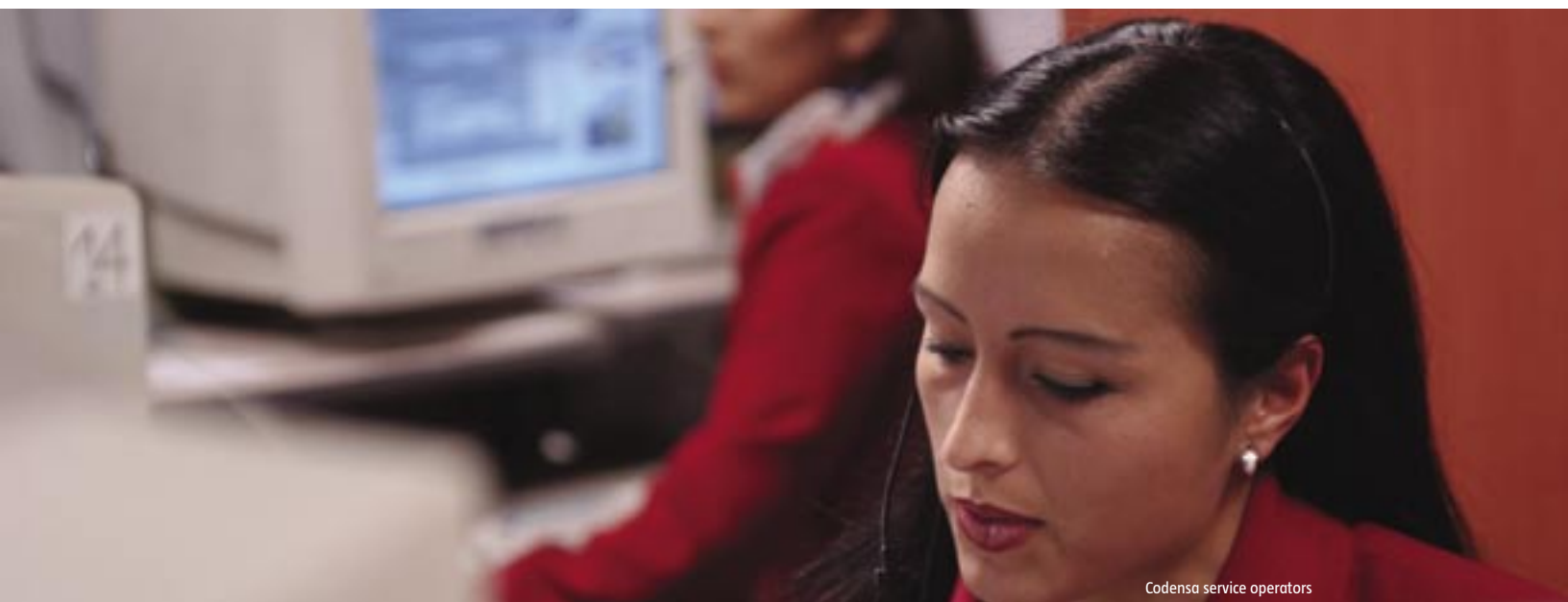
21.7%

Investments as proportion of Enersis assets:

2.8%

Corporate objects (extract):

Distribution and commercialization of electricity and related services, the carrying out of works, designs and consultancy in electrical engineering, and the sale of products for the benefit of its customers.



Codensa service operators

BOARD OF DIRECTORS

*Chairman***Andrés Regué***Directors***Cristóbal Sánchez****José Inostroza****Juan Spoerer****Alfredo Ergas***(Chief Regional Finance Officer of Enersis)***José Vargas****Pedro Rodríguez****Edgar Ruiz****Carlos Bello***Alternate Directors***David Acosta****Germán Castro****Luis Larumbe****Roberto Ospina****Omar Serrano****Henry Navarro****Héctor Zambrano****Francisco Miranda****Luis Rueda**

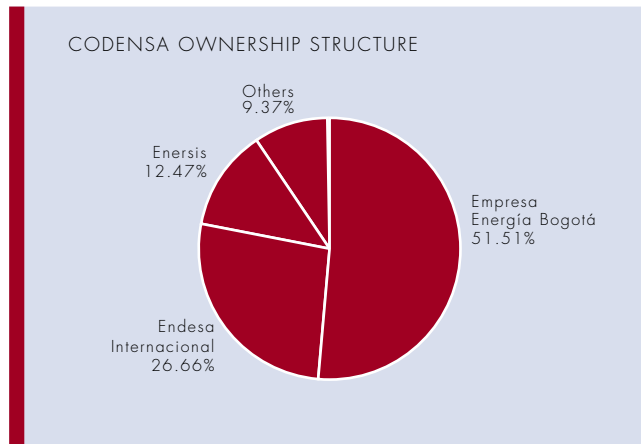
SENIOR EXECUTIVES

*Chief Executive Officer***José Inostroza***Chief Commercial Officer***David Acosta***Chief Quality Officer***Carlos Durán***Chief Communications Officer***Emilia Sarracino***Chief Distribution Officer***Germán Castro***Chief Finance & Administration Officer***Luis Larumbe***Chief Legal Affairs Officer***Alvaro Camacho***Chief Planning & Control Officer***Roberto Ospina***Chief Human Resources Officer***Carlos Alberto Niño Forero***Chief Regulations Officer***Omar Serrano***Chief Auditing Officer***Alba Urrea**

CODENSA

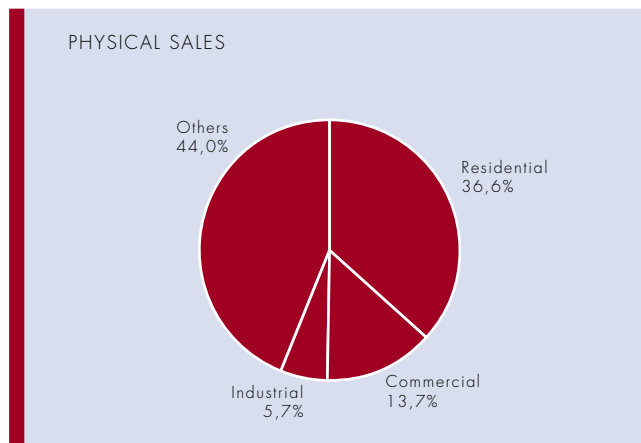
Codensa distributes and sells energy in Bogotá and in 96 municipalities in the departments of Cundinamarca, Boyacá and Tolima. The concession area covers 14,087 km².

Enerjis has a direct and indirect shareholding of 21.7% in the company.



Energy Sales

Sales grew by 4.3% during 2004 to 9,656 GWh of which 36.6% was to residential customers, 13.7% to commercial, 5.7% to industrial and 44.0% to other customers.



Tariffs

Codensa's distribution system tariff was set for the period 2003-2007. The CREG accepted the request for revision of the distribution tolls approved in 2003 presented by Codensa, by its Resolution CREG-065 of 2004, which corrected the urban-rural composition of the company's electrical infrastructure and gave due recognition to the underground infrastructure required by municipal regulations. This claim represents a higher annual income for Codensa of around US\$11million over the next three years. On the other hand, CREG has now accumulated two years delay in the revision of the tariff formula and the publishing of the regulation governing the commercialization of energy and its remuneration. It is expected that the CREG will define these matters in the first half of 2005.

Energy Losses

The loss rate reduced from 10.2% in 2003 to 9.7% in 2004. Loss control management was focused on metering, seeking greater effectiveness in theft inspections. Work was also done in the normalization of district electricity networks through micropimt programs. A project was begun in 2004 for the digitalization of files of unrecorded consumption in the search for improvements in the debt forgiveness and write-off process for un-recorded consumption.

Tools were employed in 2004 for improving the operative management of loss control and the rate of energy loss detection. These included the implementation of signal protection systems in low-tension metering equipment, inspection equipment as a function of the economic activity, analysis of customer consumption and characteristics, the use of split nucleus transformers and ecometers especially in the preferential customer segment and of portable metering equipment directly connected to MT.

Customers

Codensa's share of the Colombian market in 2004 was 14.7%. The company serves 2,014,672 customers, being 2.2% more than in the previous year, consisting of 88.8% residential, 9.3% commercial, 1.7% industrial and 0.3% other customers.

Using overdue payment control programs, the company recorded an unpaid rate of 49.22% of its commercial portfolio, the lowest level in recent years.

A "Payment Culture" program was launched in October which classifies customers according to their payment history over the past twelve months in order to determine the non-suspension of those that have maintained a good payment record. We also developed a service through phone operator for the collection of invoices ("Gestión de Telecobranza") in complementation of the portfolio management via phone service. The personalized negotiation and agreements attention group dealt with customers having high debts and proposed repayment alternatives, thus improving recoveries and the company's image.

Infrastructure investment and maintenance works were carried out in 2004 amounting to US\$36 million in demand projects, supply quality, network safety, etc.

Codensa Services obtained its ISO 9,001, 2000 version, certification for the commercialization and construction of high-tension projects, thus placing the company in the leadership in the provision of this kind of engineering services. Notable were the Christmas lighting projects that achieved sales of around COP1,700 million.

New sales business generated revenues of COP61,874 million (some US\$26 million) between infrastructure rentals, electrical works, "Codensa Home" and "Codensa Services".

Employees

Codensa employed a total of 901 people at December 31, 2004, with a productivity of 2,236 customers per employee, 2.7% lower than in 2003.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	365,513	299,459	66,054	22.1%
Cost of sales	(274,633)	(254,222)	(20,411)	(8.0%)
Administrative & selling expenses	(6,431)	(10,662)	4,231	39.7%
Operating income	84,449	34,574	49,874	144.3%
Non-operating result	3,382	6,502	(3,120)	(48.0%)
Net income	56,675	18,471	38,204	206.8%



Workers participating in the cable installation for an electric sub-station.



OTHER BUSINESSES



CHILE
SYNAPSIS / CAM /
INMOBILIARIA MANSO DE VELASCO



ARGENTINA
SYNAPSIS / CAM



PERU
SYNAPSIS / CAM



BRAZIL
SYNAPSIS / CAM



COLOMBIA
SYNAPSIS / CAM



Telephone service operators at Synapsis call center in Santiago.

SYNAPSIS

THE COMPANY

Name:

Synapsis Soluciones y Servicios IT LTDA.

Kind of company:

Limited partnership

Tax No.:

96,529,420-1

Address:

Catedral N° 1284, Piso 10, Santiago.

Telephone:

(56 2) 397 6600

Fax:

(56 2) 397 6601

Web Site:

www.synapsis-it.com

E-mail:

Synapsis@synapsis-it.com

External auditors:

Deloitte & Touche Soc. de Auditores y Consultores Ltda.

Subscribed and paid capital (ThCh\$)

3,943,580

Holding of Enersis (direct and indirect)

100%

Investments as proportion of Enersis assets:

0.3%

Corporate objects (extract):

Provision and commercialization of services and equipment relating to computers, data processing, telecommunications systems and control systems for Chilean and foreign public utility and other companies

Representative

Cristóbal Sánchez

Alternates

**Eduardo López
Claudio Rafael Guzmán
Rodrigo Morelli**

Chief Executive Officer

Claudio Rafael Guzmán

Chief Administration & Finance Officer

Rodrigo Morelli

Chief Consultancy Officer

Gustavo Pardo

Chief Operations Officer

Juan S. Seco

Chief Plant Officer

José M. Gil

Chief Commercial Officer

Sergio Sifon

Chief Communications & Marketing Officer

Rodolfo Nieto

Chief Plant Officer, Chile

Pedro Causa

SYNOPSIS

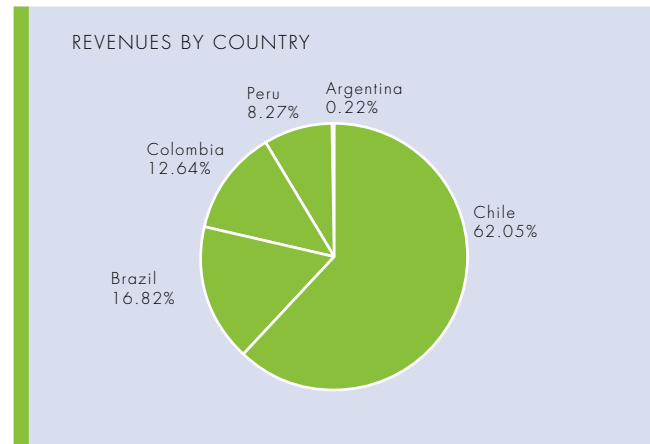
Synapsis Soluciones y Servicios IT is a professional service company in information technologies. Synapsis is currently a Latin American leader in IT solutions for service companies and governments.

Its head office is in Santiago, Chile and it also has offices in some of the most important cities in the region for ensuring a broad coverage: Buenos Aires, Argentina, Río de Janeiro and Fortaleza, Brazil, Bogotá, Colombia and Lima, Peru.

The principal areas of action of Synapsis are consultancies in the search and implementation of technological solutions supporting business processes; integration of services and products; development, implementation and maintenance of information systems; outsourcing and infrastructure services, data center, contact center, mass printing; and advice and implementation of telemetric, telecontrol, safety and localization of vehicles and telecommunications.

In recent years, Synapsis has enjoyed constant growth in business from companies un-related to Enersis, these now accounting for 33% of total revenues.

In **Chile** in 2004, more than 200 projects were begun, the most important being the automation of condenser banks for Chilectra; a new web site and credit card for Chilectra; implementation of the electronic billing system for Chilectra and Smartcom, thus positioning Synapsis as one of the most important electronic billing operators in Chile; implementation of control systems for Endesa's hydroelectric plants; implementation of Ingendesa's documental management system; call center services, TAG tele-sales for Autopista Central; links project for the Ministry of Education; Heracles and human resources project for the Instituto de Normalización Previsional; credit and investments system for Codelco.



In **Brazil**, notable was the continued concern for evolution and innovation in business solutions for our customers, for which an investment of more than US\$2 million was approved for a new data processing center in the city of Fortaleza. An association was also made with the local telecommunications company, V2 Telecom de San Pablo, for successfully concluding important projects like telemetering for large and residential customers for utility companies through concentrators, follow-up and localization of vehicles, sending of short messages to the mobile telephones of the Brazilian electricity distribution company customers, etc. Others projects of note are the automation of the Coelce substations, the implementation of a human resources system and economic financial system (SAP) in CAM Brazil.

In **Peru**, a materials control system was designed for distributors for improving technical management in works involving contractors, with the consequent improvement in productivity; there was innovation in the commercial attention of Edelnor with the implementation of a telephone-with-video channel for customers; a project was begun for the implementation of the Synergi@ commercial system in Edelnor. With respect to improvements in processes, a quality management system was introduced in the second half for the services provided to its customers; this obtained its ISO 9,001:2000 certification.

In **Colombia**, there was an increase in business with non-group companies which rose to 45% of revenues. Synapsis Colombia in 2004 was awarded the hosting of SAP applications and outsourcing of systems and technology for Ecopetrol; the introduction of our commercial solution in Compañía Eléctrica del Norte de Santander and Biwater Internacional; a contingency program for Codensa's commercial system; renewal of Codensa's commercial systems outsourcing contract; and the renewal of the SAP outsourcing contract for the municipality of Medellín. In the first half of the year, Synapsis Colombia ratified its ISO 9,001:2000 certification.

The reorganization of the Latin American software plant was completed in 2004, in terms of the optimization and rationalization of operations which produced significant increases in efficiency.

This led to the consolidation in **Argentina**, among other activities, of the research and development of strategic products for the electricity business, technical systems and commercial systems. The certification process for the CMMI software development began and levels 2 and 3 will be reached in 2005 in order to have a plant with the ability to compete in the international market.

Synapsis and its subsidiaries employ 761 highly-trained professionals for meeting the demands of our clients and offering a wide variety of services.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	45,447	46,415	(968)	(2.1%)
Cost of sales	(33,363)	(31,089)	(2,274)	(7.3%)
Administrative & selling expenses	(6,084)	(6,369)	286	4.5%
Operating income	6,000	8,956	(2,956)	(33.0%)
Non-operating result	196	(299)	495	165.4%
Net income	4,203	6,092	(1,889)	(31.0%)



CAM's important participation in Santiago New Metro Stations

CAM

THE COMPANY

Name:

Compañía Americana de Multiservicios Ltda.

Kind of company:

Limited partnership

Tax No.:

96,543,670-7

Address:

Bulnes N° 1238, Santiago.

Telephone:

(56 2) 389 7300

Fax

(56 2) 389 7342

Web Site:

www.camchile.cl

E-mail

cam@cam.enersis.cl

External auditors:

Deloitte & Touche Soc. de Auditores y Consultores Ltda.

Subscribed and paid capital (ThCh\$)

2,572,038

Holding of Enersis (direct and indirect)

100%

Investments as proportion of Enersis assets:

0.9%

Corporate objects (extract):

Provision directly or through third parties, in Chile or abroad, of services in general real estate and property construction, import, export and distribution of products of all kinds.

AGENTS AND SENIOR EXECUTIVES

Joint agents

**Pantaleón Calvo
Eduardo López**

Alternate joint agents

**Andreas Gebhardt
Cristóbal Sánchez**

Chief Executive Officer

Pantaleón Calvo

Chief Executive Officer, CAM Brazil

Fernando Foix

Chief Executive Officer, CAM Peru

Mario Albornoz

Chief Executive Officer, CAM Colombia

Carlos Restrepo

Legal Representative, CAM Argentina

Mauricio Naser

CAM

CAM directs its activities to providing integral, mass and multi-service solutions, taking advantage of its experience in public utility services, mainly in operations related to metering, market discipline, distribution network works and the commercialization and logistics of materials and equipment. In recent years, CAM has managed to position itself strongly in electrical assembly, carrying out various substation and transmission line construction and assembly projects for the electricity and mining sectors.

The head office in Chile and its subsidiaries in Argentina, Brazil, Colombia and Peru have consolidated a regional presence, successfully expanding their customer portfolio in the electrical, sanitation, gas, industrial, mining and telecommunications sectors.

Its commitment to excellence in the quality of service has enabled CAM to be certified under the ISO standards in almost all its subsidiaries. This continuous process permits its head office to be in full process of being certified.

During 2004, CAM was awarded contracts for US\$161 million of which 69% came from business with third parties and 31% from related companies. Of this latter percentage, US\$9 million was obtained from joint contracts between CAM and Chilectra in projects relating to the transfer of networks and construction of multi-purpose ducts for highway-concession companies.

In Chile, with respect to market discipline services for public utility companies, important contracts were signed in 2004 for 2-year terms with the sanitation companies Esva and Aguas Andinas, and a 3-year contract with Aguas del Valle.

In connections and market discipline, contracts were awarded by the CGE distributor for the construction of medium and low-tension junctions and by Compañía Eléctrica del Río Maipo for theft inspection services.

In metering services, the joint effort of CAM and Chilectra has enabled it to consolidate the provision of integral services through numerous integrated cell metering installation projects for large customers and the installation of metering concentrators in buildings in the distribution concession area.

Finally, there was the contract with Compañía Eléctrica del Río Maipo for the maintenance of its park of meters comprising some 280,000 pieces of equipment.

In substation engineering, construction and assembly services, the company carried out a large number of works and projects for customers in the industrial and mining sectors. It was also awarded an important turnkey project by the world's largest mining company, BHP Billiton, for the construction of a 23 kV distribution system for its Spence mine in Chile's 2nd Region.

In electrical assembly projects, CAM was awarded 2 contracts by Concesionaria Costanera Norte for the assembly of equipment, transformers and cables in different sections of the highway and the hanging, ducting and connection of lighting and power cables within the tunnel in that section.

Within the framework of expansion and modernization of the underground and land transportation system promoted by the government, CAM was recently awarded 2 emblematic projects for Metro S.A. and EFE (Empresa de Ferrocarriles del Estado); in the first case, for lighting and power systems at 28 stations on its

Lines 4 and 4A, and, in the second, for signaling, electrification and communications for the Santiago-Chillán section of the railway, through a consortium formed by SICE-ENYSE, the latter linked to the Spanish ACS-Dragados group.

In sales of electrical materials, outstanding was the winning of bids with ANDE, Paraguay's distribution company, for the sale of cells, transformers and switches for US\$2 million, a supply contract for the Santiago law courts center for Constructora OHL for close to US\$1 million and materials supply contracts for the country's largest distributors amounting to a total of US\$2 million.

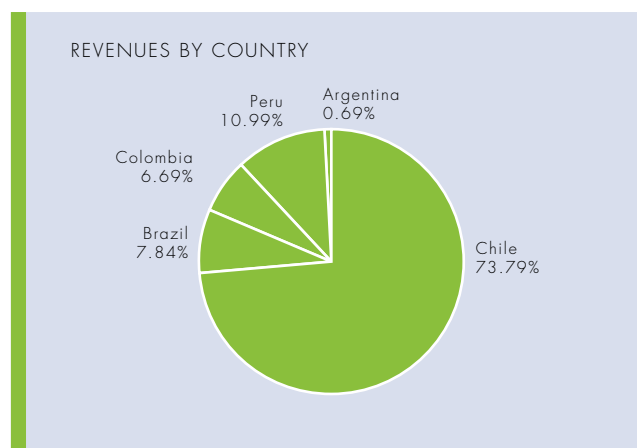
Among notable business in the regional market, **CAM Colombia** stands out for entering the electricity, gas, water, hydrocarbons and telecommunications markets and positioning itself as a leader in the provision of services for public utility companies.

The **Peruvian** subsidiary obtained important electrical construction and assembly contracts with third parties, including the construction of a transmission line and substation for supplying energy to Lima's international airport for approximately US\$2 million, and industrial low-tension assembly work for a significant number of companies in Lima, for a total of US\$1 million.

In Argentina, notable was the participation in electrical, sanitation and urban transport sector business, signing contracts for metering equipment maintenance with the Buenos Aires distributors Edesur and Edelnor for around US\$1 million.

CAM Brazil began work on contracts with Coelce for loss control management, a 2-year contract amounting to US\$6 million, and with Ampla for metering and sealing logistics, safety material and control of works materials under a 5-year contract worth US\$9 million.

CAM and its subsidiaries employ 1,496 people.



INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	100,424	94,011	6,413	6.8%
Cost of sales	(84,077)	(73,623)	(10,454)	(14.2%)
Administrative & selling expenses	(7,113)	(6,305)	(808)	(12.8%)
Operating income	9,233	14,083	(4,850)	(34.4%)
Non-operating result	749	(295)	1,044	354.0%
Net income	8,612	11,090	(2,478)	(22.3%)



ENEA, the large business park that Manso de Velasco is developing in Santiago.

INMOBILIARIA MANSO DE VELASCO

THE COMPANY

Name:

Inmobiliaria Manso de Velasco Limitada.

Kind of company:

Limited partnership

Tax No.:

79,913,810-7

Address:

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

Telephone:

(56-2) 3784700

Fax

(56-2) 3784702

E-mail

rch@mvelasco.enersis.cl

External auditors:

Deloitte & Touche

Subscribed and paid capital (ThCh\$)

25.916.800

Holding of Enersis (direct and indirect)

100%

Investments as proportion of Enersis assets:

1.3%

Corporate objects (extract):

Acquisition, disposal, urbanization, sub-division, commercialization and exploitation of all kinds of real estate and investment company.

AGENTS AND SENIOR EXECUTIVES

Joint Agents

**Cristóbal Sánchez
Andrés Salas**

Chief Executive Officer

Andrés Salas

Legal Counsel

Alfonso Salgado

Chief Project Development Officer

Gustavo Cardemil

Chief ENEA Project Officer

Bernardo Küpfer

Manso de Velasco focuses its business on the development of large real estate projects. It made important progress during 2004 in the urbanization and sale of its main project for the ENEA industrial sector and projects mainly destined for residential use (Santuario del Valle and Puerto Pacífico).

The ENEA project consists of the development of a property of 1,000 hectares strategically located in western Santiago in its Pudahuel district, close to the city's international airport. The project's notable highway location and access has been complemented with the construction in 2004 of the link roads between Avenida Américo Vespucio, Avenida San Pablo and the private-concession highway Costanera Norte which began work in 2004 and should be opened during 2005. These works will give ENEA excellent connections with the cities strategic centers and thus permit the important development of this industrial park.

Phase 1 is currently being developed, corresponding to the industrial and business park. Works continued in 2004 for improving access to the Américo Vespucio axis which will permit the sale of part of the land (Phase III-A) located on the west side of Américo Vespucio. The project has an innovative infrastructure including green areas in order to offer the best facilities and service areas for the complex and its users.

ENEA continued to make important commercial progress. Large companies have installed themselves in the business park including Dibusa, Motorman, Gasei Chile S.A., Empresa Constructora Belfi, expansion of Carlos Herrera and the continuation of housing projects like Geosal and the expansion of the Santa Beatriz complex phases III and IV. Some companies already forming part of the project have

completed new buildings like the residential projects Lomas de Manutara and Santa Beatriz, the buildings of Tonelería Mundial, Fashion Transport, expansion of Safeway, new Copec and Esso gas stations and the inauguration of the building of the concession-holder, Vespucio Norte express. Total sales for the year reached Ch\$6,229 million.

Also involved is Aguas Santiago Poniente S.A. which provides sanitation services related to the ENEA project. As a result of the important project sales, the company had to expand its infrastructure which currently serves more than 2,122 residential and industrial customers and treats all the project effluents. Aguas Santiago Poniente is increasing its value significantly, by having the certainty of customers related to the ENEA project who require its services.

The Santuario del Valle project, located in the La Dehesa district, has consolidated itself as one of the most important urbanizations in Chile, focused on the sale of one-family residential plots focused on the high-income segments of the population. During 2004, the sale of this important urban project was concluded and the architectural and sanitation service contracts terminated.

In addition, there is the Tapihue project which consists of lands related to the Tapihue, Amancay (plot B) and La Petaca farms. These together comprise an area of 7,302 hectares in the district of Til-Til in the province of Chacabuco, Metropolitan Region, and are classified as ZDUC (Conditioned Urban Development Zone) as part of the Santiago Metropolitan Regulator Plan. Work is currently being carried out on the regularization of the water rights and other requirements which will add value to the project.

Lastly, there is the Meseta Puerto Pacífico project on land of more than 35,000m² located in Viña del Mar which enjoys a privileged position (corner of 15 Norte and Nueva Libertad streets) close to important commercial centers and just 5 minutes from Viña del Mar's downtown.

During 2004, the sale of sub-plots continued, there remaining available 44% of the project for sale. To date, 5 real-estate projects have been developed by third parties on land already sold, of which 3 are finished.

Manso de Velasco manages a total of 34,160 m² of office and commercial buildings which are mainly rented to related companies.

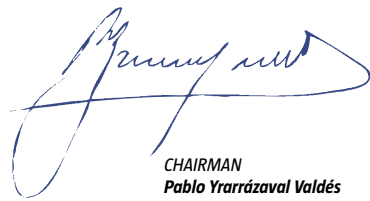
The global sales of Inmobiliaria Manso de Velasco in 2004 were Ch\$10,354 million.

The company employed 29 people at December 31, 2004, comprising 4 executives, 11 professionals and technicians and 14 staff and others.

INCOME STATEMENT	MILLIONS OF CHILEAN PESOS			
	2004	2003	VARIATION 03/04	% CHANGE
Sales	10,354	11,616	(1,262)	(10.9%)
Cost of sales	(8,432)	(10,763)	2,331	21.7%
Administrative & selling expenses	(2,008)	(1,733)	(275)	(15.9%)
Operating income	(85)	(880)	795	90.3%
Non-operating result	3,776	(2,127)	5,903	277.5%
Net income	3,006	1,339	1,667	124.5%

DECLARATION OF RESPONSIBILITY

The directors of Enersis and the chief executive officer, signatories to this declaration, swear to the truth of all the information contained in this annual report, in accordance with general rule No.30 of the Supreintendency of Securities and insurance.



CHAIRMAN
Pablo Yrarrázaval Valdés
RUT: 5.710.967-K



VICE CHAIRMAN
Rafael Miranda Robredo
RUT: 48.070.966-7



DIRECTOR
Ernesto Silva Bafalluy
RUT: 5.126.588-2



DIRECTOR
Hernán Somerville Senn
RUT: 4.132.185-7



DIRECTOR
Alfonso Arias Cañete
RUT: 48.087.945-7



DIRECTOR
Eugenio Tironi Barrios
RUT: 5.715.860-3



DIRECTOR
José Luis Palomo Álvares
RUT: 48.085.073-4



CHIEF EXECUTIVE OFFICER
Mario Valcarce Durán
RUT: 5.850.972-8

OTHER SUBSIDIARY AND ASSOCIATE COMPANIES

DISTRILEC INVERSORA

Name

Distrilec Inversora S.A.

Kind of company

Foreign closely-held corporation

Address:

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

Telephone:

(54-11) 4370 3700

Fax::

(54-11) 4381 0708

External auditors:

Deloitte & Co. Sr. L.

Subscribed and paid capital (Argentine pesos)

497,612,021,000

Holding of Enersis (direct and indirect)

50.7%

Investments as proportion of Enersis assets:

1.71%

Corporate objects (extract):

Exclusively the investment in companies whose main business is electricity distribution or that participate directly or indirectly in companies in that business through the making of all kinds of financial and investment activities, the purchase and sale of bonds, shares, negotiable instruments and the granting of loans and the placement of cash on banks deposits of any kind.

*BOARD OF DIRECTORS**Chairman*

Rafael Juan Fernández

Vice Chairman

Rafael López

Directors

Alan Arntsen

Mariano Florencio Grondona

Marcelo Silva

Gonzalo Vial

Horacio Ricardo Babino

Jorge Gustavo Casagrande

Adelson Antonio da Silva

Luis Miguel Sas

Alternate Directors

Luis Diego Barry

Santiago Daireaux

Manuel María Benites

Roberto José Fagan

Pedro Eugenio Aramburu

Rigoberto Mejía Aravena

Nicolás Carusoni

Martin Aldasoro

Daniel Jorge Maggi

Jorge Roberto Barros

Chief Executive Officer

José María Hidalgo

ENERSIS INTERNACIONAL

Name

Enersis Internacional

Kind of company:

Foreign corporation

Address:

P.O. Box 309, Ugland House, South Church St,
Grand Cayman, Cayman Islands

Telephone:

(345) 949 8066

Fax::

(345) 949 8080

External auditors:

Deloitte & Touche

Subscribed and paid capital (ThCh\$)

211,895,795

Holding of Enersis (direct and indirect)

100%

Investments as proportion of Enersis assets

8.2%

Corporate objects (extract):

Any legal activity relating to energy or fuel.

*BOARD OF DIRECTORS**Chairman*

Mario Valcarce

(Chief Executive Officer of Enersis)

Director

Alfredo Ergas

(Chief Regional Finance Officer of Enersis)

INVESTLUZ

Name

Investluz S.A.

Kind of company:

Foreign corporation

Tax No.:

03,032,652/0001-04

Address:

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

Telephone:

(55-85) 3216 1273

Fax::

(55-85) 3216 1422

External auditors:

Deloitte & Touche

Total number of shares:

100,461,895,427

Subscribed and paid capital (reals)

954,618,954,270

Holding of Enersis (direct and indirect)

55.5%

Investments as proportion of Enersis assets:

1.16%

Corporate objects (extract):

Participate in the capital of Companhia Enegetica do Ceará and other companies in Brazil and abroad.

BOARD OF DIRECTORS

The company has no board but is managed by a committee of managers chaired by Cristián Fierro Montes.

Members of the managers' committee:

Antonio Osvaldo Teixeira

Silvia Pereira Cunha

José Renato Ferreira Barreto

Luciano Alberto Galasso

Abel Pérez

Manuel Fernando das Neves

INVERSIONES DISTRILIMA

Name
Inversiones Distrilima S.A.

Kind of company:
Foreign corporation

Tax No.:
20217264783

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

Telephone:
(511) 5611604

Fax.:
(511) 4523007

PO Box:
32, Lima

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

Total number of shares:
487 331 272 acciones

Subscribed and paid capital (million of Peruvian soles)
487,331,272

Holding of Enersis (direct and indirect)
55.7 %

Investments as proportion of Enersis assets:
0.5%

Corporate objects (extract):
Make investments in general especially those related to
electricity distribution and generation.

BOARD OF DIRECTORS
Vice Chairman
Ignacio Blanco
Vicepresidente
Reynaldo Llosa

Alternate Directors
Alfredo Llorente
Cristian Herrera
Fernando Bergasa

Directors
Walter Néstor Sciutto
Mario Enrique Albornoz
Patricia Mascaró
Klaus Winkler
Fernando Fort Marie

Chief Executive Officer
Ignacio Blanco

ENDESA MARKET PLACE

Name
Endesa Market Place en Liquidación S.A.

Kind of company:
Foreign corporation

Address:
Riviera de Loira, 60 CEP 28042

Telephone:
(34-91) 213 1000

Fax.:
(34-91) 213 4199

External auditors:
Deloitte & Touche

Subscribed and paid capital (ThCh\$)
5,024,427

Holding of Enersis (direct and indirect)
15.0%

Corporate objects (extract):
B2B and new technologies.

Liquidator
Jean Paul Zalaquett

Chief Executive Officer
Jean Paul Zalaquett

ELESUR

Name
Elesur S.A.

Kind of company:
Closely-held corporation

Address:
Santa Rosa 76 Piso 2, Santiago, Chile

Telephone:
(56-2) 353 4680

Fax.:
(56-2) 378 4794

External auditors:
Deloitte & Touche

Subscribed and paid capital (ThCh\$)
1,044,080,889

Holding of Enersis
100%

Investments as proportion of Enersis assets:
1.6%

Corporate objects (extract):
Make investments in all kinds of assets including trade
paper, shares, corporate rights and participations in
companies.

BOARD OF DIRECTORS
Chairman
Mario Valcarce
(Chief Executive Officer of Enersis)

Directors
Alfredo Ergas
(Chief Regional Finance Officer of Enersis)
Domingo Valdés
(Legal Counsel of Enersis)

Chief Executive Officer
Fernando Isac
(Chief Regional Accounting Officer of Enersis)

LUZ DE RÍO

Name
Luz de Río Limitada

Kind of company:
Limited partnership

Tax No.:
01,171,325/0001-08

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

Telephone:
(55-21) 2613-7032

Fax.:
(55-21) 2613-7122

Postal code:
24,210-205

E-mail:
lbettencourt@ampla.com

Securities Register No.:
not applicable

External auditors:
Deloitte Touche Tohmatsu

Total number of partnership shares:
755,000

Subscribed and paid capital (reals)
755,000

Investments as proportion of Enersis assets:
99.4%

Corporate objects (extract):
Activities related to the electricity sector, especially its import, transmission, production, distribution, commercialization and exploration, and participations in other companies in the electricity sector.

BOARD OF DIRECTORS

Chairman

Marcelo Llévanes

Chief Financial Officer

Abel Alves Rochinha

Chief Institutional Relations Officer

Eugenio Carbañes

Chief Legal Affairs Officer

Ana Cláudia Gonçalves

COMPAÑÍA PERUANA DE ELECTRICIDAD

Name

Compañía Peruana de Electricidad S.A.C.

Kind of company:

Closely-held corporation

Tax No.:

20,220,203,663

Address:

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

Telephone:

(0511) 5611604

Fax::

(0511) 4523007

PO Box:

32, Lima

External auditors:

**Gris y Hernández
y Asociados S.AC. – Deloitte & Touche.**

Total number of shares:

121 833 559 acciones

Subscribed and paid capital (million of Peruvian soles)

121,833,559

Holding of Enersis (direct and indirect)

51.0%

Corporate objects (extract):

Investments in general especially related to electricity distribution and generation.

The company has no board of directors.

Chief Executive Officer

Ignacio Blanco

CHILECTRA INTERNACIONAL

Name:

Chilectra Internacional

Kind of company:

Foreign corporation

Address:

**P.O. Box 309, Ugland House, South Church St., Grand
Cayman, Cayman Islands, British West Indies.**

Telephone:

(345) 949-8066

Fax::

(345) 949-8080

External auditors:

KPMG Auditores Consultores Ltda.

Authorized capital (US dollars)

112,022,703

Paid Capital (US dollars)

112,022,703

Holding of Enersis (direct and indirect)

98.2%

Corporate objects (extract):

**Activities related to projects and investments
of the parent company.**

Chairman

Mario Valcarce

(Chief Executive Officer of Enersis)

Director

Alfredo Ergas

(Chief Financial Officer of Enersis)

LUZ ANDES

Name

Luz Andes Limitada

Kind of company:

Limited partnership

Address:

Santa Rosa 76 Piso 5, Santiago, Chile

Telephone:

(562) 634-6310

Fax::

(562) 634-6370

External auditors:

KPMG Auditores Consultores Ltda.

Paid Capital (ThCh\$)

1,000

Holding of Enersis (direct and indirect)

98.2%

Corporate objects (extract):

**Exploitation, production, transport, distribution and
trading of energy and electrical equipment, and the
making of electrical installations.**

Chief Executive Officer

Christian Mosqueira

EMPRESA ELÉCTRICA DE COLINA

Name

Empresa Eléctrica de Colina Limitada

Kind of company:

Limited partnership

Address:

Chacabuco N°31, Colina, Santiago, Chile

Telephone:

(562) 844-3130

Fax:

(562) 844-3111

External auditors:

KPMG Auditores Consultores Ltda.

Paid Capital (ThCh\$)

64,672

Holding of Enersis (direct and indirect)

98.2%

Corporate objects (extract):

**Exploitation, production, transport, distribution and
trading of energy and electrical equipment, and the
making of electrical installations.**

Chief Executive Officer

Leonel Martínez

CHILECTRA INVERSUD

Name

Chilectra Inversud S.A.

Kind of company:

Closely-held corporation

Address:

Santa Rosa 76, piso 8°, Santiago

Telephone:

675-2000

Fax:

675-2000

External auditors:

KPMG Auditores Consultores Ltda.

Paid Capital (US\$)
230,120,000

Holding of Enersis (direct and indirect)
98.2%

Corporate objects (extract):
Exploitation abroad and the distribution and sale of electricity, and making of investments in foreign companies and all kinds of investments in any commercial instrument including bonds, debentures, credits, negotiable securities or other financial or commercial documents.

BOARD OF DIRECTORS
Chairman

Marcelo Silva
Vice Chairman
Cristóbal Sánchez
Director
Rafael López

Chief Executive Officer
Juan Pablo Spoerer

SYNOPSIS COLOMBIA

Name
Synopsis Colombia Limitada

Kind of company:
Limited partnership

RUT
830,054,730-1

Address:
Carrera 13 A No. 93-66 Piso 6° Bogotá, D.C.

Telephone:
(57-1) 601 5800

Fax:
(57-1) 601 5915

External auditors:
Deloitte Colombia Ltda.

Subscribed and Paid Capital (Colombian pesos)
238,446,000

Holding of Enersis (direct and indirect)
100%

Corporate objects (extract):
Supply and commercialization of services and equipment related to computing and data processing to Chilean or foreign public utility and other companies

ADMINISTRATION
Chairman
Claudio Rafael Guzmán

Chief Executive Officer
Álvaro Pérez
Manager Administration & Human Resources
Edgar Enrique Martínez
Commercial Manager
Germán Sánchez
Consultancy Manager
Leonardo Fabio Escobar
Plant Manager
Ana Patricia Delgado
Operations Manager
Eduardo Ruiz

SYNOPSIS BRASIL

Name
Synopsis Brasil Limitada

Kind of company:
Limited partnership

Tax No.:
01,855,536/0001-51

Address:
Av. Rio Branco, 01 – Sala 508 – Centro – RJ Cep: 20090-003

Telephone:
(55 21) 2550-8590 until 8595

Fax:
(56-2) 2550-8590 until 8595 (anexo 204)

External auditors:
Deloitte Touche Tohmatsu

Subscribed and Paid Capital (reals)
390,334

Holding of Enersis (direct and indirect)
100%

Corporate objects (extract):
Provision of consultancy and technical assistance in the computing and data processing area to Brazilian or foreign companies; The development of information technology programs and systems; the sale of IT and data processing equipment; the manufacture, purchase, sale, import, export, representation, consignment and distribution of all kinds of assets connected with the above objects; and participations in other companies that operate in the above sector or in electricity

BOARD OF DIRECTORS
Chairman
Leonardo Miguel Covalschi

Directors
Antonio Jaime Bravo
Carlos Alberto Acero

Senior executives
Chief Executive Officer
Leonardo Miguel Covalschi

Legal Counsel
Manager Administration & Finance
Jacqueline Gomes

Manager Human Resources
Marcia Caporazzo

SYNOPSIS PERÚ

Name
Synopsis del Perú S.A.

Kind of company:
Corporation

Tax No.:
20466590747

Address:
Jr. Teniente César López Rojas 201, Piso 10, Maranga, San Miguel, Lima, Perú

Telephone:
(0511) 5611604

Fax:
(0511) 4523007

Securities Register No.:
Not applicable

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

Total number of shares:
609,200

Subscribed and Paid Capital (Peruvian soles)
609,200

Holding of Enersis (direct and indirect)
100%

Corporate objects (extract):
Provide services related to computing, data processing and other IT services in telecommunications and control, and of training in activities related to the above.

The corporation has no board of directors

Chief Executive Officer
Patricia Mascaró

SYNOPSIS ARGENTINA

Name
Synopsis Argentina

Kind of company:
Limited partnership

RUT (CUIT)
30-65753556-3

Address:
Alicia Moreau de Justo 1750 3 "C", Capital Federal

Telephone:
0054 11 4021 8300

Fax:
0054 11 4021 8300

Securities Register No.:

Inscribed with the Justice authority on November 10, 1992. The transformation to a limited partnership was inscribed with the same authority on September 3, 2002.

External auditors:

Deloitte & Co SRL

Total number of shares: (cuotas)

466,129

Subscribed and Paid Capital (Argentine pesos)

466,129

Holding of Enersis (direct and indirect)

100%

Corporate objects (extract):

Provide services related to computing, data processing and other IT services in telecommunications and control, and of training in activities related to the above.

*Management**Managers*

Claudio Rafael Guzmán

José María Gil

Javier Sampayo

Alternate Manager

Mariano Florencio Grondona

Senior Executives

Chief Executive Officer

José María Gil

Chief Administration, Finance & Human Resources Officer

Javier Sampayo

CAM PERÚ

Name

Compañía Americana de Multiservicios del Perú S. A.

Kind of company:

Corporation

Tax No.:

20,388,101,971

Address:

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

Telephone:

(0511) 5611604

Fax:

(0511) 4523007

External auditors:

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

Total number of shares:

1,320,610

Subscribed and Paid Capital (Peruvian soles)

1,320,610

Holding of Enersis (direct and indirect)

100%

Corporate objects (extract):

Provide professional and technical services in the purchase and sale of materials or equipment for electricity, water, gas or communications services.

*Corporation with no board of directors**Chief Executive Officer*

Mario Albornoz

CAM COLOMBIA

Name

Compañía Americana de Multiservicios Limitada Colombia

Kind of company:

Limited partnership

Tax No.:

830,058,272-8

Address:

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

Telephone:

(57-1) 4173000

Fax:

(57-1) 5651012

External auditors:

Deloitte & Touche Ltda.

Total number of shares:

1,615,500

Subscribed and Paid Capital (Th\$)

1,615,500,000

Holding of Enersis (direct and indirect)

100%

Corporate objects (extract):

Provide professional and technical services in the purchase and sale of materials or equipment for electricity, water, gas or communications services.

*BOARD OF DIRECTORS:**CAM COLOMBIA*

Composición Accionaria 99.9999%

Represented by Sr. Pantaleon Calvo.

SYNOPSIS

Composición Accionaria 0.0001%

Represented by Sr. Alvaro Pérez

SENIOR EXECUTIVES

Chief Executive Officer

Carlos Mario Restrepo

Legal Counsel

(Servicio Externo prestado por Codensa)

Chief Commercial Officer

Javier Valdez

Chief Procurement & Logistics Officer

Américo Mikly

Chief Operations Officer

Juan Camilo Vargas

Chief Metering Systems Officer

Alexander Mossos

Projects Director

Fabio Gómez

Head of Planning & Control

Mauricio Salinas

Head of Administration & Human Resources

Claudia Durán

CAM BRASIL

Name

Cam Brasil Multiserviços Limitada

Kind of company:

Limited partnership

Tax No.:

04,214,233/0001-48

Address:

Av José Mendonça de Campos, 680 São Gonçalo - RJ

Telephone:

(55-21) 2717-2222

Fax:

(55-21) 2702-8000

PO Box:

24,470-700

External auditors:

Deloitte Touche Tohmatsu.

Subscribed and Paid Capital (Th\$)

252,216

Holding of Enersis (direct and indirect)

100%

Corporate objects (extract):

Provision of electrical engineering services, construction of networks and large works, mass commercial services in utilities.

SENIOR EXECUTIVES

Chief Executive Officer

Fernando Foix

Chief Commercial Officer

Pablo Edmundo Calderon

Chief Administration & Resources Officer

Francisco Loza

Chief Finance, Planning & Control Officer

Antonio José Nóboa

Chief Commercial Processes Officer

Iván Castillo

Chief Losses Services Officer

Jorge Vergara

Chief Metering Services Officer

Santiago Contreras

Manager, Fortaleza subsidiary

Marco Laforet

CAM ARGENTINA

Name

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

Kind of company:

Limited partnership

Tax No.:

30-66188247-2

Address:

Av. Vélez Sarsfield 1160, Capital Federal, Argentina

Telephone:
0054 11 4302 2951/58

Fax:
0054 11 4302 2951/58

Inscription in Securities Register:
Inscribed with the Justice authority on September 27, 1993 (No.9274). Its transformation to a limited partnership was inscribed with the same authority on January 7, 2003 (No.166).

Number of partnership rights:
The capital is \$1,000,000 divided into 1,000,000 rights.

Subscribed and paid capital:
The capital is fully paid up.

Participación de Enersis (directa e indirecta)
99.90%

Corporate objects (extract):
The provision of professional and technical services to entities in consultancy, technical assistance, assembly, process control, start up and maintenance of systems, machinery and apparatus, maintenance of transport and distribution networks, all related to electricity.

Manager
Mauricio Naser
Alternate Manager
Marcelo Luis Rull

CONSTRUCCIONES Y PROYECTOS LOS MAITENES

Name
Construcciones y Proyectos Los Maitenes S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,764,840-K

Address:
Américo Vespucio 0100, Pudahuel, Santiago

Telephone:
6010601

Fax:
6010519

External auditors:
Deloitte & Touche

Total number of shares:
295,100

Subscribed and Paid Capital (Th\$)
3,809,503

Holding of Enersis (direct and indirect)
55%

Corporate objects (extract):
The construction of all kinds of civil works, installations, buildings, housing, offices, etc; the sale and disposal of such works and buildings; the study & development of such projects.

BOARD OF DIRECTORS
Chairman
Cristóbal Sánchez
Directors
Manuel Jarpa
Andrés Salas
Luis Felipe Edwards
Patricio Parodi

Chief Executive Officer
Bernardo Küpfer

AGRÍCOLA E INMOBILIARIA PASTOS VERDES

Name
Agrícola e Inmobiliaria Pastos Verdes Limitada

Kind of company:
Limited partnership

Tax No.:
78,970,360-4

Address:
Santa Rosa 76, Santiago

Telephone:
6010601

Fax:
6010519

Securities Register No.:
Not applicable

External auditors:
Deloitte & Touche

Subscribed and Paid Capital (Th\$)
37,029,390

Holding of Enersis (direct and indirect)
55%

Corporate objects (extract):
The exploitation of farm land and the development of real estate activities.

ADMINISTRATION
Complete with the presence of 3 representatives together.

Chief Executive Officer
Bernardo Küpfer

AGUAS SANTIAGO PONIENTE

Name
Aguas Santiago Poniente S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,773,290-7

Address:
Américo Vespucio N°0100, Pudahuel, Santiago

Telephone:
6010601

Fax:
6010519

External auditors:
Deloitte & Touche

Acciones
1,876,271

Subscribed and Paid Capital (Th\$)
3,075,927

Holding of Enersis (direct and indirect)
55%

Corporate objects (extract):
Exclusively to establish, construct and exploit public utilities for the production and distribution of drinking water; collect, treat and dispose of waste waters and perform the other functions required by law.

BOARD OF DIRECTORS
Chairman
Victor Manuel Jarpa

Directors
Cristóbal Sánchez
Andrés Salas
Luis Felipe Edwards
Patricio Parodi

Chief Executive Officer
Jorge Alé

AGRÍCOLA DE CAMEROS

Name
Sociedad Agrícola de Cameros

Kind of company:
Limited partnership

Tax No.:
77,047,280-6

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

Telephone:
3784700

Fax:
3784702

External auditors:
Deloitte & Touche

Subscribed and Paid Capital (Th\$)
5,738,046

Holding of Enersis (direct and indirect)
57.5%

Corporate objects (extract):
The exploitation of farm land.

ADMINISTRATION
Complete with the presence of 3 representatives together.

Chief Executive Officer
Hugo Ayala

COSTANERA

Name
Central Costanera S.A.

Kind of company:
Corporation

Address:
Av. España 3301, Buenos Aires, Argentina.

Corporate objects (extract):
The production of electricity and its sale in blocks.

Paid capital (ThCh\$):
90,299,357

Holding of Enersis (direct and indirect)
38.5%

Directors
Chairman
Héctor López
Vice Chairman
Máximo Bomchil
Julio Valbuena
Rafael Mateo
José María Hidalgo
Roberto Fagan
César Amuchástegui
Pablo Piñera
Eduardo J. Romero

Alternate Directors
Carlos Martín Vergara
María Soledad Martínez
Jorge Burlando
Sergio Schmois
José Miguel Granged
Gabriel Cerdá
Bernardo Iriberry
Alfredo Mauricio Vítolo
Sebastián Piñera

Senior Executives
Chief Executive Officer
Miguel Ortiz
Chief Administration & Finance Officer
Gabriel Cerdá
Chief Human Resources Manager
Rigoberto Allendes
Chief Performance Control Officer
Jorge Burlando
Chief Commercial Manager
Sergio Schmois
Chief Production Manager
Francisco Monteleone

CHOCÓN

Name
Hidroeléctrica El Chocón S.A.

Kind of company:
Corporation

Address:
Av. España 3301, Buenos Aires; Argentina.

Corporate objects (extract):
The production of electricity and its sale.

Paid capital (ThCh\$):
188,522,713

Holding of Enersis (direct and indirect)
28.5%

Vice Chairman
Francisco Mezzadri
Antonio Cámara
Miguel Ortiz
Julio Valbuena
Eduardo Adrián Carballo
José Luis Mazzone
Javier Zuber

Alternate Directors
Fernando Antognazza
Francisco Domingo Monteleone
José María Hidalgo
José Miguel Granged
Susana Alcira Arévalo
Enrique Díaz
Carlos Arturo Principi
Rubén Paramidani

Chief Executive Officer
Fernando Claudio Antognazza

ENDESA ARGENTINA

Name
Endesa Argentina S.A.

Kind of company:
Corporation

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

Corporate objects (extract):
Investments in companies producing, transporting and distributing electricity and its sale, and other financial investments.

Paid capital (ThCh\$):
22,980,791

Holding of Enersis (direct and indirect)
60.0%

Directors
Chairman
José Miguel Granged
Vice Chairman
Néstor José Belgrano
Director
Francisco Martín

Alternate Directors
José María Hidalgo
Patricio Alberto Martín
Marcelo A. Den Toom

HIDROINVEST

Name
Hidroinvest S.A.

Kind of company:
Corporation

Address:
Av. España 3301, Buenos Aires; Argentina.

Corporate objects (extract):
Acquire and maintain a majority holding in Hidroeléctrica El Chocón S.A.

Paid capital (ThCh\$):
10,149,225

Holding of Enersis (direct and indirect)
41.9%

BOARD OF DIRECTORS
Chairman
Héctor López
Vice Chairman
Francisco Mezzadri
Directors
Héctor López
Antonio Cámara
Fernando Claudio Antognazza
Julio Valbuena
Francisco Domingo Monteleone
Carlos Principi

Alternate Directors
Viviana Soria
Daniel Garrido
José Miguel Granged
José María Hidalgo
Roberto Fagan
Gabriel Cerdá
Rigoberto Allendes
Sergio Falzone

CACHOEIRA DOURADA

Name
Centrais Eléctricas Cachoeira Dourada S.A.

Kind of company:
Open corporation

Address:
Av. República del Líbano 2,417, Oficina N°702,
Ed. Paladium Center Goiania,
Goiás - 74,115,030 – Brasil.

Corporate objects (extract):
The planning, construction, installation, operation and exploitation of electricity generating plants and related activities.

Paid capital (ThCh\$):
144,462,473

Holding of Enersis (direct and indirect)
55.5%

BOARD OF DIRECTORS
Chairman
Francisco Javier Bugallo
Directors
Nicolás Pérez
Raimundo Cámara

SENIOR EXECUTIVES
Chief Executive Officer
Francisco Bugallo
Chief Commercial officer
Manuel Herrera
Chief Trading Officer
Juan Pablo Herrera

ENDESA BRASIL

Name
Endesa Brasil Participacoes Ltda.

Kind of company:
Limited partnership

Address:
Praia de Botafogo 228, Oficina N°1.105, Rio de Janeiro,
R.j. 22 359-900 - Brasil.

Corporate objects (extract):
Investments in companies and the provision of services related to the electricity sector generating plants and related activities, and the detection and study of new markets and alternative investments, especially in electricity.

Paid capital (ThCh\$):
673,566

Holding of Enersis (direct and indirect)
60.0%

Representatives
Francisco Javier Bugallo
Manuel Herrera

INGENDESA BRASIL

Razón social
Ingendesa do Brasil Ltda.

Kind of company:
Sociedad de responsabilidad limitada

Address:
Rua Uruguaiana N° 94, Pavimento 05, Centro - Rio de Janeiro, Rj - Cep 20,050 - 090, Brasil.

Corporate objects (extract):
Provision of engineering, studies, projects, technical consultancy, works management and supervision, inspection and reception of material and equipment, and laboratory services.

Paid capital (ThCh\$):
117,570

Holding of Enersis (direct and indirect)
58.6%

Representative
Chief Executive Officer
Sergio Campos

PEHUENCHE

Name
Empresa Eléctrica Pehuenche S.A.

Kind of company:
Open corporation

Tax No.:
96,504,980-0

Address:
Santa Rosa 76, Santiago, Chile

Corporate objects (extract):
The generation, transport, distribution and provision of electricity, and the acquisition of concessions for this purpose.

Paid capital (ThCh\$):
161,921,504

Holding of Enersis (direct and indirect)
55.6%

BOARD OF DIRECTORS
Chairman
Claudio Iglesias

Vice Chairman
Alan Fischer

Directors
Leonardo Contreras
Enrique Lozán
Alejandro Wendling
Oswaldo Muñoz
Pedro Gatica

Chief Executive Officer
Lucío Castro Márquez

PANGUE

Name
Empresa Eléctrica Pangué S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,589,170-6.

Address:
Santa Rosa 76, Santiago, Chile.

Corporate objects (extract):
The generation, transport, distribution and provision of electricity, and the acquisition of concessions for this purpose.

Paid capital (ThCh\$):
73,590,496

Holding of Enersis (direct and indirect)
57.0%

BOARD OF DIRECTORS
Chairman
Claudio Iglesias
Vice Chairman
Alan Fischer
Director
Alejandro Wendling

Chief Executive Officer
Lionel Roa

CELTA

Name
Compañía Eléctrica Tarapacá S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,770,940-9.

Address:
Santa Rosa 76, Santiago, Chile.

Corporate objects (extract):
The principal objective of this corporation is the production, transportation and distribution of national and international energy supply. For this purpose it shall obtain the corresponding concession rights. Furthermore, among some of its more important goals are the construction of a thermoelectric generation plant and the construction and operation of a pier suitable for the loading and unloading of raw materials and other products of the patache sector (first region). It will also be in charge of the construction of a transmission and sub-stations between the before mentioned thermoelectric generation plant and the Doña Inés de Collahuasi copper mine. This will also help in the reinforcement of the SING.

Paid capital (ThCh\$):
83,337,314

Holding of Enersis (direct and indirect)
60.0%

BOARD OF DIRECTORS
Chairman
Alejandro Wendling
Directors
Alan Fischer Hill
Rodrigo Naranjo

Chief Executive Officer
Eduardo Soto

SAN ISIDRO

Name
Compañía Eléctrica San Isidro S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,783,220-0.

Address:
Santa Rosa 76, Santiago, Chile.

Corporate objects (extract):
The generation, transport, distribution and provision of electricity.

Paid capital (ThCh\$):
31,529,181

Holding of Enersis (direct and indirect)
44.5%

DIRECTORS
Chairman
Alejandro Wendling
Vice Chairman
Javier García
Claudio Iglesias
Alan Fischer
Pedro Gatica

Alternate directors
Alejandro García
Joseph Lessard
Rodrigo Naranjo
Osvaldo Muñoz
Claudio Betti

Chief Executive Officer
Claudio Iglesias

INVERSIONES ELÉCTRICAS QUILLOTA

Name
Inversiones Eléctricas Quillota S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,827,970-k

Address:
Santa Rosa 76, Santiago, Chile

Corporate objects (extract):
Invest in Compañía Eléctrica San Isidro S.A. or the entity legally succeeding it.

Paid capital (ThCh\$):
15,687,240

Holding of Enersis (direct and indirect)
30.0%

DIRECTORS
Chairman
Alejandro Wendling
Javier García Burgos
Claudio Iglesias

Alternate directors
Alan Fischer
Joseph Lessard
Rodrigo Naranjo

Chief Executive Officer
Claudio Iglesias

INGENDESA

Name
Empresa de ingeniería Ingendesa S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,588,800-4

Address:
Santa Rosa 76, Santiago, Chile

Corporate objects (extract):
The provision of engineering, works inspection, inspection and reception of materials and equipment, and laboratory services in different fields and in general consultancy services in all fields.

Paid capital (ThCh\$):
1,926,614

Holding of Enersis (direct and indirect)
58.6%

BOARD OF DIRECTORS:
Chairman:
Rafael Mateo
Rafael de Cea
Santiago Sabugal

Chief Executive Officer:
Juan Benabarre

TÚNEL EL MELÓN

Name
Sociedad Concesionaria Túnel El Melón S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,671,360-7

Address:
Santa Rosa 76, Santiago, Chile

Corporate objects (extract):
Construction and exploitation of the public El Melon highway tunnel.

Paid capital (ThCh\$):
8,932,247

Holding of Enersis (direct and indirect)
60.0%

BOARD OF DIRECTORS:
Chairman:
Alejandro González
Jorge Ale
Renato Fernández

Chief Executive Officer:
Maximiliano Ruiz

ENIGESA

Name

Endesa Inversiones Generales S.A.

Kind of company:

Sociedad Anónima Cerrada

Tax No.:

96,526,450-7

Address:

Santa Rosa 76, Santiago, Chile

Corporate objects (extract):

The provision of engineering, works inspection, inspection and reception of materials and equipment, and laboratory services in different fields and in general consultancy services in all fields.

Paid capital (ThCh\$):

2,470,089

Holding of Enersis (direct and indirect)

60.0%

BOARD OF DIRECTORS

**Alejandro González
Juan Carlos Mundaca
Jaime Montero**

Chief Executive Officer:

Juan Carlos Mundaca Álvarez

INVERSIONES ENDESA NORTE

Name

Inversiones Endesa Norte S.A.

Kind of company:

Closely-held corporation

Tax No.:

96,887,060-2

Address:

Santa Rosa 76, Santiago, Chile

Corporate objects (extract):

Investments in energy projects in the north of Chile related to Gasoducto Atacama Compañía Limitada, Gasoducto Cuenca Noroeste Ltda. and Noroeste Pacífico Generación de Energía Ltda and Administradora Proyecto Atacama S.A.

Paid capital (ThCh\$):

74,827,340

Holding of Enersis (direct and indirect)

60.0%

BOARD OF DIRECTORS

Chairman:
**Alejandro González
Manuel Irrarrázaval
Rafael Mateo**

Alternate Directors

**Juan Benabarre
Raúl Arteaga**

Chief Executive Officer:

Juan Benabarre

EMGESA

Name

Emgesa S.A. E.S.P.

Kind of company:

Public utility corporation

Address:

Carrera 11 N° 82-76, Piso 3 Santa Fe de Bogotá, D.C. Colombia.

Corporate objects (extract):

The generation and sale of electricity and related activities

Paid capital (ThCh\$):

700,273,325

Holding of Enersis (direct and indirect)

12.7%

BOARD OF DIRECTORS

Chairman:
**Andrés Regué
Rafael Errázuriz
Alejandro González
Alejandro Zaccour
José Antonio Vargas
Enrique Borda
Pedro Arturo Rodríguez
Camilo Sandoval
Juan Rincón**

Alternate Directors

**Gustavo López
Lucio Rubio
Carlos Alberto Luna
Martha Veleño
Fernando Gutiérrez
Alvaro José Cruz
Henry Navarro
Héctor Zambrano
Manuel Jiménez**

Senior Executives

Chief Executive Officer:

Lucio Rubio
Chief Administration & Finance Officer
Gustavo López
Chief Performance Control Officer
Luis Larumbe
Chief Operations Officer
Carlos Alberto Luna
Chief Commercial Officer
Fernando Gutiérrez

BETANIA

Name

Central Hidroeléctrica de Betania S.A. E.S.P.

Kind of company:

Public utility corporation

Address:

Carrera 5 N° 6-28, Edificio Metropolitano, Torre B, Piso 5°, Neiva, Colombia.

Corporate objects (extract):

The generation and sale of electricity

Paid capital (ThCh\$):

392,608,034

Holding of Enersis (direct and indirect)

51.4%

BOARD OF DIRECTORS

Chairman:
**Lucio Rubio
Alejandro Zaccour
Alejandro González
Rafael Errázuriz
Mario Scarpetta**

Alternate Directors

**Andrés Regué
Luis Humberto Ustariz
Fernando Gutiérrez
Alvaro José Cruz
Carlos Alberto Luna**

Chief Executive Officer:

Carlos Alberto Luna

CAPITAL ENERGÍA

Name

Capital Energía S.A.

Kind of company:

Commercial corporation

Address:

Santafé de Bogotá, D.C. Colombia

Corporate objects (extract):

Investment in Empresa de Energía Eléctrica de Bogotá S.A.E.S.P. and in other electricity generating, distribution and transmission companies.

Paid capital (ThCh\$):

415,714,494

Holding of Enersis (direct and indirect)

26.2%

Directors

**Andrés Regué
Rafael Errázuriz
Lucio Rubio
Alejandro González
Alvaro José Cruz**

Alternate Directors
Fernando Gutiérrez
Carlos Alberto Luna
Gustavo López
Juan Manuel Pardo
Isabel Cristina Solano

Chief Executive Officer:
Lucio Rubio

EDEGEL

Name
Edegel S.A.A.

Kind of company:
Corporation

Address:
Av. Víctor Andrés Belaúnde N° 147 Vía Principal N° 102
Centro Empresarial Camino Real , San Isidro, Lima,
Perú.

Corporate objects (extract):
Electricity generation.

Paid capital (ThCh\$):
463,747,210

Holding of Enersis (direct and indirect)
22.7%

Directors
Chairman:
Héctor López
Vice Chairman
Javier García Burgos
Juan Benabarre
Fritz Du Bois
José María Hidalgo
Ricardo Harten
Alfonso Bustamante

Alternate Directors
José Graña
Edwin Vásquez
Francisco García
Roberto Cornejo
Milagros Noriega
Jaime Zavala
Joseph Lessard

Senior Executives
Chief Executive Officer:
José Griso
Chief Legal Counsel
Joanna Zegarra
Chief Financial Officer
Milagros Noriega
Chief Operations Officer
Julián Cabello
Chief Commercial Officer
Robert Cornejo

GENERANDES PERÚ

Name
Generandes Perú S.A.

Kind of company:
Corporation

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

Corporate objects (extract):
Business relating to electricity generation, directly or
through other companies.

Paid capital (ThCh\$):
198,987,190

Holding of Enersis (direct and indirect)
35.8%

Directors
Chairman:
Héctor López
Vice Chairman
Javier García Burgos
José Griso
Juan Benabarre
José María Hidalgo
Mario Valcarce
(Chief Executive Officer: Enersis S.A.)
Joseph Lessard
Fritz Du Bois

Alternate Directors
Edwin Vásquez
Juan Antonio Rozas
César Montero
Julio Lemaitre
Steve Pearlman
Milagros Noriega
Roberto Cornejo
Guillermo Lozada

Chief Executive Officer:
José Griso

Chief Executive Officer
Milagros Noriega

CONO SUR

Name
Compañía Eléctrica Cono Sur S.A.

Kind of company:
Corporation

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

Corporate objects (extract):
To carry out any kind of business; generate, transmit,
supply and distribute electricity generation; acquire
and sell shares, securities and assets in general.

Paid capital (ThCh\$):
924,324,645

Holding of Enersis (direct and indirect)
60.0%

Directors
Chairman:
Alejandro González
Manuel Irarrázaval
Alfredo Ergas
(Chief Regional Finance Officer of Enersis)
Carlos Martín Vergara

LAJAS INVERSORA

Name
Lajas Inversora S.A.

Kind of company:
Corporation

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

Corporate objects (extract):
To carry out any kind of business; generate, transmit,
supply and distribute electricity generation; acquire
and sell shares, securities and assets in general.

Change of name
The change of name from Lajas Holdings Inc. to Lajas
Inversiones S.A. was approved by an extraordinary
shareholders' meeting held on August 16, 2001.

Paid capital (ThCh\$):
406,584,648

Holding of Enersis (direct and indirect)
55.7%

Directores
Chairman:
Carlos Martín Vergara
Treasurer
Alejandro González
Alfredo Ergas
(Chief Regional Finance Officer of Enersis)
Manuel Irarrázaval
José Griso

Chief Executive Officer:
Francisco Javier Bugallo

ENDESA CHILE INTERNACIONAL

Name

Endesa Chile Internacional

Kind of company:

Corporation

Address:

**Caledonian Bank & Trust Limited, Caledonian House,
Mary Street P.O. Box 1043, George Town, Grand
Cayman, Cayman Islands.**

Corporate objects (extract):

**To carry out any kinds of business as permitted by the
law of the Cayman Islands.**

Change of Name:

**The change of name from Endesa Chile Overseas Co.
to Endesa Chile Internacional was approved by an
extraordinary shareholders' meeting held on August
16, 2001.**

Paid capital (ThCh\$):

483,372,831

Holding of Enersis (direct and indirect)

60.0%

DIRECTORS

**Alejandro González
Carlos Martín Vergara
Manuel Irarrázaval
Alfredo Ergas**

(Chief Regional Finance Officer of Enersis)

CEMSA

Name

Comercializadora de Energía del Mercosur S.A.

Kind of company:

Corporation

Address:

**Avenida España 3301, Sector B, Buenos Aires,
Argentina.**

Corporate objects (extract):

**Wholesale trading of electricity including its import and
export and the provision of related services.**

Paid capital (ThCh\$):

7,810,289

Holding of Enersis (direct and indirect)

27.0%

Directors

Chairman:

José María Hidalgo

Vice Chairman

José Agustín Venegas

Francisco Javier Bugallo

Alternate Directors

**Juan Carlos Blanco
Roberto José Fagan
Daniel Garrido**

Chief Executive Officer:

Roberto José Fagan

CTM

Name

Compañía de Transmisión del Mercosur S.A.

Kind of company:

Corporation

Address:

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

Corporate objects (extract):

**The provision of high-tension electricity transportation
services.**

Paid capital (ThCh\$):

7,901,702

Holding of Enersis (direct and indirect)

27.0%

Directors

Chairman:

**José María Hidalgo
Francisco Javier Bugallo
José Agustín Venegas**

Alternate Directors

**Arturo Papalardo
Juan Carlos Blanco
Roberto José Fagan**

Chief Executive Officer:

Francisco Javier Bugallo

TESA

Name

Transportadora de Energía S.A.

Kind of company:

Corporation

Address:

**Bartolomé Mitre N° 797, Piso 13, Oficina 79, Buenos
Aires, República Argentina.**

Corporate objects (extract):

**The provision of high-tension electricity transportation
services.**

Paid capital (ThCh\$):

8,367,689

Holding of Enersis (direct and indirect)

27.0%

Directors

Chairman:

**José María Hidalgo
Francisco Javier Bugallo
José Agustín Venegas**

Alternate Directors

**Arturo Papalardo
Juan Carlos Blanco
Roberto José Fagan**

Chief Executive Officer:

Francisco Javier Bugallo

GASODUCTO ATACAMA ARGENTINA

Name

Gasoducto Atacama Argentina S.A.

Kind of company:

Closely-held corporation

Tax No.:

78,952,429-3

Address:

Isidora Goyenechea 3365, Santiago, Chile.

Corporate objects (extract):

**The transportation of natural gas in Chile and abroad
including the construction, location and exploitation
of gas pipelines and related activities. The company
formed an agency in Argentina called Gasoducto
Cuenca Noroeste Limitada, Argentina Branch, for
building the pipeline between Cornejo in Salta province
and the Chilean border.**

Paid capital (ThCh\$):

58,821,686

Holding of Enersis (direct and indirect)

30.0%

Directors

Chairman:

**Rafael Mateo
Alejandro González
Tom Miller
Francisco Mezzadri**

Alternate Directors

**Juan Benabarre
Rafael de Cea
David Kehoe
David Baughman**

Chief Executive Officer:

Rudolf Araneda

CIEN

Name

Compañía de Interconexión Energética S.A.

Kind of company:
Corporation

Address:

Praia de Botafogo 228, Ala B, 4ª Andar, Río de Janeiro, R.j. 22 359-900 - Brasil.

Corporate objects (extract):

The production, industrialization, distribution and commercialization of electricity, including imports and exports.

Paid capital (ThCh\$):
108,488,434

Holding of Enersis (direct and indirect)
27.0%

Directors

Chairman:
**Marcelo Llévanes
Roberto José Fagan
José Venegas**

Alternate Directors

**Nicolás Pérez
Francisco Javier Bugallo**

Chief Executive Officer:

Francisco Javier Bugallo

ELECTROGAS

Name

Electrogas S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,806,130-5

Address:
Apoquindo 3076 Oficina 402, Santiago, Chile.

Corporate objects (extract):

Natural gas and other fuels transportation services for which it may build, operate and maintain gas, oil or multi-purpose pipelines and complementary installations.,

Paid capital (ThCh\$):
10,703,686

Holding of Enersis (direct and indirect)
25.6%

Directors

Chairman:
**Jaime Fuenzalida
Claudio Iglesias
Gabriel Alejandro Marcuz
Pedro Gatica
Andrés Vargas**

Alternate Directors

**Daniel Martínez
Felipe Aldunate
Pedro Cruz
Gustavo Rioseco
Francisco Courbis**

Chief Executive Officer:

Carlos Andreani

TRANQUILLOTA

Name

Transmisora Eléctrica de Quillota Ltda.

Kind of company:
Limited partnership

Tax No.:
77,017,930-0

Address:
Santa Rosa 76, Santiago, Chile.

Corporate objects (extract):

The transport, distribution and supply of electricity.

Paid capital (ThCh\$):
3,507,137

Holding of Enersis (direct and indirect)
22.5%

Representatives

**Rodrigo Naranjo
Gabriel Carvajal
Felipe Aldunate
Eduardo Morel**

Alternate Representatives

**Alfonso Bahamondes
Alejandro Larenas
Enrique Sánchez
Ricardo Sáez**

INVERSIONES GASATACAMA HOLDING

Name

Inversiones Gasatamarca Holding Limitada

Kind of company:
Limited partnership

Tax No.:
76,014,570-K

Address:
Santiago, Chile

Corporate objects (extract):

Investments in companies that transport natural gas; generate, transmit, purchase, distribute and sell energy; and the financing of the above.

Paid capital (ThCh\$):
177,562,499

Holding of Enersis (direct and indirect)
30.0%

Directors

**Rafael Mateo
Tom Miller
Alfredo Ergas
(Chief Regional Finance Officer of Enersis)
Francisco Mezzadri**

Alternate Directors

**Rafel de Cea
David Baughman
Juan Benabarre
David Kehoe**

GASATACAMA

Name

Gasatamarca S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,830,980-3

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

Corporate objects (extract):

Management of Gasoducto Atacama Chile Ltda, Gasoducto Atacama Argentina Ltda. and others; investment in all kinds of assets.

Paid capital (ThCh\$):
162,473,231

Holding of Enersis (direct and indirect)
30.0%

Directors

Chairman:
**Rafael Mateo
Alejandro González
Tom Miller
Francisco Mezzadri**

Alternate Directors

**Juan Benabarre
Rafael de Cea
David Kehoe
David Baughman
Chief Executive Officer:
Rudolf Araneda**

GASODUCTO ATACAMA CHILE

Name

Gasoducto Atacama Chile S.A.

Kind of company:
Closely-held corporation

Tax No.:
78,882,820-9

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

Corporate objects (extract):
The transport of natural gas within Chile and other countries, including the building of gas pipelines and related activities.

Paid capital (ThCh\$):
35,745

Holding of Enersis (direct and indirect)
30.0%

Directors
Chairman:
Rafael Mateo
Alejandro González
Tom Miller
Francisco Mezzadri

Alternate Directors
Juan Benabarre
Chief Executive Officer: *Ingendesa*
Rafael de Cea
David Kehoe
David Baughman

Chief Executive Officer:
Rudolf Araneda

GASATACAMA GENERACIÓN

Name
Gasatacama Generación S.A.

Kind of company:
Closely-held corporation

Tax No.:
78,932,860-9

Address:
Isidora Goyenechea 3365, Santiago, Chile.

Corporate objects (extract):
The generation, transmission, purchase, distribution and sale of electricity; the purchase, extraction, exploitation, processing, distribution and sale of solid, liquid and gas fuels; the provision of engineering services; concessions of all kinds; investments in all assets; the formation of companies related to energy.

Paid capital (ThCh\$):
67,388,344

Holding of Enersis (direct and indirect)
30.1%

Directors
Chairman:
Rafael Mateo
Alejandro González
Tom Miller
Francisco Mezzadri

Alternate Directors
Juan Benabarre
Rafael de Cea
David Kehoe
David Baughman

Chief Executive Officer:
Rudolf Araneda

INVERSIONES ELECTROGAS

Name
Inversiones Electrogas S.A.

Kind of company:
Closely-held corporation

Tax No.:
96,889,570-2

Address:
Apoquindo 3076, Oficina 402, Santiago, Chile

Corporate objects (extract):
Investment in the shares of Electrogas S.A.

Paid capital (ThCh\$):
10,666,916

Holding of Enersis (direct and indirect)
25.5%

Directors
Chairman:
Jaime Fuenzalida
Alejandro Marcuz
Pedro Gatica
Claudio Iglesias
Daniel Martínez

Alternate Directors
Andrés Vargas
Felipe Aldunate
Pedro Cruz
Gustavo Rioseco
Francisco Courbis

Chief Executive Officer:
Carlos Andreani

GASODUCTO TALTAL

Name
Gasoducto Taltal S.A.

Kind of company:
Closely-held corporation

Tax No.:
77,032,280-4

Address:
Santa Rosa 76, Santiago, Chile

Corporate objects (extract):
Transportation, commercialization and distribution of natural gas within Chile, especially between Mejillones and Paposa, including the construction and exploitation of pipelines and other related activities.

Paid capital (ThCh\$):
1,739,202

Holding of Enersis (direct and indirect)
29.9%

Directors
Rudolf Araneda
Pedro de La Sota
Rafael Zamorano
Matías Avendaño

Alternate Directors
Alejandro Amenábar
Alejandro Sáez
Eric Bongardt
Luis Vergara

Chief Executive Officer:
Rudolf Araneda

INGENDESA MINMETAL

Name
Consorcio IngEndesa–Minmetal Ltda.

Kind of company:
Limited partnership

Tax No.:
77,573,910-k

Address:
Santa Rosa N° 76, Santiago, Chile

Corporate objects (extract):
The provision of all kinds of engineering services.

Paid capital (ThCh\$):
2,000

Holding of Enersis (direct and indirect)
29.3%

Representatives
Juan Benabarre
Carlos Freire

Alternate Representatives
Rodrigo Alcaíno
Rodrigo Muñoz
Alejandro Mercados
Oswaldo Dunner

INGENDESA - ARA

Razón social
Sociedad consorcio Ingendesa - Ara Ltda.

Kind of company:
Limited partnership

Tax No.:
76,197,570-6

Address:
Santa Rosa 76, Santiago, Chile

Corporate objects (extract):
The provision of all kinds of engineering services.

Paid capital (ThCh\$):
1,000

Holding of Enersis (direct and indirect)
29.3%

Representatives
Juan Benabarre
Alejandro Santolaya

Alternate Representatives
Rodrigo Alcaíno
Alejandro Mercados
Elías Arce
Cristián Araneda

ARA - INGENDESA

Razón social
Consorcio Ara - Ingendesa Ltda.

Kind of company:
Limited partnership

Tax No.:
77,625,850-4

Address:
Santa Rosa 76 Piso 10, Santiago, Chile

Corporate objects (extract):
The provision of all kinds of engineering services.

Paid capital (ThCh\$):
1,000

Holding of Enersis (direct and indirect)
29.3%

Representatives
Juan Benabarre
Alejandro Santolaya

Alternate Representatives
Fernando Orellana
Alejandro Mercados
Rodrigo Alcaíno
Elías Arce
Cristián Araneda

PROGAS

Razón social
Progas S.A.

Kind of company:
Limited partnership

Tax No.:
77,625,850-4

Address:
Isidora Goyenechea 3356, 8° Piso, Santiago, Chile

Corporate objects (extract):
The acquisition, production, storage, transport, distribution, transformation and commercialization of natural gas and of other oil derivatives and fuels in general, and the provision of related services.

Paid capital (ThCh\$):
1,161

Holding of Enersis (direct and indirect)
30.0%

BOARD OF DIRECTORS:
Rudolf Araneda
Luis Cerda
Pedro de La Sotta

Chief Executive Officer:
Alejandro Sáez

ENERGEX

Razón social
Energex Co.

Kind of company:
Exempt Corporation

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

Corporate objects (extract):
Any business in accordance with the law of the Cayman Islands.

Paid capital (ThCh\$):
5,574

Holding of Enersis (direct and indirect)
29.8%

BOARD OF DIRECTORS:
Chairman:
William J. Haener
Mario Valcarce
(Chief Executive Officer: de Enersis)
Alfredo Ergas
(Chief Regional Finance Office of Enersis)
Rodney E. Boulanger

ATACAMA FINANCE

Razón social
Atacama Finance Co.

Kind of company:
Exempt Corporation

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

Corporate objects (extract):
Any business in accordance with the law of the Cayman Islands.

Paid capital (ThCh\$):
3,511,620

Holding of Enersis (direct and indirect)
29.8%

BOARD OF DIRECTORS:
Chairman:
William J. Haener
Mario Valcarce
(Chief Executive Officer: de Enersis)
Alfredo Ergas
(Chief Regional Finance Office of Enersis)
Rodney E. Boulanger

SACME

Razón social
Sacme S.A.

Kind of company:
Closely-held corporation

Tax No.:
30-65942051-8

Address:
Avda. España 3251 – Ciudad Autónoma de Buenos Aires, Argentina

Telephone:
4361-5107

Fax:
4307-0701

External auditors:
Estudio Alonso Hidalgo & Asociados.

Total number of shares:
12,000

Capital suscrito y pagado (Pesos Argentinos)
12,000

Holding of Enersis (direct and indirect)
32.5%

Corporate objects (extract):
Supervision and control of the electricity generation, transmission and distribution system in Buenos Aires and the interconnections with the Argentine Grid System (SADI). Represent the distribution companies Edenor S.A. and Edesur S.A. in operative work with Compañía Administradora del Mercado Mayorista Eléctrico (CAMMESA).

BOARD OF DIRECTORS:
Chairman:
Mario Nicolás Covacich
Vice Chairman
Daniel Héctor Colombo

Directors
Edgardo Alberto Volosin
Leandro Ostuni

Chief Executive Officer:
Oswaldo Ernesto Rolando

COMMERCIAL RELATIONS WITH SUBSIDIARY AND ASSOCIATE COMPANIES

The following tables show the commercial relations between Enersis S.A. and its subsidiaries and associates:

TRANSACTIONS WITH CHILEAN SUBSIDIARIES AND ASSOCIATES					
COMPANY	TAX NO.	RELATIONSHIP	TRANSACTION	AT DECEMBER 31, 2004	
				AMOUNT	EFFECT ON RESULTS (CHARGE) CREDIT
Chilectra S.A.	96.524.320-8	Subsidiary	Loans	98,895,455	4,460,581
			Property rentals	4,432,912	4,432,912
			Services provided	4,735,989	4,735,989
Inmobiliaria Manso de Velasco Ltda.	79.913.810-7	Subsidiary	Loans	(8,869,004)	(646,667)
			Property rentals	(368,316)	(368,316)
Compañía Americana de Multiservicios Ltda.	96.543.670-7	Subsidiary	Loans	(4,836,514)	(443,669)
			Services provided	215,229	215,229
			Materials	(18,324)	(18,324)
			Property maintenance	(494,128)	(494,128)
Synopsis, Soluciones y Servicios IT Ltda.	96.529.420-1	Subsidiary	Loans	(1,657,475)	(194,368)
			Services received	(474,047)	(474,047)
Endesa (Chile)	91.081.000-6	Subsidiary	Loans	929,866	2,062,053
			Services provided	739,618	739,618
Endesa Inversiones Generales S.A.	96.526.450-7	Related to subsidiary	Property rentals	(990,824)	(990,824)
				92,240,437	13,016,039

TRANSACTIONS WITH FOREIGN SUBSIDIARIES AND ASSOCIATES					
COMPANY	TAX NO.	RELATIONSHIP	TRANSACTION	AT DECEMBER 31, 2004	
				AMOUNT	EFFECT ON RESULTS (CHARGE) CREDIT
Empresa Distribuidora Sur S.A.	Foreign	Subsidiary	Services provided	1,968,506	1,968,506
through Agency:					
Chilectra S.A. (Cayman Islands Agency)	Foreign	Agency of subsidiary	Loans	308,861,143	21,136,955
Luz de Río Ltda.	Foreign	Subsidiary	Loans	26,153,180	1,716,375
Enersis Internacional	Foreign	Subsidiary	Loans	4,530,047	400,218
Chilectra Internacional	Foreign	Subsidiary	Loans	3,796,843	56,936
Endesa Chile Internacional	Foreign	Subsidiary	Loans	(29,391,075)	(25,830)
Endesa Chile Agencia	Foreign	Agency of subsidiary	Loans	(25,192,350)	(64,184)
				290,726,294	25,188,976
Global Total				382,966,731	38,205,015

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

Deloitte

Deloitte & Touche
Sociedad de Auditores y Consultores Ltda.
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Av. Providencia 1760
Pisos 6, 7, 8 y 9
Providencia, Santiago
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e-mail: deloittechile@deloitte.com
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REPORT OF INDEPENDENT ACCOUNTANTS

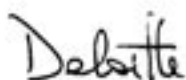
To the Shareholders of Enersis S.A.

We have audited the accompanying consolidated balance sheets of Enersis S.A. and Subsidiaries (the "Company") as of December 31, 2004 and 2003, 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 at December 31, 2004 and 2003 of Empresa Nacional de Electricidad S.A. and Subsidiaries in Peru in 2004 and 2003 and its Subsidiary and equity method investment in Brazil in 2004, and the consolidated financial statements at December 31, 2004 and 2003 of Chilectra S.A. and Subsidiaries in Chile, nor the 2004 financial statements of the equity investment in Central Generadora Termoelectrica Fortaleza S.A.. These financial statements reflect total assets constituting 35.74% and 29.35%, respectively, of consolidated total assets at December 31, 2004 and 2003 and total revenues constituting 41.19% and 41.86%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Enersis S.A. and Subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Chile.

As discussed in Note 3 a) to the financial statements, in 2004 Enersis S.A. and Subsidiaries adopted Technical Bulletin No. 72 of the Chilean Association of Accountants, which prescribes the accounting treatment for business combinations.



Santiago, Chile
January 22, 2005

CONSOLIDATED BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

ASSETS	As of December 31,		
	2003 ThCh\$	2004 ThCh\$	2004 ThUS\$
CURRENT ASSETS			
Cash	27,029,488	56,494,414	101,353
Time deposits	262,660,971	450,743,859	808,654
Marketable securities	11,434,635	12,321,537	22,105
Accounts receivable, net	478,849,624	528,740,129	948,583
Notes receivable, net	8,571,693	2,828,014	5,074
Other accounts receivable, net	96,549,123	63,814,202	114,485
Amounts due from related companies	17,486,628	114,385,763	205,213
Inventories	45,415,899	50,981,315	91,463
Income taxes recoverable	62,818,496	97,637,872	175,167
Prepaid expenses	16,863,806	45,011,188	80,752
Deferred income taxes	53,023,911	60,005,717	107,653
Other current assets	75,777,002	36,117,180	64,796
Total current assets	1,156,481,276	1,519,081,190	2,725,298
PROPERTY, PLANT AND EQUIPMENT			
Land	118,340,129	122,606,995	219,962
Buildings and infrastructure and works in progress	10,305,284,602	9,864,985,666	17,698,216
Machinery and equipment	1,806,292,572	1,721,120,263	3,087,765
Other plant and equipment	356,791,936	398,709,319	715,302
Technical appraisal	634,958,011	584,183,038	1,048,050
Accumulated depreciation	(4,922,897,727)	(5,006,783,339)	(8,982,388)
Total property, plant and equipment, net	8,298,769,523	7,684,821,942	13,786,907
OTHER ASSETS			
Investments in related companies	184,716,758	191,465,062	343,497
Investments in other companies	136,796,804	49,992,754	89,689
Goodwill, net	799,907,148	733,535,103	1,315,994
Negative goodwill, net	(81,215,498)	(56,735,814)	(101,786)
Long-term receivables	131,133,420	125,910,089	225,888
Amounts due from related companies	132,331,429	456,246	819
Intangibles	79,100,256	80,708,810	144,795
Accumulated amortization	(40,254,130)	(44,013,845)	(78,963)
Other assets	185,126,301	222,303,602	398,822
Total other assets	1,527,642,488	1,303,622,007	2,338,755
TOTAL ASSETS	10,982,893,287	10,507,525,139	18,850,960

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,		
	2003 ThCh\$	2004 ThCh\$	2004 ThUS\$
CURRENT LIABILITIES:			
Short-term debt due to banks and financial institutions	319,960,476	191,923,129	344,318
Current portion of long-term debt due to banks and financial institutions	169,837,388	106,940,945	191,857
Current portion of bonds payable	72,718,823	107,084,047	192,113
Current portion of long-term notes payable	21,969,710	26,749,661	47,990
Dividends payable	3,237,512	3,399,501	6,099
Accounts payable	220,830,333	253,002,503	453,898
Short-term notes payable	21,596,628	13,409,165	24,057
Miscellaneous payables	45,014,408	38,606,503	69,262
Amounts payable to related companies	31,517,000	81,508,675	146,230
Accrued expenses	55,046,830	44,333,117	79,535
Withholdings	65,295,025	49,749,518	89,253
Income taxes payable	49,036,057	54,418,780	97,630
Deferred income	12,274,758	6,504,696	11,670
Other current liabilities	66,994,856	41,180,674	73,880
Total current liabilities	1,155,329,804	1,018,810,914	1,827,792
LONG-TERM LIABILITIES:			
Due to banks and financial institutions	854,742,232	626,112,271	1,123,273
Bonds payable	2,356,777,340	2,493,500,109	4,473,448
Long-term notes payable	148,976,745	143,254,068	257,004
Accounts payable	27,472,799	50,583,709	90,749
Amounts payable to related companies	86,428	-	-
Accrued expenses	325,352,408	311,025,273	557,993
Deferred income taxes	7,194,942	63,535,888	113,986
Other long-term liabilities	61,845,032	116,143,763	208,367
Total long-term liabilities	3,782,447,926	3,804,155,081	6,824,820
MINORITY INTEREST	3,433,013,869	3,125,006,002	5,606,398
SHAREHOLDERS' EQUITY:			
Paid-in capital, no par value	2,283,404,124	2,283,404,124	4,096,527
Additional paid-in capital	163,306,446	162,725,821	291,937
Other reserves	(26,313,477)	(122,588,994)	(219,930)
Retained earnings	180,417,144	194,378,259	348,723
Net income (loss) for the year	12,779,560	44,307,596	79,490
Deficit of subsidiaries in development stage	(1,492,109)	(2,673,664)	(4,797)
Total shareholders' equity	2,612,101,688	2,559,553,142	4,591,950
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,982,893,287	10,507,525,139	18,850,960

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

CONSOLIDATED INCOME STATEMENT

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

	As of December 31,		
	2003 ThCh\$	2004 ThCh\$	2004 ThUS\$
OPERATING INCOME:			
SALES	2,418,451,270	2,708,925,344	4,859,930
COST OF SALES	(1,695,212,019)	(1,898,087,991)	(3,405,253)
GROSS PROFIT	723,239,251	810,837,353	1,454,677
ADMINISTRATIVE AND SELLING EXPENSES	(173,741,457)	(176,635,722)	(316,892)
OPERATING INCOME	549,497,794	634,201,631	1,137,785
NON-OPERATING INCOME AND EXPENSE:			
Interest income	68,916,018	73,635,633	132,106
Equity in income of related companies	18,198,366	31,146,566	55,878
Other non-operating income	195,206,651	133,632,882	239,743
Equity in loss of related companies	(243,650)	(683)	(1)
Amortization of goodwill	(54,558,943)	(53,201,320)	(95,445)
Interest expense	(430,943,444)	(360,140,223)	(646,107)
Other non-operating expenses	(252,038,400)	(207,355,499)	(372,005)
Price-level restatement, net	(4,611,876)	(776,878)	(1,394)
Exchange difference, net	(6,205,662)	14,406,781	25,846
NON-OPERATING EXPENSE, NET	(466,280,940)	(368,652,741)	(661,379)
INCOME (LOSS) BEFORE INCOME TAXES	83,216,854	265,548,890	476,406
INCOME TAXES	(42,609,984)	(137,241,207)	(246,217)
INCOME (LOSS) BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL	40,606,870	128,307,683	230,189
MINORITY INTEREST	(80,282,913)	(101,106,989)	(181,390)
INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL	(39,676,043)	27,200,694	48,799
AMORTIZATION OF NEGATIVE GOODWIL	52,455,603	17,106,902	30,691
NET INCOME (LOSS) FOR THE YEAR	12,779,560	44,307,596	79,490

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

STATEMENTS OF CONSOLIDATED CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

	As of December 31,		
	2003 ThCh\$	2004 ThCh\$	2004 ThUS\$
Net income (loss) for the year	12,779,560	44,307,596	79,490
GAIN (LOSSES) FROM SALES OF ASSETS:			
Losses (gain) on sale of property, plant and equipment	6,410,580	(6,613,618)	(11,865)
Gain on sale of investments	(91,517,236)	-	-
Losses on sale of other assets	409,474	(227,863)	(409)
Charges (credits) to income which do not represent cash flows:			
Depreciation	406,326,019	379,491,166	680,824
Amortization of intangibles	8,798,057	6,801,368	12,202
Write-offs and accrued expenses	55,762,447	38,380,540	68,856
Equity in income of related companies	(18,198,366)	(31,146,566)	(55,878)
Equity in losses of related companies	243,650	683	1
Amortization of goodwill	54,558,943	53,201,320	95,445
Amortization of negative goodwill	(52,455,603)	(17,106,902)	(30,691)
Price-level restatement, net	4,611,876	776,878	1,394
Exchange difference, net	6,205,662	(14,406,781)	(25,846)
Other credits to income which do not represent cash flows	(30,521,567)	(15,464,081)	(27,743)
Other charges to income which do not represent cash flows	157,087,979	111,142,000	199,394
Changes in assets which affect operating cash flows:			
Decrease (increase) in trade receivables	(86,517,194)	(24,173,451)	(43,368)
Decrease (increase) in inventory	10,631,639	(6,983,775)	(12,529)
Decrease (increase) in other assets	19,852,923	(7,544,309)	(13,535)
Changes in liabilities which affect operating cash flows:			
Increase (decrease) in accounts payable associated with operating results	32,552,808	(9,452,542)	(16,958)
Increase (decrease) in interest payable	(11,368,109)	46,422,045	83,283
Increase (decrease) in income tax payable	(42,043,955)	38,053,662	68,270
Increase in other accounts payable associated	40,178,565	(65,352,965)	(117,246)
Net decrease (increase) in value added tax and other similar taxes payable	24,767,831	(3,205,890)	(5,752)
Income (loss) attributable to minority interest	80,282,913	101,106,989	181,390
Net cash flows provided by operating activities	588,838,896	618,005,504	1,108,729

STATEMENTS OF CONSOLIDATED CASH FLOWS, CONTINUED

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

	As of December 31,		
	2003 ThCh\$	2004 ThCh\$	2004 ThUS\$
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of shares to minority shareholders	560,126,472	-	-
Proceeds from the issuance of debt	1,048,163,788	827,706,442	1,484,942
Proceeds from bond issuances	848,824,902	328,720,066	589,738
Other sources of financing	24,639,020	22,781,843	40,872
Distribution of capital in subsidiary	(24,632,422)	(21,172,115)	(37,984)
Dividends paid	(82,815,176)	(97,013,165)	(174,046)
Payment of debt	(2,181,273,813)	(1,191,304,739)	(2,137,253)
Payment of bonds	(499,247,807)	(22,110,493)	(39,667)
Payment of loans obtained from related companies	(4,579,223)	-	-
Payment of share issuance costs	(11,102,445)	-	-
Payment of bond issuance costs	(5,823,428)	(2,363,467)	(4,240)
Other disbursements for financing	(118,931,382)	(34,368,618)	(61,659)
Net cash used in financing activities	(446,651,514)	(189,124,246)	(339,297)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	164,779,451	15,537,528	27,875
Sales of investment in related companies	124,873,051	2,557,742	4,589
Other loans received from related companies	25,596,801	15,294,722	27,439
Other receipts from investments	51,033,045	40,574,360	72,792
Additions to property, plant and equipment	(265,255,289)	(265,934,353)	(477,098)
Long-term investments	(3,061,889)	(343,959)	(617)
Other loans granted to related companies	(320,222)	-	-
Other investment disbursements	(7,060,165)	(1,591,615)	(2,855)
Net cash provided by (used in) investing activities	90,584,783	(193,905,575)	(347,875)
POSITIVE NET CASH FLOW FOR THE PERIOD	232,772,165	234,975,683	421,557
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS	(122,485,005)	(27,014,194)	(48,465)
NET INCREASE IN CASH AND CASH EQUIVALENTS	110,287,160	207,961,489	373,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	228,988,688	339,275,848	608,676
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	339,275,848	547,237,337	981,768

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Paid-in capital ThCh\$	Additional paid-in capital ThCh\$	Other reserves ThCh\$	Retained earnings ThCh\$	Deficit of subsidiaries in development stage ThCh\$	Net income (loss) for the year ThCh\$	Total ThCh\$
As of January 1, 2003	751,208,197	33,370,057	46,879,587	402,807,650	(4,937,110)	(223,748,087)	1,005,580,294
Capital increase	1,471,844,920	125,881,577	-	-	-	-	1,597,726,497
Transfer of prior year loss to retained earnings	-	-	-	(228,581,520)	4,833,433	223,748,087	-
Changes in equity of affiliates	-	-	(11,432,599)	-	-	-	(11,432,599)
Deficit of subsidiaries in the development stage	-	-	-	-	(1,302,667)	-	(1,302,667)
Cumulative translation adjustment	-	-	(61,587,469)	-	-	-	(61,587,469)
Price-level restatement of capital	4,658,223	71,728	468,796	1,790,596	(49,372)	-	6,939,971
Net income for the year	-	-	-	-	-	12,467,863	12,467,863
As of December 31, 2003	2,227,711,340	159,323,362	(25,671,685)	176,016,726	(1,455,716)	12,467,863	2,548,391,890
As of December 31, 2003 (1)	2,283,404,124	163,306,446	(26,313,477)	180,417,144	(1,492,109)	12,779,560	2,612,101,688
As of January 1, 2004	2,227,711,340	159,323,362	(25,671,685)	176,016,726	(1,455,716)	12,467,863	2,548,391,890
Capital increase	-	(563,714)	-	-	-	-	(563,714)
Transfer of prior year income to retained earnings	-	-	-	13,629,822	(1,161,959)	(12,467,863)	-
Changes in equity of affiliates	-	-	(4,435,524)	-	-	-	(4,435,524)
Cumulative translation adjustment	-	-	(103,832,123)	-	-	-	(103,832,123)
Reserve Technical Bulletin No. 72	-	-	11,992,130	-	-	-	11,992,130
Price-level restatement of capital	55,692,784	3,966,173	(641,792)	4,731,711	(55,989)	-	63,692,887
Net income for the year	-	-	-	-	-	44,307,596	44,307,596
As of December 31, 2004	2,283,404,124	162,725,821	(122,588,994)	194,378,259	(2,673,664)	44,307,596	2,559,553,142
As of December 31, 2004 (2)	4,096,527	291,937	(219,930)	348,723	(4,797)	79,490	4,591,950

(1) Restated in thousands of constant Chilean pesos as of December 31, 2004.

(2) Restated in thousands of constant US\$ as of December 31, 2004

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos of December 31, 2004, except as stated) As of and for the years ended December 31, 2003 and 2004

NOTE 1. DESCRIPTION OF BUSINESS

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. is a reporting company under the United States Securities and Exchange Act of 1934.

The Company's subsidiaries, Chilectra S.A. and Empresa Nacional de Electricidad S.A. (Endesa S.A.) are registered in the Securities Register under No. 0321 and 0114, respectively.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General

(i) 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 year's 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 year. Actual results could differ from those estimates.

In certain cases generally accepted accounting principles in Chile require that assets or liabilities be recorded or disclosed at their fair values. The fair value is the amount at which an asset could be bought or sold or the amount at which a liability could be incurred or settled in a current transaction between willing parties, other than in a forced or liquidation sale. Where available, quoted market prices in active markets have been used as the basis for the measurement; however, where quoted market prices in active markets are not available, the Company has estimated such values based on the best information available, including using modeling and other valuation techniques.

(ii) Reclassifications - For purposes of comparison, the following reclassifications were made in the 2003 financial statements:

2003:			
Balance sheet reclassifications			
From	Charge ThCh\$	To	Credit ThCh\$
Deferred income taxes liabilities long-term	18,172,355	Deferred income taxes assets short-term	(18,172,355)
Statement of operations reclassifications			
From	Credit ThCh\$	To	Charge ThCh\$
Other non-operating income	7,309,555	Operating Income	(7,309,555)
Other non-operating expenses	(2,186,889)	Operating Expenses	2,186,889

- (iii) 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 operations. The Company consolidates the financial statements of companies in which it controls over 50% of the voting shares, provided there are no substantive minority participating rights that prevent control, as detailed as follows:

Company	Percentage participation in voting rights as of December 31,			
	2003		2004	
	Total	Direct	Indirect	Total
Chilectra S.A.	98.24	98.24	-	98.24
Compañía Eléctrica del Río Maipo S.A. (2)	-	-	-	-
Synapsis Soluciones y Servicios IT Ltda.	100.00	99.99	0.01	100.00
Inmobiliaria Manso de Velasco Ltda.	100.00	100.00	0.00	100.00
Cía. Americana de Multiservicios Ltda.	100.62	99.93	0.07	100.00
Endesa Chile S.A. (4)	59.98	59.98	-	59.98
Elesur S.A. (4)	-	100.00	-	100.00
Enersis de Argentina S.A. (3)	-	-	-	-
Enersis Internacional Ltda.	100.00	100.00	-	100.00
Inversiones Distrilima S.A.	55.68	15.93	39.75	55.68
Empresa Distribuidora Sur S.A. (Edesur)	65.09	16.02	49.07	65.09
Luz de Bogotá S.A. (5)	44.66	-	-	-
Codensa S.A. (5)	-	12.47	9.19	21.66
Cerj	71.81	35.13	45.29	80.41
Investluz (1)	52.00	15.61	39.52	55.13
Enersis Energía de Colombia S.A. (3)	-	-	-	-

(1) Investluz is Parent Company of Companhia Energética do Ceará S.A. Coelce. 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 was notified on June 28, 1999.

(2) On April 30, 2003, Compañía Eléctrica del Río Maipo S.A. was sold to Compañía General de Electricidad Industrial S.A. and, as a result, that company ceased to be reflected in our consolidation from January 1, 2003 and was treated as an equity - method investee until its sale.

(3) Enersis de Argentina S.A. and Enersis Energía de Colombia S.A. have been dissolved during 2003.

(4) On May 27, 2004, 99.9989% of Elesur S.A. was purchased, therefore, as from that date it is consolidated into Enersis S.A. financial statements.

(5) On July 9, 2004 the subsidiary Luz de Bogotá S.A., which had investment in Codensa, was liquidated. As a result of the liquidation, the Enersis and Chilectra agencies that owned Luz de Bogotá S.A. shares have direct investment in Codensa S.A.

Codensa S.A. is consolidated because of the majority presence on the board of directors, obtained through the shareholders' agreement of January 27, 2004, between Endesa Internacional and subsidiaries of Enersis S.A.

(iv) Consolidated subsidiaries of Endesa Chile S.A. area detailed as follows:

Company name	Percentage participation in voting rights as of December 31,			
	2003		2004	
	Total %	Direct %	Indirect %	Total %
Eniges S.A.	100.00	99.51	0.49	100.00
Ingendesa S.A.	97.64	96.39	1.25	97.64
Pehuenche S.A.	92.65	92.95	-	92.95
Endesa Argentina S.A. (5)	99.99	97.99	2.00	99.99
Endesa-Chile Internacional	100.00	100.00	-	100.00
Pangue S.A.	94.99	94.97	0.02	94.99
Hidroinvest S.A.	69.93	-	69.93	69.93
Infraestructura 2000 S.A. (1)	-	-	-	-
Hidroeléctrica El Chocón S.A.	65.19	-	65.19	65.19
Central Costanera S.A.	64.26	12.33	51.93	64.26
Endesa Brasil Participacoes Ltda.	100.00	5.00	95.00	100.00
Túnel El Melón S.A.	99.95	99.95	-	99.95
Soc. Concesionaria Autopista del Sol S.A. (1)	-	-	-	-
Inecsa 2000 S.A. (1)	-	-	-	-
Soc. Concesionaria Autopista Los Libertadores S.A. (1)	-	-	-	-
Compañía Eléctrica Cono Sur S.A.	100.00	100.00	-	100.00
Central Hidroeléctrica Betania S.A.	85.62	0.44	85.18	85.62
Endesa de Colombia S.A. (4)	100.00	-	-	-
Lajas Inversora S.A.	100.00	100.00	-	100.00
Centrais Electricas Cachoeira Dourada S.A.	99.61	-	99.61	99.61
Capital de Energía S.A.	50.90	0.05	50.95	51.00
Emgesa S.A (2)	48.48	-	51.32	51.32
Edegel S.A.	63.56	-	63.56	63.56
Generandes Perú S.A.	59.63	-	59.63	59.63
Compañía Eléctrica San Isidro S.A. (3)	100.00	100.00	-	100.00
Compañía Eléctrica Tarapacá S.A.	100.00	100.00	-	100.00
Inversiones Endesa Norte S.A.	100.00	99.91	0.09	100.00
Ingendesa Do Brasil Limitada	100.00	-	100.00	100.00

1. On June 23, 2003 Infraestructura 2000 Holding and its consolidated subsidiaries was sold, and as a result, these companies ceased to be consolidated in our financial statements Chile from January 1, 2003 and were treated as equity - method investees until their sale. On June 23, 2003 these companies were sold as part of the sale of Infraestructura 2000.
2. Endesa-Chile exercises control over this company under an agreement with other shareholders.
3. Endesa-Chile directly owns all of shares A, which compose 50% of share capital of this company. Only shares A have voting rights - other shareholders do not have voting rights.
4. On December 17, 2004, the Colombian subsidiary Endesa de Colombia S.A., which had part of the investment in Central Hidroeléctrica Betania S.A. (8.91%), was sold off; as a result of the sale, Endesa Matriz and Compañía Eléctrica Cono Sur S.A., which held Endesa shares in Colombia S.A., now direct ownership in Central Hidroeléctrica Betania S.A.
5. On November 17, 2004, Endesa sold 492,920 shares of Endesa Argentina to Endesa Inversiones Generales S.A., equivalent to 2% of its ownership of such Company.

b) Years covered

These financial statements reflect the Company's financial position as of December 31, 2003 and 2004, and the results of its operations, the changes in its shareholders' equity and its cash flows for the years ended December 31, 2003 and 2004.

c) Constant currency restatement

The cumulative inflation rate in Chile as measured by the Chilean Consumer Price Index ("CPI") for the two-year ended December 31, 2004 was approximately 3.52%.

Chilean GAAP requires that the financial statements be restated to reflect the full effects of gain or 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 year 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, 2003	114.44	1.0%
November 30, 2004	117.28	2.5%

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, 2003	114.07	1.1%
December 31, 2004	116.84	2.4%

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, 2003	16,920.00
December 31, 2004	17,317.05

Comparative financial statements

For comparative purposes, the 2003 consolidated financial statements and the amounts disclosed in the related Notes have been restated in terms of Chilean pesos of December 31, 2004, purchasing power.

This updating does not change the prior years' 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, 2004 of Ch\$557.4 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 December 31, as follows:

Currency	Symbol used	2003 Ch\$	2004 Ch\$
United States dollar	US\$	593.80	557.40
British pound sterling	£	1,056.21	1,073.37
Colombian peso	\$Col	0.21	0.23
New Peruvian sol	Soles	171.62	169.84
Brazilian real	Rs	205.52	209.99
Japanese yen	¥	5.55	5.41
Euro	€	744.95	760.13
Pool Unit (IBRD)(1)	UP	8,408,776.27	7,874,799.07
Unidad de Fomento (UF)	UF	16,920.00	17,317.05
Unit of Account (IDB) (1)	UC	970.23	899.42
Argentine peso	\$Arg	200.61	187.65

(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 rates to the US dollar, at a determined date.

e) Time deposits and marketable securities

Time deposits are presented at original placement plus accrued interest and UF indexation adjustments, as applicable. Marketable securities include investments in quoted shares that are valued at the lower of cost or market value. The investments are in both short-term highly liquid fixed rate investment shares and mutual fund units valued at cost plus interest and indexation or redemption value as appropriate (Note 4).

f) Allowance for doubtful accounts

The estimates for the allowance for doubtful accounts have been made considering the aging and nature of the accounts receivables. Accounts receivable are classified as current or long-term, depending on their collection terms. Current and long-term trade accounts receivable, notes receivable and other receivables are presented net of allowances for doubtful accounts (see Note 5). The allowance for doubtful accounts amounted ThCh\$106,994,829 and ThCh\$104,345,683 for the years ended December 31, 2003 and 2004, respectively. In addition, the total sum owed by companies that have gone into bankruptcy amounting to ThCh\$908,570 in 2004 and ThCh\$842,006 in 2003, is included in the bad debt allowance estimation.

g) Inventories

Inventory of materials in transit, and operation and maintenance materials on hand, are valued at the lower of price-level restated cost or net realizable value.

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 realization is expected in the short-term.

h) Property, plant and equipment

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

Property, plant and equipment acquired after the latest valuation of net replacement cost are shown at cost, plus price-level restatement. Interest on debt directly obtained to finance construction projects is capitalized during the year of construction (only in power generators).

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.

In accordance with Chilean GAAP, the Company has evaluated the recoverability of its foreign investments as required by Technical Bulletin No. 33 of the Chilean Association of Accountants. It is the Company's policy, when evidence exists of an other than temporary impairment of fixed assets, such that the Company's operations are not expected to generate sufficient net cash flows, to recover all fixed asset costs, including depreciation, that the book values of those assets must be reduced to their net realizable values with a charge to non-operating expenses. The Company has not identified impairments in the net book values of its property, plant and equipment.

i) Depreciation

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

The table below provides the useful life range for our most significant fixed assets classes.

Table	Useful life in years
Distribution and transmission lines network	20 – 50
Substations	20 – 40
Public lighting	20 – 40
Generator and turbines	20 – 40
Combined cycle	20 – 40

j) Leased assets

The leased assets, whose contracts have financial lease characteristics, are accounted for as an acquisition of property, plant and equipment, recognizing the total obligation and the unrecorded interest. Said assets do not legally belong to the Company, for which reason, as long as the purchase option is not exercised, it will not be able to freely dispose of them.

k) Power installations financed by third parties

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

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

l) 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 an accrual basis (Note 11).

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

Under Technical Bulletin No. 64 of the Chilean Association of Accountants, investments in foreign subsidiaries are price-level

restated, the effects of which are reflected in income, while the effects of the foreign exchange gains or losses between the Chilean peso and the US dollar on the foreign investment measured in US dollars, are reflected in equity in the account "Cumulative Translation Adjustment".

Investments in related companies over which the Company has significant influence are included in Other assets and are recorded using the equity method. Accordingly, the Company's proportional share in net income (or loss) of each investee is recognized in the non-operating income and expense classification in the consolidated statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

In accordance with Chilean GAAP, the Company has evaluated the recoverability of its foreign investments as required by Technical Bulletins No. 33 of the Chilean Association of Accountants. The Company has not identified impairments in the net book values of its investments.

m) Intangibles, other than goodwill

Intangibles, other than goodwill, correspond mainly to easements, adjustments to carrying value for assets contributed by the state of Chile upon incorporation of the Company, and rights for the use of telephone lines and are amortized in accordance with Technical Bulletin No.55 of the Chilean Association of Accountants.

n) Severance indemnities

The severance indemnity that the Company is obliged to pay to its employees under collective bargaining agreements is stated at the present value of the benefit under the vested cost method, discounted at 6.5% (9.5% in 2003) and assuming an average employment span which varies based upon years of service with the Company.

o) Revenue recognition

Revenue consists of revenue for electric power generation and distribution, among which is included energy supplied and unbilled at each year-end, valued at the selling price using the current rates which 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, income related to computer advisory services, engineering services and sale of materials.

p) **Cost of sales and Administrative and selling expenses**

The cost of sales line item includes: purchased energy and power, materials, fuel, tolls and energy transportation cost, direct production salaries, productive assets depreciation, amortization, and maintenance and operation cost. The administrative and selling expense line item includes: general and administrative, materials and office supplies, overhead salaries, bad debt expense, non-productive assets' amortization and depreciation.

q) **Income tax and deferred income taxes**

At December 31, 2003 and 2004, the Company recorded current tax expense according to the tax laws and regulations in each country of ThCh\$77,736,155, ThCh\$103,272,006 and ThCh\$90,711,798, respectively and, additionally, it recorded in the year's income a deferred tax benefit of ThCh\$60,662,022 in 2003 and deferred tax expense of ThCh\$46,529,409 in 2004. The Company records deferred 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 using the tax rates estimated to be in effect at the time of reversal of the temporary differences that gave rise to them.

r) **Accrued vacation expense**

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

s) **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.

t) **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 cash 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.

u) **Financial derivative contracts**

As of December 31, 2003 and 2004 the Company and its subsidiaries have forward contracts, currency swaps, and interest rate swaps and collars with several financial institutions, to hedge against mainly foreign currency and interest risk exposures, which are recorded according to Technical Bulletin No.57 of the Chilean Association of Accountants. Forward foreign exchange contracts gains and losses are recorded at estimated fair value with certain gains and losses deferred as assets or liabilities until settlement if the instrument qualifies as a hedge which are included in earnings as "Other non-operating income and expense".

v) **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, not to exceed 20 years.

As of December 31, 2003 and 2004 the Company evaluated the recoverability of its goodwill and negative goodwill value arising from investments abroad and under the guidance of Technical Bulletin No.56 of the Chilean Association of Accountants, under IAS 36 "Impairment of Assets Value", an impairment of goodwill and negative goodwill was recorded (See Note 13).

w) **Pension and post-retirement benefits**

Pension and post-retirement benefits are recorded in accordance with the respective collective bargaining contracts of the employees based on the actuarially determined projected benefit obligation.

x) **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.

y) **Investments in other companies**

Investments in other companies are presented at acquisition cost adjusted for price-level restatement, as they do not trade in an organized market.

z) Research and development costs

Costs incurred by the Company in research and development relate mainly to water-level studies, hydroelectric research, and seismic-activity surveys which are expensed as incurred. Costs incurred in performing studies related to specific construction projects are capitalized.

aa) Cost of share issue

Costs incurred to date associated with issuing and placing shares are recorded according to the provisions of Circular No. 1370 of 1998 of the Superintendency of Securities and Insurance. The amounts are deducted from the share premium account. A breakdown of the costs is shown in Note 26.

ab) Litigation and other legal action

As of December 31, 2004, the Company has established accruals for probable losses in the aggregate amount of ThCh\$66,544,240, including accruals Endesa-Chile has established in the amount of ThCh\$17,199,250. See Note 29 for detail of claims to which such accruals relate to.

The Company has not recognized any assets for expected recoveries, through insurance or from others, related to litigation and other legal actions, in the periods presented. The Company records such recoveries only in the case that it is virtually certain such recoveries will be realized. In the case that the Company does record expected recoveries, the Company's policy is to record such amounts as an asset in our consolidated balance sheet, unless a right of offset clearly exists.

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES

- As of January 1, 2004, the Superintendency of Securities and Insurance, through Circular Letter 1697, has made effective the adoption of Technical Bulletin 72 on Business Combinations issued by the Accountants Association of Chile. These regulations have been applied by the Corporation and pertain to the nature of permanent investments and financial statement consolidation.
- Regarding indemnity for years of service, the Corporation modified the discount rate from 9.5% in 2003 to 6.5% in 2004 and its workers' estimated service lives, which are the assumptions used to assess the said liabilities. These changes resulted in the acknowledgment of a larger net charge of ThCh\$22,060 to income during the current fiscal year.

In addition, in the provision for post-retirement benefits, the discount rate was also modified from 9.5% in 2003 to 6.5% in 2004, which resulted in a charge to income of ThCh\$3,411,293.

NOTE 4. TIME DEPOSITS

Time deposits as of each year end are as follows:

Financial Institution	2003		2004		As of December 31,	
	Annual Rate %	Scheduled Maturity	Annual Rate %	Scheduled Maturity	2003 ThCh\$	2004 ThCh\$
AVillas	-	-	8.85%	01-02-05	-	11,150,382
Bancafe	-	-	7.79%	02-01-05	-	10,456,693
Banco Bilbao Vizcaya	0.97%	05-01-04	2.41%	02-01-05	70,181,356	87,359,136
Banco Colpatría	9.35%	02-01-04	8.15%	02-01-05	8,665,882	18,833,799
Banco Continental	1.48%	06-01-04	2.35%	02-01-05	2,157,070	3,974,531
Banco Crédito	-	-	5.43%	02-01-05	-	6,651,891
Banco de Bogotá	10.50%	02-02-04	2.18%	15-03-05	207,091	16,649,142
Banco de Chile	-	-	1.85%	02-01-05	-	3,605,027
Banco de Chile N.Y.	-	-	1.85%	02-01-05	-	2,669,945
Banco de Occidente	-	-	1.80%	01-01-05	-	4,376,923
Banco do Brasil	1.37%	02-01-04	3.06%	02-01-05	3,555,810	969,133
Banco do Estado do Ceará	1.37%	02-01-04	1.47%	04-01-05	3,095,085	2,033,720
Banco Frances	2.50%	20-01-04	4.32%	05-01-05	285,784	544,812
Banco Holandes	3.75%	28-01-04	-	-	207,022	-
Banco Itau	1.44%	02-01-04	1.46%	04-01-05	6,394	89
Banco Interbank	0.70%	02-01-04	-	-	1,334,459	-
Banco Lloyds	-	-	8.53%	03-01-05	-	4,198,449
Banco Nationale de Paris	1.44%	02-01-04	2.16%	04-01-05	414,916	3,971,546
Banco Pactual	1.39%	15-01-04	-	-	2,765,456	-
Banco Real	0.00%	-	0.99%	11-01-05	389,437	82,545
Banco Rio de la Plata	1.59%	28-01-04	3.54%	15-01-05	2,542,817	2,572,288
Banco Safra	16.03%	02-01-04	-	-	2,726,310	-
Banco Santander	1.51%	02-01-04	6.33%	02-01-05	5,652,277	14,317,288
Banco Santander Santiago	-	-	1.20%	02-01-05	-	91,074
Banco Santos	1.39%	15-01-04	-	-	883,503	-
Banco Sudameris	-	-	8.54%	03-01-05	-	3,638,640
Banco Tequendama	8.50%	02-01-04	9.22%	03-01-05	770,608	4,409,737
Banco Unión	9.75%	01-03-04	8.87%	01-02-05	10,569,470	2,133,337
Banco Votorantim	1.39%	15-01-04	1.47%	04-01-05	1,006,218	3,760,980
Bancolombia	1.00%	05-01-04	2.39%	02-01-05	1,278,155	38,144,067
Bank Boston	0.80%	02-01-04	2.95%	02-01-05	451,474	456,676
Bank of America	0.56%	05-01-04	1.63%	02-01-05	16,855,765	8,189,878
Bradesco	1.38%	15-01-04	7.07%	02-01-05	877,332	3,411,044
BTM	0.60%	02-01-04	-	-	668,294	-
CDT	-	-	7.90%	02-01-05	-	806,955
Citibank N.Y.	0.53%	05-01-04	2.93%	02-01-05	44,702,765	75,880,376
Citiliquit	0.95%	02-01-04	6.22%	03-01-05	3,154,884	435,601
Corficol S.A.	9.66%	02-01-04	-	-	7,098,131	-
Corficolombiana	-	-	9.03%	15-03-05	-	8,325,719
Corfinsura	1.41%	02-01-04	4.22%	02-01-05	2,018,080	25,566,873
Corfivalle	1.70%	02-01-04	8.38%	02-01-05	4,626,408	13,251,647
Corporacion las Villas	9.95%	01-03-04	-	-	942,035	-
Encargo Fiduciario Banco Santander	6.51%	02-01-04	9.00%	02-01-05	515,610	1,566,442
FAM Fondo Ganadero	-	-	8.43%	02-01-05	-	1,442,306
Fiduciaria Banco de Bogotá	-	-	5.74%	03-01-05	-	153
Fiduciaria Banco Colpatría	7.71%	02-01-04	6.73%	03-01-05	1,689	187
Fiduciaria Bancolombia	7.37%	02-01-04	6.61%	03-01-05	5,448,016	49
Fiduciaria Helm Trust	-	-	6.74%	03-01-05	-	70
Fiducolombia	8.14%	02-01-04	7.17%	02-01-05	1,123,055	4,116,116
Fiduoccidente	-	-	6.52%	03-01-05	-	81
Fiduvallé	7.08%	02-01-04	7.44%	02-01-05	1,765,894	8,285,231
Granahorrar	8.90%	02-01-04	-	-	826,413	-
HSBC - Bamerindus	1.39%	15-01-04	1.50%	02-01-05	18,503,537	3,770,473
Interbolsa S.A	9.68%	02-01-04	7.98%	02-01-05	10,536,885	6,436,913
Merrill Lynch	0.60%	05-01-04	2.08%	02-01-05	6,143,374	4,231,326
Panamericano	-	-	18.65%	01-01-05	-	107,475
Porvenir	3.22%	02-01-04	2.24%	02-01-05	15,279,260	439,323
Pruential Securiti	0.20%	30-01-04	-	-	1,055,017	-
Serfinco	8.05%	02-01-04	7.15%	02-01-05	90,591	80,741
Ford Motor	-	-	2.26%	02-01-05	-	5,590,056
Suvalor	9.10%	02-01-04	8.16%	02-01-05	1,275,652	29,273,086
Otros	0.00%	02-01-04	1.45%	04-01-05	5,690	2,483,888
Total					262,660,971	450,743,859

NOTE 5. ACCOUNTS, NOTES AND OTHER RECEIVABLES

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

Account	As of December 31,								
	Under 90 days		91 days to 1 year		Sub total	Current		Long term	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Account receivable	509,056,859	540,343,007	63,603,984	80,151,615	620,494,622	572,660,843	528,740,129	-	-
Allowance for doubtful accounts	(33,854,656)	(32,358,593)	(59,956,562)	(59,395,900)	(91,754,493)	(93,811,218)			
Notes receivables	8,180,871	2,865,834	1,181,130	696,361	3,562,195	9,362,001	2,828,014	-	-
Allowance for doubtful accounts	(119,253)	(131,782)	(671,056)	(602,399)	(734,181)	(790,309)			
Other receivables	53,789,172	60,662,368	51,543,183	12,152,586	72,814,954	105,332,355	63,814,202	134,743,490	128,766,346
Allowance for doubtful accounts	(2,848,919)	(1,386,054)	(5,934,313)	(7,614,698)	(9,000,752)	(8,783,232)		(3,610,070)	(2,856,257)
Total						583,970,440	595,382,345	131,133,420	125,910,089

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

Country	As of December 31,			
	2003		2004	
	ThCh\$	%	ThCh\$	%
Chile	174,001,542	24.33%	155,832,458	21.60%
Perú	46,424,406	6.49%	51,255,755	7.11%
Argentina	48,160,770	6.73%	58,060,262	8.05%
Colombia	113,317,251	15.85%	128,009,533	17.75%
Brazil	332,896,968	46.55%	323,506,255	44.85%
Panamá	302,923	0.04%	4,628,171	0.64%
Total	715,103,860	100.00%	721,292,434	100.00%

- c) Changes in provision for accounts receivables are as follows:

	Year ended December 31,	
	2003 ThCh\$	2004 ThCh\$
Balance at beginning of period	119,415,603	106,994,829
Additions charged to costs and expenses	37,639,977	16,262,434
Deductions	(46,785,486)	(20,647,225)
Other	(3,275,265)	1,735,645
Balance at end of period	106,994,829	104,345,683

Bad debt write-offs of ThCh\$46,785,486 and ThCh\$20,647,225 were recorded for the years ended December 31, 2003 and 2004, respectively.

- d) Amounts of unbilled energy sold are as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Unbilled energy sold	160,391,143	177,603,778

NOTE 6. TRANSACTIONS WITH RELATED COMPANIES

The balances of accounts receivable and payable with related companies are as follows at December 31, 2003 and 2004:

a) Notes and accounts receivable due from related companies:

Company	As of December 31,			
	Short-term		Long-term	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Aguas Santiago Poniente S.A.	592,954	-	-	-
Atacama Finance Co.	1,952,594	106,087,173	131,389,523	-
CGTF Fortaleza	148,215	34,419	-	-
Cía. Interconexión Energética S.A.	2,736,733	1,687,332	159,325	38
Com. de Energía del Mercosur S.A.	5,185,378	3,311,018	-	-
Consortio Energetico Punta Cana-Macao	962	-	-	-
Distrilec Inversora S.A.	6,146	-	-	-
Elesur S.A.	27,996	-	-	-
Empresa Eléctrica de Bogotá S.A.	35,294	-	-	-
Empresa Eléctrica Piura S.A.	33,242	52,796	-	-
Endesa España	-	543,797	-	-
Endesa Internacional S.A.	1,311,402	352,336	173,476	122,111
Etevensa	96,106	63,562	-	-
Fundación Endesa	38,885	58,960	-	-
Consortio Ingendesa - Minmetal Ltda.	-	15,715	-	30,000
Gas Atacama Generación Ltda.	30,592	27,967	-	-
Gasoducto Atacama Chile	126,609	193,193	-	-
Gasoducto Tal Tal Ltda.	-	75,087	-	-
Gas Atacama S.A.	2,681,081	-	-	-
Sociedad Consortio Ara Ltda.	-	13,425	-	-
Consortio Ara-Ingendesa Ltda.	463,413	201,639	-	-
Inversiones Electricas Quillota S.A.	2,050	2,000	-	-
Sacme	90,728	82,739	-	-
Smartcom S.A.	1,610,360	1,273,859	-	-
Soc. de Inv. Chispa Uno S.A.	2,023	-	-	-
Transmisora Eléctrica de Quillota Ltda.	313,865	308,746	609,105	304,097
Total	17,486,628	114,385,763	132,331,429	456,246

b) Notes and accounts payable due to related companies:

Company	As of December 31,			
	Short-term		Long-term	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Aguas Santiago Poniente S.A.	6	-	-	-
Cía. Interconexión Energética S.A.	21,464,496	8,864,648	-	-
Cía. de Transmisión del Mercosur S.A.	1,033,586	178,592	-	-
CGTF Fortaleza	3,274,017	14,436,127	-	-
Com. de Energía del Mercosur S.A.	584,044	239,536	-	-
Electrogas S.A.	199,325	207,713	-	-
Elesur S.A.	136,489	-	-	-
Empresa Eléctrica de Bogotá S.A.	2,930,452	-	86,428	-
Empresa Eléctrica Piura S.A.	394,992	476,526	-	-
Endesa Internacional S.A.	1,230,151	56,725,083	-	-
Endesa Servicios	98,284	-	-	-
Sacme	115,123	107,332	-	-
Smartcom S.A.	32,644	247,699	-	-
Transmisora Eléctrica de Quillota Ltda.	23,391	25,419	-	-
Total	31,517,000	81,508,675	86,428	-

c) The most significant transactions and their effects in income (expense) for each year ended December 31 are as follows:

Company	Relationship	Nature of transaction	2003 Income (Expense) ThCh\$	2004 Income (Expense) ThCh\$
Aguas Santiago Poniente S.A.	Affiliate	Interest	22,681	-
		Services	15,538	-
Atacama Finance Co.	Affiliate	Interest	5,678,768	6,406,649
		Monetary correction	1,781,235	2,982,447
		Exchange difference	(29,716,443)	(10,276,468)
CGTF Fortaleza	Affiliate	Services	1,172,958	327,731
		Purchase of energy	(3,205,624)	(86,270,164)
Cía. Interconexión Energética S.A.	Affiliate	Sale of energy	21,942,261	19,198,528
		Purchase of energy	(51,820,568)	(54,004,303)
		Interest	68,202	7,961
		Services	56,239	63,218
		Exchange difference	-	-
Consortio ARA-Ingendesa	Affiliate	Services	2,129,021	2,572,199
Consortio Ingendesa Minmetal Ltda.	Affiliate	Services	-	61,141
Com. de Energía del Mercosur S.A.	Affiliate	Sale of energy	20,487,600	19,487,819
		Purchase of energy	(2,178,949)	(743,739)
		Interest	-	-
		Services	18,812	18,266
Com. Transmisión del Mercosur S.A.	Affiliate	Purchase of energy	(2,109,564)	(2,166,614)
Empresa Eléctrica de Bogotá S.A.	Affiliate	Exchange difference	(2,202,686)	-
Elesur S.A.	Parent company	Interest	(9,499,614)	-
		Monetary correction	(16,067,616)	-
		Services	36,638	-
Empresa Eléctrica Piura S.A.	Member of Controlling Group	Sale of energy	500,996	125,823
		Purchase of energy	(4,914,658)	(4,762,242)
		Services	98,805	125,122
Electrogas S.A.	Affiliate	Services	(2,681,022)	(2,674,409)
Endesa España	Parent company	Exchange difference	-	(27,935)
Endesa Internacional S.A.	Parent company	Services	130,312	71,854
		Interest	(193,724)	(141,997)
Endesa Servicios	Member of Controlling Group	Services	(125,814)	-
Empresa Propietaria de la Red	Affiliate	Services	153,139	-
Etevensa	Member of Controlling Group	Sale of energy	2,269,437	1,520,132
		Services	131,248	637,234
Fundación Endesa	Member of Controlling Group	Services	-	34,937
Gasoducto Atacama Generación Ltda.	Affiliate	Services	80,661	1,727
Gas Atacama S.A.	Affiliate	Exchange difference	-	(127,613)
Ingendesa do Brasil	Member of Controlling Group	Services	(25,564)	-
Ingendesa Argentina	Member of Controlling Group	Services	-	7,262
Sacme	Affiliate	Services	(316,289)	(334,279)
Smartcom S.A.	Member of Controlling Group	Services	3,853,485	3,721,375
		Interest	-	32,300
Soc. de Inv. Chispa Uno S.A.	Affiliate	Services	8,731	2,911
Transmisora Eléctrica de Quillota Ltda.	Affiliate	Interest	109,927	81,104
		Monetary correction	25,351	57,305
		Services	131,501	85,307
			(64,154,589)	(103,899,411)

The transfer of short-term funds between related companies, is on the basis of a current cash account, at a variable interest rate based on market conditions. The resulting accounts receivable and accounts payable are essentially on 30 day terms, with automatic rollover for the same year and settlement in line with cash flows. The transfer of short-term funds between related companies, is on the basis of a current cash account, at a variable interest rate based on market conditions. The resulting accounts receivable and accounts payable are essentially on 30 day terms, with automatic rollover for the same year and settlement in line with cash flows.

Detail of the long-term payables / receivables is as follows:

Company	Type	Due Date	Capital in original currency	Currency	Interest rate
Transmisora Eléctrica de Quillota Ltda.	Account receivables	2006	35,389.57	U.F.	9.00%

NOTE 7. INVENTORIES

Inventories include the following items and are presented net of an allowance for obsolescence amounting to ThCh\$2,750,729 and ThCh\$3,017,626 as of December 31, 2003 and 2004, respectively:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Real estate under development	16,561,003	15,702,906
Materials in transit	138,683	188,414
Operation and maintenance material	22,602,565	25,375,082
Fuel	6,113,564	9,714,913
Others	84	-
Total	45,415,899	50,981,315

NOTE 8. DEFERRED INCOME TAXES

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Income tax provision - current	49,036,057	54,418,780
Recoverable tax credits	(62,818,496)	(97,637,872)
Total	(13,782,439)	(43,219,092)

b) The balance of tax retained losses and the related tax credits are as follows:

Year	Amount of loss ThCh\$	Credit ThCh\$
2003	204,685,253	-
2004	239,949,691	-

c) The net effect of recording the deferred tax expense (benefit) was ThCh\$(60,662,022) and ThCh\$46,529,409 during the years ended December 31, 2003 and 2004, respectively.

- d) In accordance with BT No.60 and 69 of the Chilean Association of Accountants, and Circular No.1,466 of the SVS, the Company and its subsidiaries have recorded consolidated deferred income taxes as of December 31, 2003 and 2004 as follows:

Description	As of December 31, 2003				As of December 31, 2004			
	Asset		Liability		Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Allowance for doubtful accounts	9,441,712	19,715,261	-	-	8,592,885	20,367,584	-	-
Deferred income	1,532,249	5,493,647	-	-	1,093,988	1,376,969	-	-
Vacation accrual	789,056	-	-	-	902,749	-	-	-
Intangibles	73,815	-	12,703	1,540	-	-	-	-
Fixed assets depreciation	150	3,159,481	93,135	364,000,349	-	2,893,469	139,345	386,542,008
Severance indemnities	-	-	-	1,953,906	-	-	-	1,886,652
Other	2,898,399	1,000,934	845,581	5,331,865	925,843	897,198	258,881	3,041,781
Contingencies	8,136,524	46,100,903	-	-	5,733,922	46,244,921	-	-
Bond discount	-	-	112,726	1,789,264	-	-	135,394	1,701,307
Cost of studies	-	-	-	8,180,400	-	-	-	8,107,213
Finance cost	-	-	-	10,904,732	-	-	-	12,982,334
Imputed interest on construction	-	-	-	4,664,007	-	-	-	4,293,140
Deferred charges	1,900,849	2,800,215	1,799,379	2,805,349	3,209,755	-	619,552	3,384,371
Actuarial deficit (Brazil)	-	12,070,233	-	-	-	12,028,415	-	-
Withholdings	-	-	5,864	1,249	-	-	-	-
Obsolescence	291,011	656,893	-	-	295,228	647,679	-	-
Materials used	-	-	-	973,913	-	-	-	895,914
Imputed salaries on construction	-	3,899,439	-	-	-	3,632,328	-	-
Tax losses	30,731,646	100,373,330	-	-	42,778,937	81,877,301	-	-
Provision real state project	-	2,944,849	-	-	-	2,528,523	-	-
Sie2000A project	-	-	-	183,201	-	-	-	277,684
Provision for employee benefits	1,123,988	3,236,528	540	-	1,478,806	2,689,410	-	-
Derivative contracts exchange difference	-	312,837	989,222	-	1,615,743	-	-	-
Operating fees	5,106,050	-	-	-	3,736,278	-	-	-
Energy in measurers	-	-	2,798,986	-	-	-	2,419,644	-
Regulated assets	-	-	2,282,623	13,555,320	-	-	6,785,601	7,873,283
Capitalized expenses	-	-	-	637,484	-	-	-	556,006
Capitalized interest	-	-	-	1,449,633	-	-	-	1,899,692
Valuation allowance	(62,409)	(21,776,753)	(1,630)	(231,934,818)	-	(17,495,723)	-	(215,152,549)
Provisión de valuación	-	(2,685,345)	-	-	-	(2,935,126)	-	-
Total	61,963,040	177,302,452	8,939,129	184,497,394	70,364,134	154,752,948	10,358,417	218,288,836

- e) Income tax benefit (expense) for the year ended December 31, 2003 and 2004 is as follows:

Item	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Current income tax expense:		
Income tax provision	(103,270,325)	(91,392,576)
Adjustment for tax expense - prior year	(1,681)	680,778
Deferred tax expense (benefit):		
Deferred taxes	52,463,456	(48,266,851)
Benefits for tax losses	29,492,226	16,171,969
Amortization of complementary accounts	(21,254,071)	(14,395,636)
Valuation allowance	(39,589)	(38,891)
Total	(42,609,984)	(137,241,207)

NOTE 9. OTHER CURRENT ASSETS

Other current assets are as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Forwards contracts and swap (1)	11,196,734	81,507
Guaranties and indemnities	2,430,634	208,760
Deferred expenses	6,779,838	2,617,127
Post-retirement benefits	886,918	233,837
Deposits for commitments and guarantees	12,976,213	4,023,170
Bond discount	740,663	926,826
Recoverable - taxes	2,413,745	-
Fair value derivatives contracts	1,206,465	159,867
Reverse repurchase agreements (2)	36,371,190	25,585,039
Others	774,602	2,281,047
Total	75,777,002	36,117,180

(1) See detail in Note 29.

(2) The detail of reverse repurchase agreements is as follows:

As of December 31, 2004									
Code	Date Start	End	Financial institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.R.	0.33%	1,717,533	1,717,190	1,717,190
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.F.	0.33%	202,755	202,710	202,710
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	CERO	0.33%	55,192	55,189	55,189
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.F.	0.33%	1,744,373	1,743,989	1,743,989
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.F.	0.33%	801,429	801,289	801,289
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.F.	0.33%	2,633,534	2,633,052	2,633,052
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.F.	0.33%	5,029,012	5,027,775	5,027,775
CRV	29-Dec-04	3-Jan-05	BBVA C. Bolsa BHIF S.A.	U.F.	D.P.F.	0.33%	1,724,914	1,724,822	1,724,822
CRV	29-Dec-04	3-Jan-05	Valores Security S.A. C.B.	U.F.	BONO	0.37%	683,467	683,315	683,315
VRC	29-Dec-04	3-Jan-05	BBVA Banco BHIF	\$	D.P.R.	0.33%	633,722	633,583	633,932
VRC	29-Dec-04	3-Jan-05	Banco Central de Chile	\$	CERO	0.33%	8,044	8,043	8,048
VRC	29-Dec-04	3-Jan-05	BBVA Banco BHIF	\$	D.P.F.	0.33%	6,554,416	6,552,973	6,556,578
VRC	30-Dec-04	3-Jan-05	Banco Central de Chile	\$	CERO	0.12%	2,954	2,954	2,955
VRC	30-Dec-04	3-Jan-05	Scotiabank	\$	D.P.F.	0.12%	1,014,928	1,014,887	1,015,049
VRC	30-Dec-04	3-Jan-05	Banco de Chile	\$	D.P.F.	0.12%	1,609,100	1,609,036	1,609,294
VRC	30-Dec-04	3-Jan-05	Banco Crédito e Inversiones	\$	D.P.F.	0.12%	247,911	247,901	247,941
VRC	30-Dec-04	3-Jan-05	Banco Santander Santiago	\$	D.P.F.	0.12%	413,855	413,838	413,904
VRC	30-Dec-04	3-Jan-05	BBVA Banco BHIF	\$	D.P.F.	0.12%	70,887	70,885	70,895
VRC	30-Dec-04	6-Jan-05	Banco Central de Chile	\$	B.C.D.	0.09%	437,013	437,000	437,092
Total							25,585,039	25,580,431	25,585,019

As of December 31, 2003									
Code	Date Start	End	Financial institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	Bono	0.27%	42,724	42,693	42,724
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	CERO	0.27%	3,841	3,838	3,841
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	421,456	421,153	421,456
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	206,237	206,089	206,237
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	4,741,262	4,737,850	4,741,262
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	14,196,210	14,185,996	14,196,210
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.27%	615,915	615,473	615,915
CRV	23-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.27%	287,115	286,909	287,115
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	Bono	0.26%	56,495	56,490	56,495
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	CERO	0.26%	3,536	3,536	3,536
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	1,321,736	1,321,622	1,321,736
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	942,221	942,140	942,221
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	934,593	934,512	934,593
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	356,103	356,073	356,103
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	1,415,315	1,415,192	1,415,315
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	827,627	827,555	827,627
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.26%	212,450	212,431	212,450
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.26%	109,303	109,293	109,303
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.26%	1,434,904	1,434,779	1,434,904
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	P.D.B.C.	0.26%	313,921	313,894	313,921
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	CERO	0.20%	2,282	2,282	2,282
CRV	30-Dec-03	5-Jan-04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.20%	276,947	276,928	276,947
CRV	30-Dec-03	5-Jan-04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	412,299	412,265	412,299
CRV	30-Dec-03	5-Jan-04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	4,546,358	4,545,979	4,546,358
CRV	30-Dec-03	5-Jan-04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	313,226	313,199	313,226
CRV	30-Dec-03	5-Jan-04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	19,404	19,402	19,404
CRV	30-Dec-03	2-Jan-04	Bancoestado S.A. C.B.	\$	L.H.	0.27%	21,198	21,196	21,198
CRV	30-Dec-03	2-Jan-04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	405,915	405,878	405,915
CRV	30-Dec-03	2-Jan-04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	180,590	180,574	180,590
CRV	30-Dec-03	2-Jan-04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	1,120,153	1,120,051	1,120,153
CRV	30-Dec-03	2-Jan-04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	612,375	612,321	612,375
CRV	30-Dec-03	2-Jan-04	Bancoestado S.A. C.B.	\$	D.P.F.	0.27%	17,480	17,480	17,480
Total							36,371,191	36,355,073	36,371,191

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment is as follows:

	As of December 31,		Useful life range Years
	2003 ThCh\$	2004 ThCh\$	
Land	118,340,129	122,606,995	-
Buildings and infrastructure	5,863,335,494	5,643,213,439	20-40
Distribution and transmission lines and public lighting	4,481,745,419	4,284,173,352	20-50
Less: third party contributions	(39,796,311)	(62,401,125)	20-50
Sub-total	10,305,284,602	9,864,985,666	
Machinery and equipment	1,806,292,572	1,721,120,263	4-20
Work in progress	162,981,726	180,102,817	-
Construction materials	52,718,519	44,425,890	4-10
Leased assets (1)	630,715	28,302,652	4-10
Furniture and fixtures, tools, and computing equipment	78,199,053	84,235,650	4-10
Vehicles	14,053,161	11,609,898	4-10
Equipment in transit	6,354,622	5,976,374	4-10
Other assets	41,854,140	44,056,038	4-10
Sub-total	356,791,936	398,709,319	
Technical appraisal			
Buildings and infrastructure	515,562,792	474,816,497	20-50
Machinery and equipment	119,176,041	109,165,816	4-20
Other assets	219,178	200,725	4-10
Total technical appraisal	634,958,011	584,183,038	
Total property plant and equipment	13,221,667,250	12,691,605,281	
Accumulated depreciation at beginning of year			
Buildings and infrastructure	(3,751,141,037)	(3,822,180,291)	
Machinery and equipment	(582,125,634)	(609,407,810)	
Other assets	(45,503,524)	(48,287,346)	
Accumulated depreciation at beginning of year	(4,378,770,195)	(4,479,875,447)	
Accumulated depreciation at beginning of year technical appraisal			
Buildings and infrastructure	(89,603,788)	(96,979,993)	
Machinery and equipment	(47,872,874)	(50,160,670)	
Other assets	(324,851)	(276,063)	
Total accumulated depreciation at beginning of year technical appraisal	(137,801,513)	(147,416,726)	
Depreciation of the year	(406,326,019)	(379,491,166)	
Total accumulated depreciation at end of year	(4,922,897,727)	(5,006,783,339)	
Total property, plant and equipment, net	8,298,769,523	7,684,821,942	

Depreciation expense of the three years ended December 31, 2004 has been allocated as follows:

	2003 ThCh\$	2004 ThCh\$
Cost of sales	392,468,621	365,465,613
Administrative and selling expenses	13,857,398	14,025,553
Total	406,326,019	379,491,166

(1) Corresponds to a contract for power transmission lines and installations (Ralco-Charrúa 2X220 KV) between Empresa Nacional de Electricidad S.A. and Huepil S.A. The said contract has a 20-year validity and earns interest at a 6.5% annual rate.

As of December 31, 2004, the total leasing obligation, amount to ThCh\$24,384,379, which respective parts are presented in other current liabilities and other long-term liabilities.

- The Company and its foreign subsidiaries have insurance contracts that include blanket, earthquake, and machinery failure policies up to a MUS\$100,000 limit. This coverage includes losses due to business interruption. Premiums prepaid associated with these

policies are recorded in prepaid and charged to income open the life of the policy.

- At December 31, 2003 and 2004 Enersis S.A. and its local subsidiaries have carried out an analysis of the book values of their property, plant and equipment and of the companies in which it has invested abroad. The analysis consisted of evaluating both the recoverability of property, plant and equipment of these companies, and the recorded goodwill and negative goodwill, in accordance with accounting principles generally accepted in Chile.

The property, plant and equipment recoverability analysis, as explained in Note 2h, was carried out considering that when there is evidence that the company's operations do not have sufficient earnings to recover all costs, including the depreciation of property, plant and equipment taken as a whole, and when the book value of said assets exceeds its realization value, these values must be written down to recoverable amounts, charging non operating income.

The results of this analysis determined that no adjustments affecting the Company and its Subsidiaries' book values of property, plant and equipment were required.

NOTE 11. INVESTMENT IN RELATED COMPANIES

a) Investments in related companies of December 31, 2003 and 2004 are as follows:

Related Companies	Number of shares	Percentage owned		Shareholders' equity of investee		Net income of investees		Investment book value			
		2003	2004	2003	2004	2003	2004	2003	2004		
		(6)	(6)	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$		
Cía. de Interconexión Energética S.A. (2)	128,270,106	45.00%	45.00%	124,924,385	117,397,915	25,378,061	14,321,278	11,420,128	6,444,575	56,215,972	52,829,062
Gas Atacama Generación S.A. (7)	-	0.05%	0.05%	60,740,108	54,312,421	3,340,051	(1,313,660)	1,670	(657)	30,370	27,156
Gasoducto Atacama Argentina S.A. (7)	-	0.05%	0.05%	55,910,966	56,562,027	1,512,741	5,358,497	756	2,679	27,956	28,281
Gasoducto Atacama Chile S.A. (7)	-	0.05%	0.05%	52,736,881	59,830,121	5,425,624	11,533,433	2,713	5,767	26,368	29,915
Inversiones Eléctricas Quillota S.A.	608,676	50.00%	50.00%	22,545,505	26,253,719	6,744,947	7,099,149	3,372,471	3,549,575	11,272,753	13,126,860
Inversiones Electrogas S.A.	425	42.50%	42.50%	19,267,163	18,101,389	6,003,335	4,910,202	2,551,417	2,086,836	8,188,544	7,693,090
Cía. de Energía del Mercosur S.A. (3)	6,305,400	45.00%	45.00%	7,901,478	8,523,313	1,389,582	1,287,102	625,312	579,196	3,555,666	3,835,491
Transmisora Eléctrica de Quillota Ltda.	-	50.00%	50.00%	5,527,265	5,764,453	318,087	257,389	159,044	128,695	2,763,633	2,882,227
Atacama Finance Co. (7)	3,150,000	0.00%	0.00%	-	-	-	-	-	-	-	-
Endesa Market Place (4)	-	0.00%	0.00%	-	-	-	-	-	-	-	-
Sacme	12,000	50.00%	50.00%	88,275	80,420	14,637	(52)	7,319	(26)	44,138	40,210
Electrogas S.A.	85	0.02%	0.02%	17,699,641	16,662,557	6,115,066	5,029,745	1,300	1,069	3,760	3,541
Consorcio ARA- Ingendesa	-	50.00%	50.00%	127,379	533,523	103,294	405,602	51,648	202,801	63,689	266,762
Sociedad Consorcio Ingendesa Ara Ltda (1)	-	50.00%	50.00%	-	10,726	-	9,726	-	4,863	-	5,363
Consorcio Ingendesa - Minmetal Limited (1)	-	50.00%	50.00%	3,409	82,174	-	80,055	-	40,028	1,705	41,087
Gas Atacama S.A.	1,147	0.00%	0.00%	169,074,616	167,326,512	395,459	12,487,171	4	143	1,940	1,919
Inversiones Gas Atacama Holding Ltda. (7)	-	50.00%	50.00%	169,072,670	167,323,954	(487,299)	12,486,274	(243,650)	6,243,137	84,536,335	83,661,977
Central Geradora Termoelectrica Fortaleza S.A. (5)	20,246,908	48.82%	48.82%	34,295,929	55,289,063	-	24,287,590	-	11,857,202	16,743,272	26,992,121
Ingendesa do Brasil Limitada	-	0.00%	0.00%	-	-	-	-	-	-	-	-
Distrielec Inversora S.A.	4,416,141	0.00%	0.00%	8,900	-	8,900	-	4,584	-	4,584	-
Aguas Santiago Poniente S.A. (5)	1,031,949	55.00%	55.00%	2,247,406	-	-	-	-	-	1,236,073	-
Total								17,954,716	31,145,883	184,716,758	191,465,062

Equity method investee:

- (1) Related companies of subsidiary Ingendesa Ltda.
(2) Related companies of subsidiary Compañía Eléctrica Cono Sur S.A.
(3) Related companies of subsidiary Endesa Argentina S.A.

(4) Company with negative equity in 2003 and 2004.

(5) These subsidiaries were in the development stage for the years shown and accordingly, were not consolidated under Chilean GAAP.

(6) The ownership percentage represents the nominal interest held in the related party.

(7) See Note 11 (d).

- b) Income and (losses) recognized by Enersis S.A. based on the participation in the related companies as of December 31, 2004, amounted to ThCh\$31,146,566 (ThCh\$683), ThCh\$18,198,366 (ThCh\$243,650) in 2003.
- c) In accordance with Technical Bulletin No.64 of the Chilean Association of Accountants for the years ended December 31, 2003 and 2004, 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, 2004 the corresponding amounts are as follows:

Company	Country of origin	Investment ThCh\$	Reporting currency	Liability ThCh\$
Edesur S.A.	Argentina	180,857,743	US\$	134,672,035
Companhia de Eletricidade do Rio de Janeiro	Brasil	259,065,626	US\$	206,558,046
Investluz S.A. (Coelce)	Brasil	27,346,437	US\$	14,025,863
Central Hidroeléctrica Betania S.A.	Colombia	332,514,494	US\$	254,029,968
Cachoeira Dourada S.A.	Brasil	333,881,589	US\$	326,329,745
Edegel S.A.	Perú	165,115,398	US\$	97,236,037
Cía. Interconexión Energética S.A.	Brasil	52,829,062	US\$	40,240,941
Hidroeléctrica El Chocón S.A.	Argentina	167,982,348	US\$	77,797,288
Comercializadora de Energia del Mercosur S.A.	Argentina	3,835,491	US\$	2,514,714
Central Costanera S.A.	Argentina	92,936,967	US\$	56,035,228
Total		1,616,365,155		1,209,439,865

- d) The investments in related companies made by Enersis S.A. and its affiliates for the years ended December 31, 2003 and 2004, amounted to ThCh\$3,061,889 and ThCh\$343,959, respectively, which are detailed as follows:

Company	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Central Eléctrica Cachoeira Dourada S.A.	25,380	-
Central Costanera S.A.	3,036,509	-
Elesur S.A.	-	343,959
Total	3,061,889	343,959

- e) Capital increase in Cerj

On December 10, 2002, the Extraordinary General Shareholders' Meeting of the Company Cerj agreed to an increase in its authorized capital for an approximate total amount of MUS\$105.000.

On January 6, 2003, the companies Endesa Internacional, Endesa Internacional Energía, Chilectra S.A. assigned 100% of the rights of share subscription of the company Cerj and part of the rights of Luz de Río S.A. to Enersis, for no consideration.

A capital increase was made on January 10, 2003 through the issuance and the subscription of 770,833,333,333 ordinary shares, at a value of R\$0.48 by lot of thousand shares totaling the US\$100,000 million approved by the Meeting and increasing the authorized capital of the Company to US\$259,085 million.

After this capital increase, the percentage of direct and indirect participation held by Enersis S.A. and subsidiaries increased from 61.9521% to 71.8148%.

On December 11, 2003, the Compañía de Electricidade do Rio de Janeiro S.A. shareholders extraordinary assembly was held, which approved a capital stock increase of an approximate value of MUS\$250,000.

The capital stock increase for the Compañía de Electricidade do Rio de Janeiro S.A. was entered into on February 27, 2004, for MR\$710,000 (around MUS\$243,000), at an equivalent of R\$0.53 per one thousand share lot (1,000 shares).

The number of shares issued was 1,339,622,641,509 of which the subsidiary Enersis Internacional S.A., through a inter-company debt equity conversion subscribed to a total of 1,339,620,447,234 shares in two stages: 1,335,849,056,604 on February 27, 2004, and 3,771,390,630 on March 24, 2004.

On March 30, 2004, Enersis Internacional S.A. transferred 760,255,861,477 shares to Chilectra S.A. so that the latter could maintain its relative ownership interest in the same proportion as before the increase.

With this operation, Enersis S.A. and its subsidiaries direct and indirect ownership interest percentage increased from 71.8148% to 80.4141% in Compañía de Electricidad de Río de Janeiro S.A.

According to Technical Bulletin 72 of the Accountants Association of Chile A.G., for this transaction carried out in companies of the same group, a reserve of ThCh\$11,992,130 has been recorded in equity representing a contribution to capital (see Note 22 f.)

f) Sale of Río Maipo

The contract between Enersis and Compañía General de Electricidad - Distribución was signed on April 30, 2003 to sell the entire share participation held by Enersis (356.078.645 shares) in the Company Río Maipo.

The disposal of Río Maipo to Company CGE Distribución was approved by the Board of Directors of Enersis on March 28, 2003, with a bid of US\$170 million for the shares held by Enersis which was later ratified at an Extraordinary Shareholders Meeting dated March 31, 2003. The effects of the sale of the shares are detailed in Note 23.

g) Sale of Infraestructura 2000 S.A.

On June 23, 2003, Endesa Chile S.A. sold 330,939,522 shares of the subsidiary Infraestructura 2000 S.A. in the amount of ThCh\$40,074,506 and 3,741 shares of Sociedad Concesionaria Autopista del Sol S.A., in the amount of ThCh\$41,151 which amounts represent 100% of its participation in these related Companies (Note 23).

h) Group Reorganization

On December 1, 2003 the firm names of subsidiaries Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada and Gas Atacama Generación Limitada were amended by public deeds and changed to Gasoducto Atacama Chile S.A., Gasoducto Atacama Argentina S.A. and Gas Atacama Generación S.A., respectively.

On December 29, 2003 our subsidiary, Compañía Eléctrica Cono Sur S.A. transferred to our related party GasAtacama S.A. all our shares held in Atacama Finance for US\$4,400,000 as part of a reorganization of our natural gas business holding (Note 23)

On December 29, 2003, Compañía Eléctrica Cono Sur S.A. transferred to GasAtacama S.A. its 50% interest in Energex Co. for US\$5,000 as part of the above reorganization. (Note 23)

i) Merger of Inmobiliaria Manso de Velasco Limitada and Sociedad Agrícola el Gobernador Limitada. Partners of these Companies agreed by public deed dated December 31, 2003 to a merger by absorption of Inmobiliaria Manso de Velasco into Constructora el Gobernador Ltda., which, for all legal intents and purposes, became the successor, changing its name as of that date to Inmobiliaria Manso de Velasco Limitada. As a result of this merger, the predecessor Inmobiliaria Manso de Velasco Ltda. was dissolved, and its partners received rights in the continuing Company.

j) Dissolution of Investment Vehicles. During 2003, Companys Enersis Energía de Colombia S.A. and Enersis de Argentina S.A. were dissolved.

k) Incorporation of Companies

On October 1, 2003 Inversiones Gas Atacama Holding Limitada was incorporated by public deed; Inversiones Endesa Norte S.A. contributed ThCh\$700,000 in cash and 99.99% of its ownership rights in Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada and Gas Atacama Generación Limitada, which represent 49.95% of all its rights in the aforementioned affiliates, in return of a 50% interest in the Company. The transaction was recognized at historical carrying, values as a reorganization of the group interest in its natural gas business.

l) Purchase of Elesur S.A.

On May 27, 2004, Enersis S.A. purchased 49,207,343 shares with no par value from Endesa International S.A., equivalent to 99.9989% of Elesur S.A. partnership assets. The price agreed upon for the transaction was ThCh\$55,551,601.

NOTE 12. INVESTMENTS IN OTHER COMPANIES

Investments in other companies at December 31, 2003 and 2004 are as follows:

Company	Number of shares	Percentage owned %	As of December 31,	
			2003 ThCh\$	2004 ThCh\$
Electrificadora de la Costa	13,590,296	0.19%	27,137	24,852
Electrificadora del Caribe	85,568,116	0.06%	1,376,666	1,331,547
Autopista del Río Maipo S.A.	25	-	-	-
CDEC-SIC Ltda.	-	23.16%	173,229	213,764
CDEC-SING Ltda.	-	7.69%	103,171	103,171
Club de la Banca y Comercio	1	1.00%	1,994	2,245
Club Empresarial	1	1.00%	6,447	5,486
Cooperativa Eléctrica de Chillán	-	-	13,363	13,363
Emgesa S.A.	1	-	-	-
Edegas	1	1.00%	-	-
Distasa S.A.	1	-	-	-
Empresa Eléctrica de Aysen S.A.	2,516,231	-	2,047,755	2,047,755
Empresa Eléctrica de Bogotá S.A. (1)	9,293,241	7.19%	132,805,731	46,053,558
Financiera Eléctrica Nacional S.A.	4,072	0.10%	111,723	115,694
Inmobiliaria España S.A.	1	-	100	-
Inverandes S.A.	-	-	3,541	-
Menescal Producciones Artísticas	-	-	52,730	52,562
Prod. Cinematográfica	-	-	25,280	25,200
Saelpa	-	-	1,980	1,974
Teleceara	-	-	1,409	1,405
Telebras	-	-	44,548	178
Total			136,796,804	49,992,754

(1) See Note 14 (1).

NOTE 13. 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, 2003 and 2004, as follows:

	As of December 31,			
	Amortization		Net Balance	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Chilectra S.A.	(6,434,838)	(6,434,768)	103,587,929	97,153,161
Codensa S.A.	(1,514,390)	(637,605)	19,434,925	12,276,827
Edegel S.A.	(34,742)	(31,818)	480,607	408,325
Emgesa S.A.	(1,368,842)	(1,253,592)	18,933,729	16,086,006
Empresa Eléctrica de Colina S.A.	(191,714)	(191,717)	2,444,373	2,252,656
Empresa Eléctrica Pangué S.A.	(173,156)	(173,156)	3,217,820	3,044,664
Empresa Nacional de Electricidad S.A.	(44,472,559)	(44,472,559)	646,704,395	602,231,837
Gasoducto Atacama Chile Ltda.	(4,941)	(4,941)	74,934	69,992
Inversiones Distrilima S.A.	(1,270)	(1,164)	13,976	11,635
Luz de Bogotá S.A.	(362,491)	-	5,014,460	-
Total	(54,558,943)	(53,201,320)	799,907,148	733,535,103

- 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, 2003 and 2004 as follows:

Company	As of December 31,			
	Amortization		Net Balance	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Central Costanera S.A.	434,671	2,699,974	(16,952,154)	(12,824,889)
Central Hidroeléctrica Betania S.A.	6,609,649	5,218,912	(14,680,338)	(7,583,899)
Cía. de Eletricidade do Rio de Janeiro (*)	35,380,018	-	-	-
Edegel S.A.	8,718,901	7,984,811	(44,711,106)	(32,961,832)
Edelnor S.A.	1,053,773	965,050	(1,228,652)	(160,155)
Empresa Eléctrica de Bogotá S.A.	216,069	197,877	(3,021,314)	(2,569,614)
Inversiones Distrilima S.A.	26,667	24,423	(491,129)	(425,354)
Elesur S.A.	-	-	-	(95,119)
Synapsis Soluciones y Servicios IT Ltda.	15,855	15,855	(130,805)	(114,952)
Total	52,455,603	17,106,902	(81,215,498)	(56,735,814)

(*) According to the provisions of Circular 368 of the Superintendency of Securities and Insurance, the Company has amortized higher quarterly installments due to the revaluation of Cerj, caused by the capital increase in January 2003.

NOTE 14. OTHER ASSETS

Other assets as of each year end are as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Bond discount	20,072,691	19,358,573
Bond issuance cost	6,657,377	7,492,349
Forward contracts and swap	4,986,444	-
Deferred expenses	12,879,804	6,612,227
Bank fees and interest expense	29,198,128	15,033,865
Investment fund wholesale electrical market	-	7,338,729
Post-retirement benefits	2,131,172	1,876,825
Security deposits for judicial obligations	29,538,640	35,259,272
Recoverable - taxes	12,761,176	26,075,014
Reimbursable contributions	1,315,207	1,133,706
Investment in Empresa Eléctrica de Bogotá (1)	-	42,474,437
Regulatory assets	43,067,826	46,558,132
Fair - value derivative contracts	16,669,892	5,556,455
Others	5,847,944	7,534,018
Total	185,126,301	222,303,602

The debt refunding plan was completed in May 2003, which meant incurring expenditures required to obtain the loans, which are amortized over the same term as the debt. Disbursements for this item amounted to ThCh\$57,503,327 classified in the statements of cash flow under "Disbursements for Financing" within cash flows for financing activities.

Continuing with the company's refunding plan, Enersis S.A. and its subsidiary Endesa Chile prepaid US\$2,045 million of the last

loan obtained in May 2003. These payments were made with funds from sale of assets, capital increases, issuance and placement of bonds and obtaining new loans.

As a result of these pre-payments, accelerated amortization of deferred expenses for ThCh\$40,072,596 were made and charged to financial expenses.

- (1) Through a Memorandum of Understanding signed on October 5, 2004, the Corporación Financiera del Valle will stop being shareholder of the Central Hidroeléctrica de Betania S.A. through an asset exchange operation between the Corfivalle Group and the Endesa Group.

This operation will be drafted for attestation during 2005 and 2006, when the mandatory legal processes defined by both parties before the handing over of the corresponding assets ownership are executed.

With this operation, the Endesa Group will hand over to Corfivalle the Betania S.A. power sub-station and 3.81% of the ownership interest in the Empresa de Eléctrica de Bogotá S.A. in exchange for the ownership interest Corfivalle has in the Central Hidroeléctrica de Betania S.A. (14.3% of the company.)

The parties understand that the steps to perfect the above-mentioned Memorandum of Understanding will be gradually executed, and have agreed the economic and political right beneficial interest of the assets that will be exchanged as from January 1, 2004. According to this, the Empresa Eléctrica de Bogotá S.A. 3.81% ownership interest that is subject to this agreement is included under the Others item.

NOTE 15. DUE TO BANKS AND FINANCIAL INSTITUTIONS

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

Financial Institution	Foreign currency									
	US\$		Euros		Other foreign currency		Ch\$		As of December 31,	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
ABN Amro Bank	6,103,990	283,175	-	-	14,053,807	-	-	-	20,157,797	283,175
AV Villas	-	-	-	-	6,673,668	-	-	-	6,673,668	-
Banco Alfa	-	-	-	-	-	4,208,267	-	-	-	4,208,267
Banco ABC Brasil S.A.	-	-	-	-	-	3,637,805	-	-	-	3,637,805
Banco BBM	-	-	-	-	-	4,246,015	-	-	-	4,246,015
Banco Banrisul	-	-	-	-	401,293	-	-	-	401,293	-
Banco Bayerische Landes	701,288	117,725	-	-	-	-	-	-	701,288	117,725
Banco BBVA	-	-	-	-	13,693,038	-	-	-	13,693,038	-
Banco BBVA Bhif	-	-	-	-	-	-	8,045	5	8,045	5
Banco Beal	471,721	-	-	-	-	-	-	-	471,721	-
Banco Continental	-	5,710,588	-	-	21,673,832	13,160,679	-	-	21,673,832	18,871,267
Banco Crédito Perú	-	-	-	-	13,043,218	9,506,572	-	-	13,043,218	9,506,572
Banco Crédito e Inversiones	3	-	-	-	-	-	179	4	182	4
Banco Crédito Nacional	2,496,919	-	-	-	-	-	-	-	2,496,919	-
Banco Credit Swiss First Boston	-	-	-	-	-	3,383,914	-	-	-	3,383,914
Banco Davivienda	-	-	-	-	3,335,822	3,295,130	-	-	3,335,822	3,295,130
Banco de Bogota	-	-	-	-	11,114,034	9,362,360	-	-	11,114,034	9,362,360
Banco de Chile	403,204	31,003	-	-	-	-	6	8,353	403,210	39,356
Banco de Galicia y Buenos Aires	-	607,566	-	-	-	-	-	-	-	607,566
Banco de la Ciudad de Buenos Aires	-	2,021,133	-	-	-	-	-	-	-	2,021,133
Banco de la Nación	-	-	-	-	-	3,131	-	-	-	3,131
Banco de la Provincia de Buenos Aires	-	557,957	-	-	-	-	-	-	-	557,957
Banco de Occidente	-	-	-	-	1,756,857	-	-	-	1,756,857	-
Banco do Brasil	5,380,440	-	-	-	-	-	-	-	5,380,440	-
Banco CR2 de Invermentos	-	-	-	-	-	96,463	-	-	-	96,463
Banco Fibra	-	-	-	-	-	1,508,146	-	-	-	1,508,146
Banco Ganadero	-	8,678,548	-	-	8,971,296	16,580,167	-	-	8,971,296	25,258,715
Banco HBSB	10,177,647	-	-	-	-	-	-	-	10,177,647	-
Banco Hermes	3,372,502	-	-	-	-	-	-	-	3,372,502	-
Banco Itau	15,244,402	8,327,069	-	-	-	-	-	-	15,244,402	8,327,069
Banco Lloyds	8,105,115	1,301,529	-	-	4,507,076	-	-	-	12,612,191	1,301,529
Banco Merrill Lynch	-	755,385	-	-	-	-	-	-	-	755,385
Banco Nacional del Lavoro	2,578,272	-	-	-	-	658,772	-	-	2,578,272	658,772
Banco Nationale de Paris	-	-	-	-	1,487,398	-	-	-	1,487,398	-
Banco Popular	-	-	-	-	4,479,117	-	-	-	4,479,117	-
Banco Real	-	-	-	-	-	46,323	-	-	-	46,323
Banco Rio	3,754,355	-	-	-	3,098,757	5,491,496	-	-	6,853,112	5,491,496
Banco Safra	2,068,814	1,865,149	-	-	-	-	-	-	2,068,814	1,865,149
Banco Santander Central Hispano	22,801,231	1,158,976	-	-	10,618,072	10,794,821	-	-	33,419,303	11,953,797
Banco Santander Santiago	2,108,612	466,791	-	-	-	-	2,430,119	2,426,485	4,538,731	2,893,276
Banco Tequendama	-	-	-	-	1,799,483	-	-	-	1,799,483	-
Banco Union	-	-	-	-	1,124,017	-	-	-	1,124,017	-
Banco Wiese Sudameris	-	-	-	-	1,349,131	13,754	-	-	1,349,131	13,754
Bancolombia	-	-	-	-	14,355,121	-	-	-	14,355,121	-
Bank Boston	5,804,448	8,610,036	-	-	17,965,061	3,272,497	-	-	23,769,509	11,882,533
Bank of Tokio - Mitsubishi	16,681,138	-	-	-	-	-	-	-	16,681,138	-
Barings	3,735,924	-	-	-	-	-	-	-	3,735,924	-
Bndes	-	-	-	-	14,430	16,682,218	-	-	14,430	16,682,218
Bnp Paribas	-	-	-	-	-	782	-	-	-	782
Brandesco	9,375,035	-	-	-	-	-	-	-	9,375,035	-
Caixa General de Depósitos	-	-	3,588,066	908,779	-	-	-	-	3,588,066	908,779
Citibank	8,112,588	13,856,057	-	-	17,349,476	9,798,002	-	-	25,462,064	23,654,059
Colpatria	-	-	-	-	4,500,851	-	-	-	4,500,851	-
Compagnie Belge de la Webstlb	-	899,322	-	-	-	-	-	-	-	899,322
Conavi	-	-	-	-	2,911,264	-	-	-	2,911,264	-
Corfinsura	-	-	-	-	2,060,670	-	-	-	2,060,670	-
Deutsche Bank	-	3,982	-	-	-	-	-	-	-	3,982
Electrobras - Brasil	-	-	-	-	5,603	-	-	-	5,603	-
Interbank	-	2,979	-	-	7,401	2,676	-	-	7,401	5,655
JP Morgan	-	20,009	-	-	-	-	-	-	-	20,009
Unibanco	-	-	-	-	2,106,620	17,554,534	-	-	2,106,620	17,554,534
Total	129,477,648	55,274,979	3,588,066	908,779	184,456,413	133,304,524	2,438,349	2,434,847	319,960,476	191,923,129
Total principal	123,003,765	54,539,235	3,408,662	904,198	175,233,592	129,518,291	2,438,160	2,426,483	304,084,179	187,388,207
Weighted average annual interest rate	8.20%	3.91%	5.00%	3.00%	15.93%	10.88%	3.00%	9.00%	10.40%	8.75%

	As of December 31,	
	2003 %	2004 %
Percentage of debt in foreign currency:	99.24%	98.73%
Percentage of debt in local currency:	0.76%	1.27%
Total	100.00%	100.00%

b) Current portion of long-term debt due to banks and financial institutions:

Financial Institution	Foreign currency											
	US\$		Euros		Yen		Other foreign currency		Ch\$		As of December 31	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
ABN Amro Bank	1,805,481	4,730,550	-	-	-	-	-	-	-	-	1,805,481	4,730,550
Bancafe	-	-	-	-	-	-	75,553	1,246,090	-	-	75,553	1,246,090
Banca Intesa S.P.A. London Branch	10,760	-	-	-	-	-	-	-	-	-	10,760	-
Banco Bayerische Landes	345,966	627,273	-	-	-	-	-	-	-	-	345,966	627,273
Banco BBVA	219,234	13,645	-	-	-	-	-	-	-	-	219,234	13,645
Banco Beal	10,148,062	-	-	-	-	-	-	-	-	-	10,148,062	-
Banco Colpatría	-	-	-	-	-	-	50,369	830,726	-	-	50,369	830,726
Banco Corfinsura	-	-	-	-	-	-	201,474	3,322,906	-	-	201,474	3,322,906
Banco Davivienda	-	-	-	-	-	-	163,192	2,492,844	-	-	163,192	2,492,844
Banco de Sabadell	2,139	-	-	-	-	-	-	-	-	-	2,139	-
Banco do Brasil	329,676	278,506	-	-	-	-	1,026,287	1,185,779	-	-	1,355,963	1,464,285
Banco do Estado do Ceará	-	-	-	-	-	-	-	191,660	-	-	-	191,660
Banco do Nordeste do Brasil	-	-	-	-	-	-	46,241	47,975	-	-	46,241	47,975
Banco Español de Crédito	5,364	-	-	-	-	-	2,250	-	-	-	7,614	-
Banco Estado	3,964	-	-	-	-	-	-	-	36,941,310	1,700,403	36,945,274	1,700,403
Banco Europeo de Inversiones	918,901	845,785	-	-	-	-	-	-	-	-	918,901	845,785
Banco HBSC	20,244	-	-	-	-	-	-	-	-	-	20,244	-
Banco Medio Crédito	-	-	-	-	-	-	1,865,846	1,787,795	-	-	1,865,846	1,787,795
Banco Nazionale del Lavoro	-	-	-	-	-	-	-	637,967	-	-	-	637,967
Banco Popular Español	7,536	-	-	-	-	-	-	-	-	-	7,536	-
Banco San Paolo	140,774	-	-	-	-	-	-	-	-	-	140,774	-
Banco Santander Central Hispano	202,374	4,510,617	-	-	-	-	-	-	-	-	202,374	4,510,617
Banco Santander Santiago	83,051	-	-	-	-	-	-	-	-	-	83,051	-
Bancolombia	-	-	-	-	-	-	304,785	3,322,906	-	-	304,785	3,322,906
Banesto	5,220,485	-	-	-	-	-	-	-	-	-	5,220,485	-
Bank Boston	-	-	-	-	13,510,451	-	-	-	-	-	13,510,451	-
Bank of América	47,599,342	15,424,717	-	-	-	-	-	-	-	-	47,599,342	15,424,717
Bank of Tokio - Mitsubishi	6,034,645	5,398,730	126,861	125,395	435,146	412,818	422,655	415,332	-	-	7,019,307	6,352,275
Banque Nationale Paris	12,057,091	-	-	-	-	-	-	-	-	-	12,057,091	-
Barings Bank	-	1,166,638	-	-	-	-	-	-	-	-	-	1,166,638
Birf	-	-	-	-	-	-	1,144,981	-	-	-	1,144,981	-
Bnp Paribas	-	3,768,571	-	-	-	-	-	-	-	-	-	3,768,571
Bndes	-	-	-	-	-	-	8,451,802	8,933,350	-	-	8,451,802	8,933,350
Caja de Ahorros y Monte de Piedad de Madrid	121,425	13,644	-	-	-	-	-	-	-	-	121,425	13,644
Citibank N.A.	10,509,911	5,685	-	-	-	-	-	-	-	-	10,509,911	5,685
Compagnie Belge de la Webstlb	-	823,604	-	-	-	-	-	-	-	-	-	823,604
Conavi	-	-	-	-	-	-	125,921	2,076,816	-	-	125,921	2,076,816
Credit Lyonnais N.Y.	10,760	-	-	-	-	-	-	-	-	-	10,760	-
Dresner B. Luxemburg	16,859	-	-	-	-	-	-	-	-	-	16,859	-
Deutsche Bank A.G.	57,334	7,959	-	-	-	-	-	-	-	-	57,334	7,959
Export Develop. Corp.	1,872,924	1,757,221	-	-	-	-	-	-	-	-	1,872,924	1,757,221
Granahorrar	-	-	-	-	-	-	75,553	1,246,090	-	-	75,553	1,246,090
ING Bank N.V.	10,760	-	-	-	-	-	-	-	-	-	10,760	-
Israel Discount Bank N.Y.	1,724	-	-	-	-	-	-	-	-	-	1,724	-
J.P. Morgan Chase Bank	323,089	30,974,021	-	-	-	-	-	-	-	-	323,089	30,974,021
Kreditanstalt Fur Weideraubau	355,648	321,924	-	-	-	-	-	-	-	-	355,648	321,924
Landesbank Rheinland-Pfalz	9,579	-	-	-	-	-	-	-	-	-	9,579	-
Mizuho Corporate Bank Ltd.	4,310	-	-	-	-	-	-	-	-	-	4,310	-
Royal Bank of Canada	10,758	-	-	-	-	-	-	-	-	-	10,758	-
Santander Investment Bank Ltd.	3,134,095	-	-	-	-	-	-	-	-	-	3,134,095	-
Skandinaviska Enskilda Banken	2,034,805	1,857,431	-	-	-	-	-	-	-	-	2,034,805	1,857,431
Societe Generale	1,169,498	-	-	-	-	-	-	-	-	-	1,169,498	-
Westlb A.G. N.Y. Branch	10,761	-	-	-	-	-	-	-	-	-	10,761	-
Unibanco	-	-	-	-	-	-	57,382	4,437,572	-	-	57,382	4,437,572
Total	104,809,329	72,526,521	126,861	125,395	13,945,597	412,818	14,014,291	32,175,808	36,941,310	1,700,403	169,837,388	106,940,945
Total principal	100,743,284	70,524,435	124,781	124,218	13,934,061	411,782	12,990,012	30,295,455	36,708,402	1,614,382	164,500,540	102,970,272
Weighted average annual interest rate	4.96%	7.03%	3.00%	3.00%	3.46%	0.90%	16.79%	12.99%	4.56%	9.00%	5.64%	8.83%

As of December 31,

	2003 %	2004 %
Percentage of debt in foreign currency:	78.25%	98.41%
Percentage of debt in local currency:	21.75%	1.59%
Total	100.00%	100.00%

NOTE 16. LONG-TERM PORTION OF DEBT DUE TO BANKS AND FINANCIAL INSTITUTIONS

Financial Institution	Currency	As of December 31, 2004						Total Long-term portion 2004 ThCh\$	Annual interest rate average	Total long-term portion - 2003 ThCh\$
		After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 5 years	After 5 years but within 10 years	After 10 years				
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	Years	ThCh\$			
ABN Amro Bank	US\$	5,335,062	-	-	-	-	-	5,335,062	4.00%	8,521,030
Bancafe	\$ Colom	-	-	2,332,462	-	-	-	2,332,462	12.45%	3,286,172
Banca Intesa S.P.A.	US\$	-	-	-	-	-	-	-	0.00%	5,825,219
Banco ABC Brasil	Rs	324,963	-	-	-	-	-	324,963	2.18%	-
Banco Bayerische Landes	US\$	8,424,362	-	-	-	-	-	8,424,362	6.47%	13,258,798
Banco BBVA	US\$	-	-	83,610,000	-	-	-	83,610,000	2.94%	85,207,379
Banco Colpatría	\$ Colom	-	-	1,554,974	-	-	-	1,554,974	12.45%	2,190,781
Banco Estado	\$ Reaj.	-	1,698,508	1,008,580	-	-	-	2,707,088	9.00%	4,473,332
Banco Español de Crédito	US\$	-	-	-	-	-	-	-	0.00%	2,903,969
Banco Europeo de Inversiones	US\$	4,645,000	4,645,000	9,290,000	9,290,000	-	-	27,870,000	14.60%	30,650,642
Banco Davivienda	\$ Colom	-	-	4,665,140	-	-	-	4,665,140	12.45%	6,572,620
Banco de Colombia	\$ Colom	-	313,735	-	-	-	-	313,735	9.00%	-
Banco de Sabadell	US\$	-	-	-	-	-	-	-	0.00%	1,158,131
Banco do Brasil	Rs	2,209,682	1,104,841	2,209,682	3,550,835	-	-	9,075,040	17.86%	8,738,080
	US\$	442,826	206,593	340,990	1,995,651	-	-	2,986,060	5.18%	3,313,606
Banco Lloyd's	US\$	-	-	-	-	-	-	-	0.00%	7,073,031
Banco Medio Crédito	\$ Arg	1,768,301	1,768,300	3,536,601	2,652,453	-	-	9,725,655	1.75%	11,978,742
Banco Nationale de Paris	US\$	3,456,151	3,456,151	6,202,860	4,559,730	-	911,946	18,586,838	5.78%	64,608,902
	\$ Arg	1,347,869	-	-	-	-	-	1,347,869	7.06%	-
Banco Nacional del Lavoro	\$ Arg	636,494	-	-	-	-	-	636,494	9.70%	-
Banco Popular Español	US\$	-	-	-	-	-	-	-	0.00%	4,079,381
Bancolombia	\$ Colom	-	-	6,219,897	-	-	-	6,219,897	12.45%	8,763,125
	US\$	-	-	-	-	-	-	-	0.00%	361,513
Banco Santander Central Hispano	US\$	3,901,800	-	83,610,000	-	-	-	87,511,800	4.32%	121,040,257
Banesto	US\$	1,621,643	1,621,643	3,243,286	4,864,927	-	-	11,351,499	6.64%	17,353,151
Bank of America	US\$	8,506,342	-	-	-	-	-	8,506,342	7.42%	-
Bank Tokio - Mitsubishi	US\$	-	-	-	-	-	-	-	0.00%	65,830,614
	Libra	-	-	-	-	-	-	-	0.00%	412,208
	Yen	-	-	-	-	-	-	-	0.00%	432,999
	Euros	-	-	-	-	-	-	-	0.00%	124,781
Banco do Estado de Ceará	Rs	-	-	-	-	-	-	-	0.00%	177,321
Banco do Nordeste do Brasil	Rs	39,632	-	-	-	-	-	39,632	7.74%	83,733
Barings Bank	US\$	624,288	-	-	-	-	-	624,288	6.98%	-
BNDES	Rs	28,697,984	9,731,771	5,359,587	34,044,251	-	-	77,833,593	16.32%	87,722,501
Caja de Ahorros y Monte de Piedad de Madrid	US\$	-	-	83,610,000	-	-	-	83,610,000	2.94%	45,648,375
Caixa General de Depósitos	Euros	1,808,395	-	-	-	-	-	1,808,395	3.00%	-
Citibank N.Y.	US\$	-	-	83,610,000	-	-	-	83,610,000	2.94%	24,516,394
Compagnie Belge de la Webstlb	US\$	2,246,322	4,041,150	-	-	-	-	6,287,472	5.87%	-
Conavi	\$ Colom	-	-	3,887,436	-	-	-	3,887,436	12.45%	5,476,953
Corfinsura	\$ Colom	-	-	6,219,897	-	-	-	6,219,897	12.45%	8,763,125
Credit Lyonnais N.Y.	US\$	-	-	-	-	-	-	-	0.00%	5,825,219
Deutsche Bank A.G.	US\$	3,718,211	5,577,317	-	-	-	-	9,295,528	6.55%	24,342,879
Dresdner Bank	US\$	-	-	-	-	-	-	-	0.00%	9,126,754
Export Develop. Corp.	US\$	1,518,028	1,518,028	3,036,056	4,676,332	-	-	10,748,444	2.86%	13,356,162
Granahorrar	\$ Colom	-	-	2,332,463	-	-	-	2,332,463	12.45%	3,286,172
HBSB Bank	US\$	-	-	-	-	-	-	-	0.00%	10,959,017
ING Bank N.V.	US\$	-	-	-	-	-	-	-	0.00%	5,825,219
Israel Discount Bank of N.Y.	US\$	-	-	-	-	-	-	-	0.00%	933,418
J.P.Morgan Chase Bank	US\$	22,964,880	-	-	-	-	-	22,964,880	7.23%	48,691,600
Kreditanstalt Fur Weideraubau	US\$	266,802	266,802	533,605	-	-	-	1,067,209	4.85%	1,498,278
Landesbank Rheinland Pfalz Giroz	US\$	-	-	-	-	-	-	-	0.00%	5,185,655
Mizuho Corporate Bank Ltd.	US\$	-	-	-	-	-	-	-	0.00%	2,333,544
Royal Bank of Canadá	US\$	-	-	-	-	-	-	-	0.00%	5,825,225
San Paolo IMI S.P.A.	US\$	-	-	-	-	-	-	-	0.00%	56,123,399
Skandinaviska Enskilda Banken	US\$	1,381,678	1,381,678	-	-	-	-	2,763,356	0.65%	5,029,074
Westlb A.G. N.Y. Branch	US\$	-	-	-	-	-	-	-	0.00%	5,825,217
Unibanco	Rs	11,668,915	8,265,483	-	-	-	-	19,934,398	12.90%	28,535
Total		117,555,630	45,597,000	396,413,516	65,634,179	-	911,946	626,112,271		854,742,232

	As of December 31,	
	2003	2004
	%	%
Percentage of debt in local currency:	0.52%	0.43%
Percentage of debt in foreign currency:	99.48%	99.57%
Total	100.00%	100.00%

On May 15, 2003, Enersis S.A. and its subsidiary Empresa Nacional de Electricidad S.A. subscribed syndicated loans to refinance bank debts in an amount of US\$2.330 million with 32 banks.

Due to this refinancing, obligations with original maturities in 2003 and 2004, now come due in 2008, with principal payments starting in 2005.

The covenants which regulate these loans do not trigger prepayment of the obligations if the Company or its subsidiary Endesa Chile's risk rating falls below investment grade.

On July 28, 2003, Enersis S.A. prepaid US\$582 million of bank debt with resources from the sale of Río Maipo and its own capital increase.

On November 24, 2003, Enersis S.A. prepaid all the subscribed loan refinancing of May 2003; this prepayment was made mainly with funds from a new loan of US\$500 million subscribed with six banks on November 14, 2003 and from the issuance and placement of bonds worth US\$350 million on the United States market and a further US\$155 million from other cash sources. This final payment released all the securities pledged to the first thirty two syndicated banks.

Similarly, Endesa Chile has prepaid US\$458 million with resources from the sale of assets and issuance and placement of bonds issued on October 3, 2003, and a new US\$250 million credit agreement signed on February 4, 2004.

Endesa Chile subsidiary new credit agreements includes a 3.5 year term with repayment when due and a 1.15% libor spread.

The operation was carried out without warranties, endorsements, or investments or indebtedness restrictions.

On April 15, 2004, Enersis S.A. prepaid US\$150 million of the syndicated loan obtained in November, 2003, for US\$500 million from the banks BSCH, Banco Bilbao Viscaya Argentaria, San Paolo IMI, Bank of Tokio Mitsubishi, Caja Madrid, and Deutsche Bank.

The remaining US\$350 million balance was refinanced in November, 2004, through revolving overdraft lines whose term is 4 years. It is possible to prepay and draw down funds throughout the contract period. The interest (spread) depends on the corporate rating given by S & P. Currently, at BBB, the interest spread is 0.375%.

On November 10, 2004, Endesa Chile entered into a new credit for MUS\$250 million, with which it prepaid the loan entered into on February 4, 2004.

The new Endesa Chile loan matures on November 11, 2010, and has a 0.375% Libor spread.

The operation was carried out without warranties, endorsements, or investment or indebtedness restrictions.

NOTE 17. OTHER CURRENT LIABILITIES

Other current liabilities are as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Advances and guarantee on construction	126,179	36,439
Taxes payables	1,059,432	1,176,375
Contingencies - third party claims	19,856,908	22,566,897
Customer advances	2,511,740	2,149,780
Azopardo provision	3,129,150	3,265,161
Accrued employees benefits - other	1,727,176	1,891,739
Forward contracts and swaps	26,514,722	4,328,056
Fair value - derivative contracts	7,653,454	159,867
Emergency energy provision (Brazil)	1,666,302	1,896,193
Other current liabilities	2,749,793	3,710,167
Total	66,994,856	41,180,674

NOTE 18. BONDS PAYABLE

a) Details of the current portion of bonds payable is as follows:

Instrument	Series	Face value outstanding	Currency	Interest rate %	Maturity date	As of December 31,	
						2003 ThCh\$	2004 ThCh\$
Bonos Edelnor	One	4,891,900	Soles	9.61%	01/02/2011	5,150	5,377
Bonos Edelnor	1ºProg.	80,000,000	Soles	VAC* + 7.5%	01/07/2006	535,812	538,881
Bonos Edelnor	1ºProg.	18,570,000	Soles	VAC* + 6.2%	26/04/2007	38,337	38,556
Bonos Edelnor	1ºProg.	30,000,000	Soles	6.50%	01/01/2004	5,425,020	-
Bonos Edelnor	1ºProg.	20,000,000	Soles	6.34%	24/01/2004	3,557,251	-
Bonos Edelnor	1ºProg.	100,000,000	Soles	VAC* + 6.39%	10/10/2006	253,288	254,739
Bonos Edelnor	1ºProg.	40,000,000	Soles	4.47%	11/09/2007	95,993	92,761
Bonos Edelnor	1ºProg.	30,000,000	Soles	5.86%	15/01/2008	-	137,460
Bonos Edelnor	1ºProg.	20,000,000	Soles	8.75%	08/06/2009	-	17,774
Bonos Edelnor	1ºProg.	20,000,000	Soles	6.25%	15/01/2012	-	97,585
Bonos Edelnor	1ºProg.	20,000,000	Soles	VAC* + 5.4%	22/04/2014	-	36,448
Bonos Edelnor	1ºProg.	20,000,000	Soles	VAC* + 6.5%	01/06/2014	-	13,665
Bonos Edelnor	1ºProg.	40,000,000	Soles	VAC* + 6.5%	01/06/2014	-	8,684
Bonos Codensa	B3	500,000,000,000	\$ Col.	10.91%	15/03/2009	-	71,050
Bonos Codensa	B5	200,000,000,000	\$ Col.	12.09%	15/03/2011	-	316,497
Bonos Codensa	B8	250,000,000,000	\$ Col.	12.28%	15/03/2014	-	402,350
Bonos Edesur	5	7,488,161	\$ Arg	8.50%	05/04/2006	-	153,456
Bonos Edesur	6	14,976,323	\$ Arg	7.00%	05/10/2007	-	5,744
Bonos Cerj	Unit	294,000,000	Reales	20.64%	01/06/2007	-	16,521,842
Bonos Coelce	Unit	88,500,000	Reales	CDI + 16%	20/02/2012	-	2,979,255
Yankee Bonds - Enersis	One	300,000,000	US\$	6.90%	01/12/2006	1,049,913	961,515
Yankee Bonds - Enersis	Two	350,000,000	US\$	7.40%	01/12/2016	949,874	869,899
Yankee Bonds - Enersis	Three	858,000	US\$	6.60%	01/12/2026	2,872	2,630
Yankee Bonds II - Enersis	One	350,000,000	US\$	7.38%	01/12/2014	1,571,066	6,743,476
Bono N° 269	B-1	41,174	U.F.	5.50%	15/06/2009	156,578	72,621
Bono N° 269	B-2	1,935,000	U.F.	5.75%	15/06/2022	79,277	79,158
Bonos Endesa	One	230,000,000	US\$	7.88%	01/02/2027	4,105,260	3,771,380
Bonos Endesa	Two	220,000,000	US\$	7.33%	01/02/2037	4,086,799	3,742,710
Bonos Endesa	Three	200,000,000	US\$	8.13%	01/02/2097	788,936	802,816
Bonos Endesa	One	400,000,000	US\$	7.75%	15/07/2008	8,647,831	7,919,724
Bonos Endesa	One	400,000,000	US\$	8.50%	01/04/2009	5,173,483	4,737,900
Bonos Endesa	E-1 y E-2	6,000,000	U.F.	6.20%	01/08/2006	2,647,755	2,643,780
Bonos Endesa	C2; D1 Y D2	1,115,287	U.F.	6.80%	01/11/2010	2,665,953	2,800,303
Bonos Endesa	F	1,500,000	U.F.	6.20%	01/08/2022	661,939	660,946
Bonos Endesa	144A	400,000,000	US\$	8.35%	01/08/2013	8,865,590	7,757,150
Bonos Endesa	144A	200,000,000	US\$	8.63%	01/08/2015	4,579,317	4,006,313
Bonos Endesa	G	4,000,000	U.F.	4.80%	15/10/2010	685,589	684,563
Bonos Endesa	H	4,000,000	U.F.	6.20%	15/10/2008	882,578	881,259
Bonos Betania	B	300,000,000,000	\$ Col.	12.04%	10/11/2011	-	1,197,295
Bonos Edegel	One	30,000,000	US\$	8.75%	03/06/2006	126,048	115,423
Bonos Edegel	Two	30,000,000	US\$	8.41%	14/02/2007	585,137	535,871
Bonos Edegel	Three	30,000,000	US\$	8.75%	13/06/2007	82,583	75,622
Bonos Edegel	Four	20,000,000	US\$	8.46%	21/11/2005	114,631	11,252,968
Bonos Edegel	Five B	35,000,000	Soles	6.00%	22/02/2004	5,381,578	-
Bonos Edegel	One A	100,000,000	Soles	6.00%	06/06/2005	70,282	17,046,287
Bonos Edegel	Three A	50,000,000	Soles	4.13%	04/09/2006	116,771	112,835
Bonos Edegel	Three B	50,000,000	Soles	4.88%	30/10/2006	72,570	68,975
Bonos Edegel	Four A	50,000,000	Soles	4.75%	12/12/2006	22,915	20,162
Bonos Edegel	5 A 2º issue	10,000,000	US\$	3.75%	26/01/2009	-	89,416
Bonos Edegel	6 A 2º issue	30,000,000	Soles	5.88%	27/02/2008	-	102,242
Bonos Edegel	6 B 2º issue	20,000,000	Soles	8.50%	18/06/2008	-	10,423
Bonos Edegel	7 A 2º issue	10,000,000	US\$	4.78%	26/07/2009	-	88,492
Bonos Emgesa	A-1	15,000,000,000	\$ Col.	9.89%	26/07/2006	60,416	63,581
Bonos Emgesa	B-5	12,750,000,000	\$ Col.	9.97%	09/10/2004	2,857,948	-
Bonos Emgesa	B-7	19,500,000,000	\$ Col.	10.29%	09/10/2006	102,361	108,803
Bonos Emgesa	B-10	229,825,000,000	\$ Col.	10.60%	09/10/2009	1,243,574	1,322,078
Bonos Emgesa	B-10	60,000,000,000	\$ Col.	10.57%	10/11/2009	201,756	209,129
Bonos Emgesa	C-10	7,701,962,000	\$ Col.	9.88%	09/10/2009	75,532	85,246
Bonos Emgesa	C-10	19,777,918,000	\$ Col.	10.25%	08/10/2009	40,901	46,172
Bonos Emgesa	B-10 2º issue	50,000,000,000	\$ Col.	15.18%	26/07/2006	1,193,394	1,009,389
Bonos Emgesa	B-1	85,000,000,000	\$ Col.	13.95%	26/07/2006	1,215,623	1,188,391
Endesa Chile Internacional	Unit	150,000,000	US\$	7.20%	01/04/2006	1,643,342	1,504,980
Total						72,718,823	107,084,047

b) Details of the long-term portion of bonds payable is as follows as of:

Instrument	Series	Face value outstanding	Currency	Interest rate %	Maturity date	As of December 31,	
						2003 ThCh\$	2004 ThCh\$
Bonos Edelnor	One	4,891,900	Soles	9.61%	01/02/2011	859,783	830,818
Bonos Edelnor	I°Prog.	80,000,000	Soles	VAC* + 7.5 %	01/07/2006	14,431,400	14,514,766
Bonos Edelnor	I°Prog.	18,570,000	Soles	VAC* + 6.2%	26/04/2007	3,379,519	3,398,881
Bonos Edelnor	I°Prog.	100,000,000	Soles	VAC* + 6.9%	10/10/2006	18,103,830	18,206,859
Bonos Edelnor	I°Prog.	40,000,000	Soles	4.47%	11/09/2007	7,030,264	6,793,418
Bonos Edelnor	I°Prog.	30,000,000	Soles	5.86%	15/01/2008	-	5,095,064
Bonos Edelnor	I°Prog.	20,000,000	Soles	8.75%	08/06/2009	-	3,396,709
Bonos Edelnor	I°Prog.	20,000,000	Soles	6.25%	15/01/2012	-	3,396,709
Bonos Edelnor	I°Prog.	20,000,000	Soles	VAC* + 5.4%	22/04/2014	-	3,447,326
Bonos Edelnor	I°Prog.	20,000,000	Soles	VAC* + 6.5 %	01/06/2014	-	3,440,132
Bonos Edelnor	I°Prog.	40,000,000	Soles	VAC* + 6.5 %	01/06/2014	-	6,868,319
Bonos Codensa	B3	500,000,000,000	\$ Col.	10.91%	15/03/2009	-	11,662,308
Bonos Codensa	B5	200,000,000,000	\$ Col.	12.09%	15/03/2011	-	46,649,231
Bonos Codensa	B8	250,000,000,000	\$ Col.	12.28%	15/03/2014	-	58,311,539
Bonos Edesur	5	7,488,161	\$ Arg	8.50%	05/04/2006	-	7,488,161
Bonos Edesur	6	14,976,323	\$ Arg	7.00%	05/10/2007	-	14,976,323
Bonos Cerj	Unit	294,000,000	Reales	20.64%	01/06/2007	-	46,303,253
Bonos Coelce	Unit	88,500,000	Reales	CDI + 16%	20/02/2012	-	16,846,109
Yankee Bonds - Enersis	One	300,000,000	US\$	6.90%	01/12/2006	182,593,500	167,220,000
Yankee Bonds - Enersis	Two	350,000,000	US\$	7.40%	01/12/2016	151,999,350	139,201,732
Yankee Bonds - Enersis	Three	858,000	US\$	6.60%	01/12/2026	522,217	478,249
Yankee Bonds II - Enersis	One	350,000,000	US\$	7.38%	01/12/2014	213,025,750	195,090,000
Bono N° 269	B-1	41,174	U.F.	5.50%	15/06/2009	696,053	642,009
Bono N° 269	B-2	1,935,000	U.F.	5.75%	15/06/2022	33,558,705	33,508,492
Bonos Endesa	One	230,000,000	US\$	7.88%	01/02/2027	125,308,441	114,758,069
Bonos Endesa	Two	220,000,000	US\$	7.33%	01/02/2037	133,901,900	122,628,000
Bonos Endesa	Three	200,000,000	US\$	8.13%	01/02/2097	24,598,997	22,527,879
Bonos Endesa	One	400,000,000	US\$	7.75%	15/07/2008	243,458,000	222,960,000
Bonos Endesa	One	400,000,000	US\$	8.50%	01/04/2009	243,458,000	222,960,000
Bonos Endesa	E-1 y E-2	6,000,000	U.F.	6.20%	01/08/2006	104,058,000	103,902,300
Bonos Endesa	C2; D1 Y D2	1,115,287	U.F.	6.80%	01/11/2010	18,103,889	15,477,997
Bonos Endesa	F	1,500,000	U.F.	6.20%	01/08/2022	26,014,500	25,975,575
Bonos Endesa	144A	400,000,000	US\$	8.35%	01/08/2013	243,458,000	222,960,000
Bonos Endesa	144A	200,000,000	US\$	8.63%	01/08/2015	121,729,000	111,480,000
Bonos Endesa	G	4,000,000	U.F.	4.80%	15/10/2010	69,372,000	69,268,200
Bonos Endesa	H	4,000,000	U.F.	6.20%	15/10/2008	69,372,000	69,268,200
Bonos Betania	B	300,000,000,000	\$ Col.	12.04%	10/11/2011	-	69,973,766
Bonos Edegel	One	30,000,000	US\$	8.75%	03/06/2006	18,259,350	16,722,000
Bonos Edegel	Two	30,000,000	US\$	8.41%	14/02/2007	18,259,350	16,722,000
Bonos Edegel	Three	30,000,000	US\$	8.75%	13/06/2007	18,259,350	16,722,000
Bonos Edegel	Four	20,000,000	US\$	8.46%	21/11/2005	12,172,900	-
Bonos Edegel	One A	100,000,000	Soles	6.00%	06/06/2005	17,570,585	-
Bonos Edegel	Three A	50,000,000	Soles	4.13%	04/09/2006	8,785,291	8,489,187
Bonos Edegel	Three B	50,000,000	Soles	4.88%	30/10/2006	8,785,291	8,489,187
Bonos Edegel	Four A	50,000,000	Soles	4.75%	12/12/2006	8,785,291	8,489,187
Bonos Edegel	5 A 2° issue	10,000,000	US\$	3.75%	26/01/2009	-	5,574,000
Bonos Edegel	6 A 2° issue	30,000,000	Soles	5.88%	27/02/2008	-	5,093,511
Bonos Edegel	6 B 2° issue	20,000,000	Soles	8.50%	18/06/2008	-	3,395,675
Bonos Edegel	7 A 2° issue	10,000,000	US\$	4.78%	26/07/2009	-	5,574,000
Bonos Emgesa	A-1	15,000,000,000	\$ Col.	9.89%	26/07/2006	3,286,172	3,498,692
Bonos Emgesa	B-1	85,000,000,000	\$ Col.	13.95%	26/06/2006	18,621,639	19,825,842
Bonos Emgesa	B-7	19,500,000,000	\$ Col.	10.29%	09/10/2006	4,272,023	4,548,300
Bonos Emgesa	B-10	229,825,000,000	\$ Col.	10.60%	09/10/2009	50,349,935	53,605,777
Bonos Emgesa	B-10	60,000,000,000	\$ Col.	10.57%	10/11/2009	13,144,687	13,994,769
Bonos Emgesa	C-10	7,701,962,000	\$ Col.	9.88%	09/10/2009	3,163,907	3,570,852
Bonos Emgesa	C-10	19,777,918,000	\$ Col.	10.25%	08/10/2009	1,777,815	2,006,479
Bonos Emgesa	B-10 2° issue	50,000,000,000	\$ Col.	15.18%	26/07/2006	10,953,905	11,662,258
Bonos Endesa Chile Internacional	Unit	150,000,000	US\$	7.20%	01/04/2006	91,296,751	83,610,000
Total						2,356,777,340	2,493,500,109

* VAC ("Valor de activación constante") is issued by the Banco Central de Reserva del Perú and calculated based in the inflation rate (represents an inflation - indexed new Peruvian Sol).

c) Bonds payable consist of the following:

(1) Enersis S.A. Series B1-B2

On September 11, 2001, Enersis S.A. registered two series of bearer bonds dated 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, principal payments beginning after 5 years, interest and principal payable semi-annually. Annual interest is 5.75%, compounded semi-annually.

In November 2003, these series were voluntarily exchanged for shares in connection with Enersis' capital increase approved on March 31, 2003. Holders converted Ch\$63,656,587 (historical) into the equivalent of 893,612,466 first issue shares; the amounts underwritten were determined by experts and the following amounts were capitalized Ch\$46,964,178,894 for series B1 and Ch\$7,028,065,024 (historical) for series B2. (See Note 22 (a.))

(2) 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	6.9%
2	350,000,000	20	7.4%
3	150,000,000	30	6.6%

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders have a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

During the second half of 2004, second half, debts have been re-nominated through UF/US\$ swap contracts for an amount of US\$100,000,000 associated to the tranche 1 bond and US\$250,000,000 associated to tranche 2.

Repurchase of Yankee Bonds

Enersis Internacional, a 100% subsidiary of Enersis during November 2001 made a tender offer to repurchase all or a portion of the Series 2 Yankee Bonds. The offer expired November 21, 2001 and Enersis Internacional repurchased a total of US\$100,266,000 in bonds with accrued interest, at a price of US\$95,536,000.

(3) Internacional Bonds (Yankee Bonds II)

On November 24, 2003, the Company, through its Cayman Islands Agency, issued and placed Yankee Bonds on the American market for US\$350 million. This placement was made in a single tranche, whose features are as follows:

Series	Total amount in US\$	Years to maturity	Stated annual interest rate
1	350,000,000	10	7.38%

Interest is paid six-monthly and amortization of capital is a single installment at the end of the term.

During 2004 second half, debts have been re-nominated through US\$/UF swap contracts for the total of this issue.

(4) Bonds of Chilectra S.A.

On October 13, 2003, Chilectra S.A. registered, in the Superintendency of Securities and Insurance, 2 lines of bonds corresponding to N° 347 and 348 for a maximum line amount of UF4,200,000 and UF4,000,000 respectively; the placement has a maturity of 10 years from August 22, 2003. To date, the placement of the related bonds has not been made.

*(5) Edelnor Bonds (Subsidiary of Distrilima S.A.)**First Issuance*

Date of Issuance	:	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 Issuance

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

At December 31, 2004, this Issuance is totally cancelled.

Third Issuance

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

At December 31, 2004, this Issuance is totally cancelled.

First program of Corporate Bonds*First Issuance*

Date of Issuance	:	October 29, 2001
Number of bonds subscribed	:	146,300
Face value	:	30,000 soles each
Redemption term	:	5 years
Interest rate	:	7.5% + VAC
Interest payment	:	Semi - annual

Second Issuance

Date of Issuance	:	October 19, 2001
Number of bonds subscribed	:	20,000
Face value	:	5,000 new soles each
Redemption term	:	5 years
Interest rate	:	6.9% annual + VAC
Interest payment	:	Semi – annual

Third Issuance

Date of Issuance	: January 24, 2002
Number of bonds subscribed	: 6,000
Face value	: 5,000 (new soles each)
Redemption term	: 2 years
Interest rate	: 6.5 % annual
Interest payment	: Semi - annual

Fourth Issuance

Date of Issuance	: April 24, 2002
Number of bonds subscribed	: 4,000
Face value	: 5,000 (new soles each)
Redemption term	: 2 years
Interest rate	: 6.34 % annual
Interest payment	: Semi - annual

Fifth Issuance

Date of Issuance	: March 1, 2003
Number of bonds subscribed	: 3,714
Face value	: 5,000 (new soles each)
Redemption term	: 4 years
Interest rate	: 6.2 % annual + VAC
Interest payment	: Semi - annual

Sixth Issuance

Date of Issuance	: September 12, 2003
Number of bonds subscribed	: 8,000
Face value	: 5,000 (new soles each)
Redemption term	: 4 years
Interest rate	: 4.46875 % annual
Interest payment	: Semi - annual

Seventh Issuance

Date of Issuance	: January 16, 2004.
Number of bonds subscribed	: 6,000 bonds.
Nominal value	: 5,000 (new soles) each.
Term	: 4 years.
Interest rate	: 5.86%.
Payment of interests	: Semi-annual.

Eighth Issuance

Date of Issuance	: January 16, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 (new soles) each.
Term	: 8 years.
Interest rate	: 6.25%.
Interest payment	: Semi-annual.

Ninth Issuance

Date of Issuance	: April 22, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 (new soles) each.
Term	: 10 years.
Interest rate	: VAC + 5.4375%.
Interest payment	: Semi-annual.

Tenth Issuance

Date of Issuance	: June 9, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 (new soles) each.
Term	: 5 years.
Interest rate	: 8.75%.
Interest payment	: Semi-annual.

Eleventh Issuance

Date of Issuance	: June 9, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 (new soles) each.
Term	: 10 years.
Interest rate	: VAC + 6.50%.
Interest payment	: Semi-annual.

Twelfth Issuance

Date of Issuance	: June 24, 2004.
Number of bonds subscribed	: 8,000 bonds.
Nominal value	: 5,000 (new soles) each.
Term	: 10 years.
Interest rate	: VAC + 6.50%.
Interest payment	: Semi-annual.

(6) Codensa S.A.

Codensa S.A. Issued bonds on March 11, 2004.

First Issuance

Issuer	: Codensa.
Issued securities	: Securities negotiable in Colombian pesos.
Amount Issued	: 500,000,000,000 Colombian pesos.
1st principal payment	: maturity in 2009 for 50,000,000,000 Colombian pesos.
Nominal interest rate	: 10.91% average annual rate.
Interest payment	: Quarterly. Interest earned at the closing of the fiscal year is M\$71,050, and is presented in current liabilities.
2nd principal payment	: Maturity in 2011 for 200,000,000,000 Colombian pesos.
Nominal interest rate	: 12.09% average annual rate.
Interest payment	: Quarterly. Interest earned at the closing of the fiscal year is M\$316,497, and is presented in current liabilities.

3rd principal payment	: Maturity in 2014 for 250,000,000,000 Colombian pesos.
Nominal interest rate	: 12.28% average annual rate.
Interest payment	: Quarterly. Interest earned at the closing of the fiscal year is M\$402,350, and is presented in the current liabilities.

(7) *Edesur S.A.*

On October 5, 2004, under its medium-term certificate of indebtedness Issuance program, the Corporation Issued negotiable liabilities in Argentinean pesos for a total amount of MUS\$40,302 in two 18-month series (class 5) and 1-3-year series (class 6), respectively.

Issuer	: Edesur S.A.
Issued securities	: Negotiable liabilities in Argentinean pesos.
Amount issued	: MUS\$13,434.
Principal due	: Maturity in 2006.
Nominal interest rate	: 8.5% average annual rate.
Interest payment	: Semi-annual.

Issuer	: Edesur S.A.
Issued securities	: Negotiable liabilities in Argentinean pesos.
Amount Issuance	: MUS\$26,868.
Principal due	: Maturity in 2007.
Nominal interest rate	: 4.0% minimum annual nominal rate.
Interest payment	: Quarterly.

(8) *Compañía de Electricidade do Rio de Janeiro S.A.*

On July 28, 2004, the Corporation issued liabilities in reales for a total amount of R\$294,000,000 in a 3-year term series.

Issuer	: Compañía de Electricidade do Rio de Janeiro S.A. S.A.
Issued securities	: Liabilities negotiable in reales.
Amount Issuance	: R\$294,000,000.
Principal due	: Maturity in 2007.
Nominal interest rate	: 20.64% average annual rate.
Interest payment	: Quarterly.

(9) *Coelce S.A.*

On February 29, 2004, the Corporation issued liabilities in reales for a total amount of MR\$88,500 in a 12-year term series.

Issuer	: Coelce S.A.
Issued securities	: Negotiable securities in reales.
Amount issued	: MR\$88,500.
Principal due	: Maturity in 2012.
Nominal interest rate	: 116% x CDI average annual rate.
Interest payment	: Semi-annual.

(10) Endesa Chile S.A.

- (i) Our Subsidiary Endesa - Chile S.A. currently has 5 outstanding public bond issues on the domestic market on the following dates:
- On September 12, 1988, it registered in the SVS (superintendencia de valores y seguros), first issuance of bonds worth U.F. 5,000,000 under No. 105; this was totally placed at December 31, 1988. This issuance is totally paid on September 1, 2000.
 - On August 24, 1989, it registered the second bond issuance worth U.F. 6,000,000, under No.111; this was totally placed at December 31, 1990. This issuance is totally paid at October 1, 2001.
 - On December 7 1990, it registered the third issuance of bonds worth U.F. 4,000,000 under No. 131. U.F. 2,030,000 of this issuance had been placed at December 31 1997. The remaining balance of U.F. 1,970,000 has been cancelled, because its placement deadline has expired.
 - On August 9 2001, it registered the fourth bond issuance worth U.F. 7,500,000 under No. 264; this was totally placed at December 31 2001.
 - On November 26 2002, it registered the fifth bond issuance worth U.F. 8,000,000 under Nos. 317 and 318 and then amended it on October 2 2003; this issuance was totally placed at December 31, 2003.

Risk rating of the issued bonds is as follows as of December 31, 2004:

	Category
- Feller-Rate Clasificadora de Riesgo Ltda.	A+
- Comisión Clasificadora de Riesgo	A+
- Fitch Chile Clasificadora de Riesgo Ltda.	A+

*ISSUANCE TERMS**Third Issuance*

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value	: Four million Unidades de Fomento (UF4,000,000) divided into: <ul style="list-style-type: none"> - Series C-1: 120 bonds at UF10,000 each - Series C-2: 800 bonds at UF1,000 each - Series D-1: 120 bonds at UF10,000 each - Series D-2: 800 bonds at UF1,000 each
Indexation	: Based on variations in Unidad de Fomento index
Amortization period	: Series C-1 and C-2: 15 years (5-year grace year and 10 years to pay off principal). Series D-1 and D-2: 20 years (5-year grace year and 15 years to pay off principal).
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. Paydown installments are incremental
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 principal, readjusted by the value of the Unidad de Fomento. The applicable semi-annual 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 as of December 31, 2004, 2003 and 2002 amounts to ThCh\$201,501, ThCh\$228,969 and ThCh\$254,277 respectively, and is shown under current liabilities.

Guarantee	: There is no specific collateralization, however, a general guarantee collateralizes 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)	: Up to seven and a half million (UF7,500,000) divided into: Series E-1: 1,500 bonds at UF1,000 each. Series E-2: 600 bonds at UF10,000 each. Series F: 200 bonds at UF10,000 each.
Readjustment base	: 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 Series F case, beginning February 1, 2012.
Nominal interest rate	: 6.2% annually, compounded semi-annually and effective on the outstanding principal adjusted for the value of the Unidad de fomento. The semi-annual interest rate will be 3.0534%.
Interest payment	: Accrued interest as of December 31, 2003 amounts to ThCh\$3,304,726 (ThCh\$3,309,694 in 2003 and ThCh\$3,308,044 in 2002) which is shown under current liabilities.
Guarantee	: There is no specific collateralization; however, a general guarantee covers all the issuer's assets
Placement period	: 36 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance

(1) Through a cross currency swap, the UF debt was exchanged for US dollar debt, leaving a net unrealized gain of ThCh\$8,089,738 as of December 31, 2004 (ThCh\$4,964,116 in 2003) which is included in other assets.

Fifth Issuance

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Dematerialized bearer bonds in local currency, expressed in Unidades de Fomento.
Amount of issuance	: Eight million Unidades de Fomento (U.F. 8,000,000) divided into: - Series G: 4,000 bonds U.F. 1,000 each. - Series H: 4,000 bonds U.F. 1,000 each.
Readjustment base	: Variation in Unidad de Fomento.
Amortization period	: Series G: October 15, 2010. Series H: Six-monthly and successively as of April 16, 2010.
Pre-redemption	: Only for series G bonds, as of October 16, 2004.
Nominal interest rate	: Series G: 4.8% per year, compounded every six months and effective on the principal not fully paid adjusted by the value of the Unidad de Fomento. The interest rate to be applied every six months will be 2.3719%.
Series H	: 6.2% per year, compounded every six months and effective on the principal not fully paid adjusted by the value of the Unidad de Fomento. The interest rate to be paid every six months will be 3.0534%.
Placement deadline	: 36 months as of date of registration in Securities Register of the Superintendency of Securities and Insurance.
Security	: No specific security, except for general security of all the issuer's properties.
Interest payment	: Interest will be paid semi-annually, due on April 15 and October 15 of each year starting from April

15, 2004. Interest accrued at year-end is ThCh\$1,565,822 (ThCh\$1,568,167 in 2003) and is presented in current liabilities.

(ii) Endesa Chile S.A. has issued and placed four 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 matures on February 1, 2027: Series 2 matures on February 1, 2037 (Put Option on February 1, year 2009, on which date the holders may redeem 100% of bonds plus accrued interest). Series 3 matures on February 1, 2097.
Nominal interest rate	: Series 1: 7.875% 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\$11,723,401 (ThCh\$12,801,201 in 2003 and ThCh\$15,646,787 in 2002), 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
Principal due	: Series 1 matures on July 15, 2008
Nominal interest rate	: Series 1: 7.75% annually
Interest Payment	: Interest will be paid semi-annually each January 15 and July 15 annually, starting January 15, 1999. Accrued interest as of the year end amounts to ThCh\$7,919,724 (ThCh\$8,647,830 in 2003 and ThCh\$9,920,363 in 2002), 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
Principal due	: Series 1 matures on April 1, 2009.
Nominal interest rate	: Series 1: 8.502% annually
Interest Payment	: Interest will be paid semi-annually each October 1 and April 1 annually, starting October 1, 1999. Accrued interest as of the year end amounts to ThCh\$4,737,900, ThCh\$5,173,483 and ThCh\$6,323,499 in 2004, 2003 and 2002, respectively, which is shown under current liabilities.

Fourth Issuance

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Electronic negotiable bonds expressed in American dollars on the American and European markets, under rules "Rule 144A" and "Regulation S".
Amount of issuance	: Six hundred million US dollars (US\$600,000,000) divided into:

	Series August 1, 2013: US\$400,000,000
	Series August 1, 2015: US\$200,000,000
Adjustment	: Variation in US dollar.
Principal due	: Series of ThMUS\$400 total maturity on August 1 2013. : Series of ThMUS\$200 total maturity on August 1 2015.
Nominal interest rate	: Series of ThMUS\$400 8.35% per year. Series of ThUS\$400 8.625% per year.
Payment of interest	: Interest will be paid semi-annually on February 1 and August 1 each year starting from July 23, 2003. Interest accrued at year-end was ThCh\$11,763,463 (ThCh\$13,444,908 in 2003) and presented in current liabilities.

The risk rating of these bonds is as follows as December 31, 2004:

	Category
- Standard & Poor's	BBB-
- Moodys Investors Services	Ba 2
- Fitch	BBB-

Repurchase of Yankee Bonds

Endesa Chile Internacional, a 100% subsidiary of Endesa, made a tender offer in November 2001, for the total or partial purchase, in cash, of the following bond issuance in US dollar (Yankee Bonds) made by its parent company, Endesa.

- Series 1: ThCh\$230,000 at 30 years, maturing in 2027.
- Series 3: ThCh\$200,000 at 100 years, maturing in 2097.

As a result of the offer which expired on November 21, 2001, series 1 and series 3 bonds, for ThUS\$21,324 and ThUS\$134,828, respectively, were purchased, whose nominal values amounted to ThUS\$24,119 and ThUS\$159,584 for each series.

(11) Subsidiaries of Endesa Chile S.A.

- (i) Endesa Chile Internacional issued Yankee Bonds on April 1, 1996.

Risk rating of the bond issuance is as follows as of December 31, 2004:

	Category
- Standard & Poor's	BBB-
- Moodys Investors Services	Ba 2

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):
Principal due	: Maturity as of April 1, 2006
Nominal interest rate	: 7.2 % annually in arrears.
Interest Payments	: Interest will be paid semi-annually in arrears starting October 1, 1996. Accrued interest as of the year end amounts to ThCh\$1,504,980 (ThCh\$1,643,342 in 2003 and ThCh\$1,885,160 in 2002) and is shown under current liabilities.

Guarantee : Guarantee from Empresa Nacional de Electricidad S.A.

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

ISSUANCE TERMS

First Registration

Securities registered : 1,000 million Euros
 Issuance value : Euros 400,000,000 (*)
 Principal due : Principal due July 24, 2003
 Nominal interest rate : Euribor + 0.80%
 Interest payments : Quarterly beginning October 24, 2000 in arrears. Accrued interest as of December 31, 2004, 2003 and 2002 amounts to ThCh\$0, ThCh\$0 and ThCh\$2,391,942 respectively and is shown in current liabilities.
 Guarantees : Empresa Nacional de Electricidad S.A.

(*) By way of a cross-currency swap operation, the debt in Euros was exchanged for U.S. dollar debt.

At December 31, 2004, this issuance was totally cancelled.

(II) Edegel S.A. issued bonds on June 4, 1999, February 15, 2000, June 14, 2000 and November 27, 2000, August 22, 2001, June 6, 2003, September 4, 2003, October 29, 2003, December 12, 2003, January 26, 2004, February 27, June 18, 2004 and July 26, 2004 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
 Principal due : June 3, 2007, February 14, 2007, June 13, 2006 and November 21, 2005 respectively.
 Nominal interest rate : 8.75%, 8.41%, 8.75% and 8.46% annually
 Interest payments : Interest will be paid semi-annually, starting December 3, 1999. Accrued interest as of December 31, 2004, 2003 and 2002 amounts to ThCh\$831,884, ThCh\$1,018,802 and ThCh\$1,351,145 and is shown in other current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable securities denominated in new soles (20,000 bonds).
 Issuance value : 100,000,000 new soles
 Principal due : Maturity as of June 6, 2005.
 Nominal interest rate : 6.0% annually
 Interest payments : Interest will be paid semi-annually. Accrued interest as of December 31, 2004, 2003 and 2002 amounts to ThCh\$67,914, ThCh\$70,282 and ThCh\$0 respectively and is shown in other current liabilities.

Issuer : Edegel S.A.
 Securities issued : Marketable securities denominated in new soles (10,000 bonds).
 Issuance value : 50,000,000 new soles
 Principal due : Maturity as of May 5, 2006.
 Nominal interest rate : 4.13% annually
 Interest payments : Interest will be paid semi-annually. Accrued interest as of December 31, 2004, 2003 and 2002 amounts to ThCh\$112,835, ThCh\$116,771 and ThCh\$0, respectively and is shown in other current

liabilities.

Issuer : Edegel S.A.
 Securities issued : Negotiable Instruments in Nuevos Soles (10,000 bonds)
 Amount of issuance : Fifty million nuevos soles (NS50,000,000).
 Principal due : Total maturity at October 30, 2006.
 Nominal interest rate : 4.875% per year.
 Interest payments : Interests will be paid semi-annually. Interests accrued at year-end is ThCh\$68,975, (ThCh\$72,570 in 2003) and is presented in current liabilities.

Issuer : Edegel S.A.
 Securities issued : Negotiable instruments in Nuevos Soles (10,000 bonds)
 Amount of issuance : Fifty million Nuevos Soles (NS50,000,000).
 Principal due : Total maturity at December 12, 2006.
 Nominal interest rate : 4.75% per year.
 Interest payments : Interests will be paid semi-annually. Interests accrued at year-end is ThCh\$20,162 (ThCh\$22,915 in 2003) and is presented in current liabilities.

Issuer : Edegel S.A.
 Issued securities : Negotiable securities in dollars (10,000 bonds.)
 Amount issued : Ten million (US\$10,000,000.)
 Principal due : Total maturity on January 26, 2009.
 Nominal interest rate : Due annually 3.75%.
 Interest payments : Semi-annual. Interest earned at the closure of the fiscal year is M\$89,416 and presented in current liabilities.

Issuer : Edegel S.A.
 Issued securities : Negotiable securities in new soles (6,000 bonds.)
 Amount issued : Thirty million new soles (NS 30,000,000.)
 Principal due : Total maturity on December 12, 2006.
 Nominal interest rate : Due annually 5.875%.
 Interest payments : Semi-annual. Interest earned at the closing of the fiscal year is M\$102,242 and presented in current liabilities.

Issuer : Edegel S.A.
 Issued securities : Negotiable securities in new soles (4,000 bonds.)
 Amount issued : Twenty million new soles (NS 20,000,000.)
 Principal due : Total maturity on June 18, 2008.
 Nominal interest rate : Due annual 8.5%.
 Interest payments : Semi-annual. Interest earned at the closing of the fiscal year is M\$10,423 and presented in current liabilities.

Issuer : Edegel S.A.
 Issued securities : Negotiable securities in dollars (10,000 bonds.)
 Amount issued : Ten million dollars (US\$10,000,000.)
 Principal due : Total maturity on July 26, 2009.
 Nominal interest rate : Due annual 4.78%.
 Interest payments : Semi-annual. Interest earned at the closing of the fiscal year is M\$88,492 and presented in current liabilities.

(III) Emgesa S.A. issued bonds on October 8, 1999 and July 9, 2001, the first issuance, and on February 26, 2003, the second issuance as per the following:

First Issuance

Issuer	: Emgesa S.A.
Securities issued	: Marketable securities denominated in Colombian pesos
Issuance Value	: \$Col 530,000,000,000
Principal due	: Maturities between 2006 and 2009 amount to Col\$449,554,880.
Interest nominal rate	: 10.77% annual average rate
Interest payment	: Interest will be paid semi-annually. Accrued interest as of December 31, 2004, 2003 and 2002 amounts to ThCh\$1,771,428, ThCh\$4,522,072 and ThCh\$5,575,837 and is shown under current liabilities.

Second Issuance

Issuer	: Emgesa S.A.
Securities issued	: Marketable securities denominated in Colombian pesos
Issuance value	: \$Col 50,000,000,000
Principal due	: Maturity as of July 26, 2006.
Nominal interest rate	: 15.18% annual average rate
Interest payments	: Interest will be paid annually. Accrued interest as of December 31, 2004, 2003 and 2002 amounts to ThCh\$2,261,361, ThCh\$2,469,433 and ThCh\$228,760 respectively and is shown in other current liabilities.

(IV) Central Hidroeléctrica Betania S.A. E.S.P. issued bonds on November 11, 2004, completing the first issue.

First issuance

Issuer	: Central Hidroeléctrica Betania S.A. E.S.P.
Issued securities	: Straight bonds in Colombian pesos.
Amount issued	: 400,000,000,000 Colombian pesos.
Principal due	: Maturity between 2009 and 2011, for 300,000,000,000 Colombian pesos.
Nominal interest rate	: 12.4%
Interest payments	: Quarterly and annual. Interest earned at the closing of the fiscal year is M\$1,197,295 and is presented in current liabilities.

Amortized bond discounts of Enersis S.A. and its affiliates of ThCh\$20,072,691 and ThCh\$19,358,573 as of September 31, 2003 and 2004, respectively are included in Other Assets (see Note 14).

NOTE 19. ACCRUED EXPENSES

a) Short-term accruals:

Accrued expenses included in current liabilities are as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Bonus and other employee benefits	24,444,587	26,066,606
Litigation and other contingencies	4,922,735	4,305,757
Construction and other	2,779,622	-
Energy purchases from others	6,563,565	2,487,185
Pension accruals	1,818,240	1,140,558
Suppliers and services	13,309,688	8,300,418
Others	1,208,393	2,032,593
Total	55,046,830	44,333,117

b) Long-term accruals:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Accrued monthly corporate and other taxes	7,830,827	7,450,766
Post-retirement benefits-Chilean subsidiaries	11,685,741	16,024,333
Post-retirement benefits (Cerj Coelce)	61,973,808	53,776,105
Severance indemnity	10,901,982	11,012,537
Labor contingencies (Cerj)	162,848,093	152,182,968
Post-retirement benefits-foreign subsidiaries	65,942,279	68,620,416
Others	4,169,678	1,958,148
Total	325,352,408	311,025,273

During the 2004 fiscal year, bad debt write-offs were ThCh\$2,587,887 (ThCh\$3,275,265 in 2003).

NOTE 20. SEVERANCE INDEMNITIES

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Opening balance as of January 1	8,610,121	10,636,360
Increase in accrual	2,871,119	1,963,414
Transfer to short-term	(42,084)	(95,654)
Payments during the period	(537,174)	(1,491,583)
Total	10,901,982	11,012,537

NOTE 21. MINORITY INTEREST

a) Minority shareholders' participation in the shareholders' equity of the Company's subsidiaries is as follows:

Company	As of December 31, 2003			As of December 31, 2004		
	Equity ThCh\$	Participation %	Total ThCh\$	Equity ThCh\$	Participation %	Total ThCh\$
Aguas Santiago Poniente	-	0.00%	-	2,138,763	45.00%	962,443
Cam Argentina S.A.	526,322	0.10%	526	490,904	0.10%	492
Cam Colombia S.A.	2,325,024	0.00%	30	1,404,091	0.00%	19
Capital de Energía S.A.	476,360,496	49.10%	233,893,003	433,491,652	49.00%	212,410,909
Central Hidroeléctrica Betania S.A.	438,238,156	14.38%	63,009,005	396,701,579	14.38%	57,036,960
Central Cachoeira Dourada	416,599,853	0.39%	1,641,902	360,922,632	0.39%	1,422,468
Central Costanera S.A.	173,721,282	35.74%	62,079,140	164,571,235	35.74%	58,809,379
Chilectra S.A.	437,157,882	1.76%	7,636,110	457,376,118	1.76%	7,990,673
Cía. Eléctrica San Isidro S.A.	45,055,766	50.00%	22,527,884	52,472,376	50.00%	26,236,188
Cía. Peruana de Electricidad S.A.	33,824,461	49.00%	16,573,986	26,694,010	49.00%	13,080,065
Codensa S.A.	847,938,214	51.52%	436,861,205	805,502,466	78.19%	629,785,730
Compañía de Electricidade do Rio de Janeiro S.A.	457,564,052	27.46%	125,649,583	523,890,321	18.77%	98,358,372
Companhia Energetica Do Ceara - Coelce	546,789,747	43.41%	237,362,977	479,452,075	43.41%	208,131,503
Constructora y Proyectos Los Maitenes S.A.	(561,663)	45.00%	(252,749)	(1,253,478)	45.00%	(576,779)
Edegel S.A.	557,722,052	36.44%	203,255,109	486,331,290	36.44%	177,237,603
Edelnor S.A.	227,179,203	40.00%	90,871,681	178,099,675	40.00%	71,239,870
Edesur S.A.	590,358,954	34.11%	201,359,739	523,523,726	34.11%	178,563,568
Elesur S.A.	-	0.00%	-	56,688,517	0.00%	609
Emgesa S.A.	815,270,848	51.52%	420,002,269	738,223,906	51.52%	380,310,072
Empresa Eléctrica Pangue S.A.	87,532,641	5.02%	4,390,812	78,452,150	5.02%	3,935,317
Endesa	1,529,985,766	40.02%	612,286,163	1,568,897,981	40.02%	627,858,471
Endesa Argentina S.A.	58,412,739	0.01%	5,841	53,515,263	0.01%	5,352
Generandes Perú S.A.	309,802,801	40.37%	125,064,355	276,210,577	40.37%	111,503,503
Hidroeléctrica El Chocón S.A.	206,365,348	34.81%	71,835,778	179,753,696	34.81%	62,572,262
Hidroinvest S.A.	85,746,919	30.07%	25,784,098	72,645,379	30.07%	21,844,465
Ingendesa S.A.	2,625,142	2.36%	62,019	2,362,755	2.36%	55,820
Inversiones Distrilima S.A.	135,303,911	31.61%	42,769,567	106,797,362	31.61%	33,758,645
Investluz S.A.	293,938,943	37.55%	110,374,073	262,696,532	37.55%	98,642,819
Luz de Bogotá S.A.	499,679,635	55.00%	274,823,805	-	0.00%	-
Pehuenche S.A.	199,166,284	7.35%	14,638,722	190,683,185	7.35%	14,015,214
Soc. Agrícola de Cameros Ltda.	7,091,001	42.50%	3,013,675	7,064,914	42.50%	3,002,588
Soc. Agrícola Pastos Verdes Ltda.	56,659,804	45.00%	25,496,913	59,590,252	45.00%	26,815,613
Túnel El Melón S.A.	(6,702,981)	0.05%	(3,352)	(8,422,193)	0.05%	(4,211)
Total			3,433,013,869			3,125,006,002

b) Minority shareholders' participation in the net (income) or loss of the Company's subsidiaries is as follows:

Company	As of December 31, 2003			As of December 31, 2004		
	Net income ThCh\$	Participation %	Total ThCh\$	Net income ThCh\$	Participation %	Total ThCh\$
Aguas Santiago Poniente	-	-	-	108,643	45.00%	48,889
Cam Argentina S.A.	(64,331)	0.10%	(65)	65,282	0.10%	65
Cam Colombia S.A.	(745,590)	0.001%	(10)	(907,447)	0.00%	(12)
Capital de Energía S.A.	(8,829,230)	49.10%	(4,335,152)	(13,373,141)	49.00%	(6,552,839)
Central Hidroeléctrica Betania S.A.	1,730,620	14.38%	248,825	4,639,241	14.38%	667,021
Central Cachoeira Dourada	(4,422,415)	0.39%	(17,430)	(14,818,479)	0.39%	(58,403)
Central Costanera S.A.	(28,497,368)	35.74%	(12,560,325)	(5,476,455)	35.74%	(1,957,006)
Chilectra S.A.	(52,756,294)	1.76%	(922,456)	(77,321,577)	1.76%	(1,353,288)
Cía. Eléctrica San Isidro S.A.	(13,507,303)	50.00%	(6,753,652)	(14,213,098)	50.00%	(7,106,549)
Cía. Peruana de Electricidad S.A.	(2,260,699)	49.00%	(1,107,742)	(119,602)	49.00%	(58,605)
Codensa S.A.	(18,470,888)	51.52%	(9,516,276)	(56,675,131)	78.19%	(44,311,706)
Cía. do Electricidade do Rio do Janeiro	101,242,812	27.46%	27,801,828	30,959,195	18.77%	5,812,469
Companhia Energetica Do Ceara - Coelce	10,442,705	43.41%	4,533,208	16,071,989	43.41%	6,976,896
Constructora y Proyectos Los Maitenes S.A.	923,958	45.00%	415,781	720,068	45.00%	324,031
Edegel S.A.	(32,678,917)	36.44%	(11,909,439)	(17,792,745)	36.44%	(6,484,352)
Edelnor S.A.	(13,404,450)	40.00%	(5,361,780)	522,853	40.00%	209,141
Edesur S.A.	27,778,921	34.11%	9,474,840	17,129,823	34.11%	5,842,643
Elesur S.A.	-	-	-	1,270,758	0.00%	14
Emgesa S.A.	(22,776,713)	51.52%	(11,733,857)	(28,156,505)	51.52%	(14,505,359)
Empresa Eléctrica Pangue S.A.	(38,094,663)	5.02%	(1,910,904)	(4,839,958)	5.02%	(242,782)
Endesa	(80,084,185)	40.02%	(32,048,951)	(83,788,756)	40.02%	(33,531,486)
Endesa Argentina S.A.	(39,291,822)	0.01%	(3,929)	452,791	0.01%	45
Generandes Perú S.A.	(29,270,349)	40.37%	(11,816,153)	(19,175,749)	40.37%	(7,741,062)
Hidroeléctrica El Cócón S.A.	(13,950,752)	34.81%	(4,856,257)	3,492,111	34.81%	1,215,604
Hidroinvest S.A.	(7,282,633)	30.07%	(2,189,888)	6,762,318	30.07%	2,033,429
Ingendesa S.A.	(1,641,617)	2.36%	(38,783)	(947,753)	2.36%	(22,391)
Inversiones Distrilima S.A.	(9,078,950)	31.61%	(2,869,857)	(523,706)	31.61%	(165,543)
Investluz	8,899,063	37.55%	3,341,598	6,494,157	37.55%	2,438,563
Luz de Bogotá S.A.	(4,311,603)	55.00%	(2,371,382)	-	0.00%	-
Pehuenche S.A.	(46,943,144)	7.35%	(3,450,321)	(27,870,640)	7.35%	(2,048,492)
Soc. Agrícola de Cameros Ltda.	89,881	42.50%	38,200	26,087	42.50%	11,087
Soc. Agrícola Pastos Verdes Ltda.	(808,321)	45.00%	(363,745)	(1,217,491)	45.00%	(547,871)
Túnel El Melón S.A.	2,322,960	0.05%	1,161	1,719,213	0.05%	860
Total			(80,282,913)			(101,106,989)

NOTE 22. SHAREHOLDERS' EQUITY

a) Paid capital

The Extraordinary General Meeting of Shareholders of Enersis held on March 31, 2003 approved a capital increase of about US\$2,000 million. The issue was registered in the Securities Register on May 23, 2003 under No. 686 for Ch\$1,473,225,403,563 pesos, divided into 24,382,994,488 shares. The operation was structured as follows:

1) First preferential underwriting period (from May 31 to June 30), in which shareholders registered in the company register at

May 26, 2003 have the option of subscribing to 2.9408 new shares for each old one at a price of Ch\$60.4202 per share.

- 2) Voluntary redemption of local bonds (from November 1 to 15), in which holders of local 269 bonds (series B1 and B2) may exchange their bonds for Enersis shares, according to the value assigned by an independent expert and at placement price of Ch\$60.4202 per share.
- 3) Second preferential underwriting period (from November 20 to December 20), in which all Enersis shareholders registered five working days before the start of this new period, except for the controlling partner and its members, may participate.

In this phase, shareholders may subscribe to the remaining shares that were not underwritten at the close of the preferential underwriting period and at the conclusion of the voluntary redemption of local bonds. In this period, new issue shares may only be paid in cash at the same price of Ch\$60.4202 per share.

Once the deadline for the capital increase has expired (December 30, 2003), its final amount will be the amount actually underwritten and paid in.

At June 30, 2003, end date of the first preferential underwriting period, 22,113,264,060 shares were underwritten for a sum of Ch\$1,336,087,841,061 equivalent to 90.69% of the total issue. Of total shares underwritten in this preferential period, 14,406,840,511 shares were subscribed to by controlling shareholder Elesur for the equivalent of Ch\$870,464,185,043 and 7,706,423,549 shares by minority shareholders for the equivalent of Ch\$465,623,656,018.

Elesur underwrote and paid in its shares by capitalizing financial loans that it held with Enersis on the date of underwriting. The exchange was approved by the Extraordinary Shareholders' Meeting on March 31, 2003, at 86.84% of its par value based on an independent expert appraisal report performed pursuant to the Chilean Company Law, with the difference being recorded as a share premium of Ch\$131,912,812,936.

The second preferential underwriting period in November 2003 involved the voluntary exchange of 269 bonds, series B1 and B2. Holders converted Ch\$63,656,586,836 into the equivalent of 893,612,466 first issues shares; the amounts underwritten were determined by experts; capitalization was Ch\$46,964,178,894 for series B1 and Ch\$7,028,065,024 for series B2, at Ch\$60.4202 per share. This operation resulting in recording a share premium of Ch\$6,247,821,056.

During the second preferential underwriting period, 1,244,542,758 shares equivalent to Ch\$75,195,523,918 were subscribed.

The second share underwriting period concluded on December 30, 2003 fielding a capital increase, in which 99.9% of the capital authorized by the Extraordinary General Meeting of Shareholders, in other words 24,360,146,365 shares, were subscribed, leaving Enersis' capital with a total of 32,651,166,465 subscribed and paid in shares.

b) Dividends

During the years ended December 31, 2003 and 2004 the Company no paid dividends.

c) Number of shares

	As of December 31,	
	2003 Shares	2004 Shares
Capital stock authorized	32,651,166,465	32,651,166,465
Capital stock issued and outstanding	32,651,166,465	32,651,166,465

d) Subscribed and paid in capital is as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
As of January 1,	777,688,286	2,283,404,124
Intercompany loan capitalization	890,441,339	
Bond exchange	55,176,024	
Subscribed shares	560,098,475	
As of December 31,	2,283,404,124	2,283,404,124

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

Company	As of December 31, 2004	
	Net income (loss) for the period	Retained earnings (accumulated deficit)
	ThCh\$	ThCh\$
Central Generadora Termoelectrica Fortaleza S.A.	-	(2,673,664)
Total	-	(2,673,664)

f) Other reserves

Other reserves at December 31, 2004 are composed of the following:

	Initial balance at January 1, 2004 ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2004 ThCh\$
Reserve for entities using remeasurement method	(10,499,405)	(4,435,524)	(14,934,929)
Reserve for accumulated conversion differences	(15,814,072)	(103,832,123)	(119,646,195)
Reserve for Technical Bulletin No. 72 (1)	-	11,992,130	11,992,130
Total	(26,313,477)	(96,275,517)	(122,588,994)

(1) Corresponds to the reserve generated by the purchase of shares of Compañía de Electricidad de Río de Janeiro S.A. in 2004. This effect has been recorded in accordance with Technical Bulletin No.72 of the Chilean Institute of Accountants.

Detail of changes in the reserve for accumulated conversion differences is as follows:

	Initial balance at January 1, 2004 ThCh\$	Reserve for assets ThCh\$	Reserve for liabilities ThCh\$	Final balance at December 31, 2004 ThCh\$
Cumulative translation adjustment	(15,814,072)	(109,623,996)	5,791,873	(119,646,195)
Total	(15,814,072)	(109,623,996)	5,791,873	(119,646,195)

The detail of the accumulated conversion difference reserve at December 31, 2004 is as follows:

	ThCh\$
Distrielec Inversora S.A.	(16,109,082)
Inversiones Distrilima S.A.	(6,111,287)
Cía. Peruana de Electricidad S.A.	(36,678)
Edesur S.A.	(19,299,737)
Compañía de Electricidade do Rio de Janeiro S.A.	(35,101,980)
Luz de Bogotá S.A.	2,361,312
Investluz S.A.	(1,981,396)
Central Geradora Termelétrica Fortaleza S.A.	(4,131,448)
Energis Energía de Colombia	(561,859)
Endesa Market Place	376,205
Endesa Argentina S.A.	8,772
Endesa Chile Internacional S.A.	(3,028,008)
Codensa S.A.	(27,711,750)
Endesa de Colombia S.A.	70,212
Central Costanera S.A.	(307,841)
Conosur S.A.	(8,001,621)
Capital de Energía S.A.	(8,544)
Ingendesa Do Brasil Ltda.	(71,465)
Total	(119,646,195)

NOTE 23. OTHER INCOME AND EXPENSES

a) The detail of other non-operating income is as follows:

	Year ended December 31,	
	2003 ThCh\$	2004 ThCh\$
Adjustments to investments in related companies	7,717,776	1,143,798
Gain on sale of property, plant and equipment	7,148,008	8,068,307
Gain on forward contracts and swaps	-	6,915,462
Services - projects and inspections	9,260,211	3,258,908
Penalties charged to contractors and suppliers	7,466,011	7,731,202
CDEC-SING power settlement gain (3)	1,644,945	12,047,772
Public lighting and telephone lines	12,296,555	13,220,912
Transportation and gas service income (San Isidro)	-	878,765
Cost recoveries	5,871,416	2,063,984
Reversal of contingencies provision and other provisions	6,713,863	44,040,053
Recoverable taxes	5,207,602	2,641,508
Effect of application of BT 64 (1)	20,169,663	8,551,458
Gain on sale of subsidiaries (2)	91,517,236	-
Indemnities and commissions	3,681,189	7,656,664
Dividend from investees	4,395,484	1,961,425
Other	12,116,692	13,452,664
Total	195,206,651	133,632,882

(1) 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.

(2) Sale of Compañía Eléctrica del Río Maipo S.A. and Infraestructura 2000 S.A.

(3) The amount recorded in 2004 corresponds to the result of re-liquidations of balances of power on a firm basis corresponding to 2000 April – 2004 March period (See Note 35). The amount recorded in 2003 corresponds to interim re-liquidations of Energy and Power for transactions carried out in prior years.

b) Other non-operating expenses are as follows:

	Year ended December 31,	
	2003 ThCh\$	2004 ThCh\$
Adjustments to investments in related companies	8,392,787	1,909,123
Cost of sales – materials	3,218,384	841,148
Loss on sale of fixed assets	9,631,969	1,287,967
Effect of application of BT 64 (1)	89,369,131	65,499,071
Contingencies and litigation	54,298,359	35,399,348
SIC power settlement loss	2,743,676	25,696,096
Pension plan expense	21,310,188	5,127,753
Index UFIR Brasil Cerj	7,000,397	1,759,059
Penalties and fines	4,474,469	7,525,875
Cost of projects, inspections and other	4,191,139	2,829,797
Other taxes Colombia	-	4,487,955
Other taxes Argentina and Brazil	9,833,886	6,902,111
Loss on forward contracts and swaps	1,171,257	13,326,522
Write-off fixed assets	16,029,887	20,830,282
Others	20,372,871	13,933,392
Total	252,038,400	207,355,499

(1) 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.

NOTE 24. PRICE-LEVEL RESTATEMENT

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

	Index	Year ended December 31,	
		2003 ThCh\$	2004 ThCh\$
Assets			
Inventory	I.P.C.	332,650	2,607,088
Current assets	I.P.C.	9,875,155	5,081,800
	U.F.	12,805	2,249,081
Property, plant and equipment	I.P.C.	23,951,380	53,701,497
Accounts receivable from subsidiaries	I.P.C.	1,806,586	3,039,752
Investment in subsidiaries	I.P.C.	2,040,182	4,505,287
Amortization of goodwill	I.P.C.	6,415,892	17,229,094
Other assets	I.P.C.	34,323,162	97,268,124
	U.F.	70,973	2,850,718
Price-level restatement of the income statement		(67,762)	1,128,728
Net credits - assets		78,761,023	189,661,169
Liabilities and Shareholders' equity			
Shareholders equity	I.P.C.	(7,113,470)	(63,692,887)
Current and long-term liabilities	I.P.C.	(51,656,918)	(81,481,325)
	U.F.	(1,448,020)	(24,293,995)
Minority interest	I.P.C.	(7,809,611)	(14,889,909)
Accounts payable to subsidiaries	I.P.C. - U.F.	(16,067,616)	(218,476)
Non-monetary liabilities	I.P.C.	(95,620)	-
	U.F.	(74,620)	(32,896)
Price-level restatement of the income statement	I.P.C.	892,976	(5,828,559)
Net charge-liabilities and shareholders' equity accounts		(83,372,899)	(190,438,047)
Net credits (charge) to income		(4,611,876)	(776,878)

NOTE 25. EXCHANGE DIFFERENCES

The (charge) credit to income for foreign currency translation is as follows:

Assets	Currency	Year ended December, 31		Liabilities	Currency	Year ended December, 31	
		2003 ThCh\$	2004 ThCh\$			2003 ThCh\$	2004 ThCh\$
Cash	US\$	2,921,829	333,168	Short-term debt due to banks and financial institutions	US\$	6,819,881	(624,260)
	Euro	(1,562)	-		Other	(3)	-
	Other	(244,829)	(6,260)	Current portion of long-term debt due to banks and financial institutions	US\$	7,559,303	2,222,240
Time deposits	US\$	(26,806,295)	(6,131,516)		Yen	57,473	14,655
	Other	(7,095)	3,637		Other	171,411	(100,925)
Marketable securities	US\$	(173,259)	(9,088)	Current portion of bonds payable	Euro	89,379	1,206
	Other	(20,035)	(68,628)	Current portion of bonds payable	US\$	13,663,068	213,448
Accounts receivable, net	US\$	(469,991)	(52,570)	Current portion of notes payable	US\$	2,304,677	518,049
	Euro	33,656	-	Accounts payable	US\$	112,790	75,120
	Other	(48,731)	(380,587)		Euro	(47,008)	1,929
					Other	442,993	725
Prepaid expenses	US\$	(64,208)	6,594	Miscellaneous payables	US\$	1,358,404	817,379
Other current assets	US\$	2,605,509	(5,402,853)	Accrued expenses	US\$	656,381	184,185
	Other	(1,389)	(126,401)		Other	(999)	1,748
Amounts due from related companies	US\$	(82,475)	(10,432,016)	Deferred income	US\$	19,840	(9,915)
				Other current liabilities	US\$	794,511	77,793
					Other	647,006	-
				Dividends payable	Other	46	49
Non-current assets				Long-term liabilities			
Long-term receivables	US\$	(12,688,930)	(4,288,417)	Due to banks and financial institutions	US\$	111,386,102	19,693,149
	Other	(228,007)	7,077		Yen	40,257	3,748
Amounts due from related companies	US\$	(29,633,969)	-		Euro	1,033	450
Other assets	US\$	(209,371,894)	(32,823,991)	Bonds payable	US\$	114,398,645	44,375,245
Forward contracts and swaps	US\$	-	4,997,759	Notes payable	US\$	6,121,987	1,554,147
				Accounts payable	US\$	(177,377)	1,679,494
				Other long-term liabilities	US\$	11,123,478	(2,823,908)
				Forward	US\$	(9,481,659)	-
Total gain (loss)		(274,281,675)	(54,374,092)	Total gain (loss)		268,076,013	68,780,873
				Exchange difference - net loss		(6,205,662)	14,406,781

NOTE 26. SHARE ISSUANCE COSTS

- a) Expenses incurred at the close of these financial statements for issuing and placing the shares, outstanding at December 30, 2003, were recorded as described in Note 2 aa) and break down as follows:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Appraisal services	77,209	77,209
Printing costs	14,303	14,303
Legal cost	204,989	204,989
Financial adviser	10,637,039	10,734,121
DCV commissions	3,065	3,065
Bank commissions	1,485,095	1,968,639
Risk classification services	143,103	143,103
Total	12,564,803	13,145,429

During the current fiscal year expenses for bank commissions have been recorded for ThCh\$469,460, and expenses for financial consulting for ThCh\$94,254 regarding capital increase.

- b) Expenses incurred for issuing and placing debt instruments incurred each year in placing bonds are as follows:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Taxes	2,231,224	-
Commissions	2,660,768	-
Financial adviser	874,661	381,109
Insurance issue	-	93,708
Others	56,775	-
Total	5,823,428	474,817

NOTE 27. CASH FLOW STATEMENT

- a) Other financing disbursements:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Commissions on debt refinancing	58,618,168	4,650,978
Forward contract payments	41,837,045	27,554,783
Collar and collateral derivative contracts premiums	5,595,667	-
Payments to Siemens A.G. Germany	4,668,952	-
Payments to Santander Leasing	-	2,008,445
Others	8,211,550	154,412
Total	118,931,382	34,368,618

- b) Other receipts investment:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Receipts from loans granted to Infraestructura 2000	49,096,825	1,760,516
Capital return	1,260,879	-
Payments from OHL	-	38,552,256
Others	675,341	261,588
Total	51,033,045	40,574,360

- c) Non-Cash Financing Transactions

Capital increase

On June 2, 2003 Elesur S.A. capitalized the loan that it held with Enersis S.A. for ThCh\$1,002,376,998, which transaction did not generate a cash flow. Details of this transaction are explained in Note 22a).

In November 2003 there was a voluntary exchange of bonds in connection with the capital increase of Enersis. Holders converted ThCh\$63,656,587 into 893.612.466 first issue shares; this operation did not generate any cash flow. Details of this transaction are referred to in Note 22a).

NOTE 28. FINANCIAL DERIVATIVES

As of December 31, 2004 the Company and its subsidiaries held the following financial derivative contracts with financial institutions with the objective of decreasing exposure to interest rate and foreign currency risk, as follows:

Type derivative	Type contract	Nominal amount US\$	Date of maturity	Item	Sale / Purchase	Hedged item	Amount ThCh\$	Amount Hedged item ThCh\$	Accounts			
									Assets/Liabilities		Income	
									Account	Amount ThCh\$	Realized ThCh\$	Unrealized ThCh\$
FR	CCTE	3,252,177	I quarter 05	Exchange rate	P/S	Bank obligations	2,005,638	2,005,638		-	-	-
FR	CCPE	78,000,000	I quarter 05	Exchange rate	P	Bonds	43,477,200	43,477,200	Other liabilities s/t	(152,911)	-	222,775
FR	CCTE	3,627,103	II quarter 05	Exchange rate	P/S	Bank obligations	2,243,331	2,243,331		-	-	-
FR	CCTE	1,414,572	III quarter 05	Exchange rate	P/S	Bank obligations	874,947	874,947		-	-	-
FR	CCTE	1,142,676	IV quarter 05	Exchange rate	S	Bank obligations	708,394	708,394		-	-	-
OE	CCTE	123,000,000	I quarter 06	Interest rate	P/S	Bank obligations	68,560,200	68,560,200	Other liabilities s/t other assets l/t	(312,040)	957,269	83,857
OE	CCTE	500,000,000	II quarter 06	Interest rate	P/S	Bank obligations	278,700,000	278,700,000	Other liabilities s/t other assets l/t	(2,293,644)	(2,793,325)	(254,871)
S	CCPE	5,000,000	III quarter 05	Interest rate	P	Bank obligations	2,787,000	2,787,000	Other liabilities s/t	40,594	-	37,986
S	CCPE	3,297,340	I quarter 05	Exchange rate	P	Bank obligations	1,837,937	1,837,937	Other liabilities s/t	(189,432)	-	(190,216)
S	CCPE	12,230,000	III quarter 05	Exchange rate	P	Bank obligations	6,817,002	6,817,002	Other liabilities s/t	(814,873)	-	(818,416)
S	CCPE	100,000,000	IV quarter 06	Exchange rate	P	Bonds	55,740,000	55,740,000	Other liabilities l/t	(7,238,283)	341,449	(7,238,283)
S	CCPE	10,000,000	IV quarter 07	Exchange rate	P	Bank obligations	5,574,000	5,574,000	Other liabilities s/t	(490,392)	-	(319,440)
S	CCPE	350,000,000	I quarter 14	Exchange rate	P	Bonds	195,090,000	195,090,000	Other liabilities l/t	(15,541,547)	859,202	(15,541,547)
S	CCPE	250,000,000	IV quarter 16	Exchange rate	P	Bonds	139,350,000	139,350,000	Other liabilities l/t	(522,520)	785,315	(522,520)
S	CCTE	50,000,000	II quarter 06	Exchange rate	P	Bank obligations	27,870,000	27,870,000	Other liabilities l/t	(264,903)	-	(3,576,016)
S	CCTE	3,807,000	III quarter 08	Exchange rate	P	Bank obligations	2,122,022	2,122,022	Other liabilities l/t	(414,821)	-	(427,587)
S (1)	CI	50,000,000	III quarter 06	Exchange rate	S				Other liabilities l/t	(1,191,862)	-	3,786,841
S (1)	CI	50,000,000	III quarter 06	Exchange rate	S				Other liabilities s/t	-	566,672	373,124

(1) Fr = Forward, S = Swap

NOTE 29. COMMITMENTS AND CONTINGENCIES

Collateral held by third parties:

Guarantee	Subsidiary	Type guarantee	Committed assets		Balance payable of related debt			Release of guarantees			
			Type	Currency	at December 31,		2005	2006	2007		
					collateral	2003	2004				
Creditors banks	Pangue S.A.	Mortgage and pledge	Real Estate, properties	ThCh\$	88,395,344	ThCh\$	14,709,718	13,763,815	3,228,325	2,222,587	2,222,587
Director Customs Office of Chile	Pangue S.A.	Bill of exchange		ThCh\$	50,166	ThCh\$	54,778	50,166	-	-	-
Mitsubishi Corp.	San Isidro S.A.	Chattel mortgage	Facilities	ThCh\$	84,094,299	ThCh\$	34,654,484	25,394,018	-	-	-
Banco Estado	Tunel el Melón S.A.	Pledge over 45% of income		ThCh\$	1,481,546	ThCh\$	5,873,124	4,407,491	-	-	-
Soc. de Energía de la República Argentina	Endesa Argentina, Central Costanera	Pledge	Shares	ThCh\$	85,461,842	ThCh\$	11,978,742	9,725,655	-	-	-
Mitsubishi	Central Costanera S.A.	Pledge	Facilities	ThCh\$	20,605,136	ThCh\$	12,939,793	20,605,136	-	-	-
J.P. Morgan e Ing Barings	Central Costanera S.A.	Pledge	Facilities	ThCh\$	28,984,800	ThCh\$	47,599,342	15,424,717	-	-	-
Banco Santander Central Hispano	Cono Sur S.A. (Cien)	Pledge	Shares	ThCh\$	52,829,062	ThCh\$	92,284,033	73,848,366	-	-	-
Miscellaneous payables	Endesa (Parent)	Bank bond		ThCh\$	-	ThCh\$	1,342,066	214,539	-	-	-
Syndicated loan Citibank N.A.	Pehuenche, Pangue, Celta	Financial guarantee		ThCh\$	-	ThCh\$	172,855,180	-	-	-	-

Guarantees of subsidiary obligations (1):

Guarantee	Subsidiary	Relation	Committed assets		Balance payable of related debt			Release of guarantees			
			Type	Currency	at December 31		2005	2006	2007	2008	
					Value	2003	2004				
J.P. Morgan & Co. Y C.S.F.B.	Endesa Chile Internacional	Subsidiary Guarantor	ThCh\$	83,610,000	ThCh\$	92,940,092	83,610,000	-	83,610,000	-	-
Mitsubishi Co.	Cía. Eléctrica San Isidro S.A.	Subsidiary Guarantor	ThCh\$	25,394,018	ThCh\$	34,654,483	25,394,018	-	-	-	25,394,018
Banco Español de Crédito	Cía. Eléctrica Tarapacá S.A.	Subsidiary Guarantor	ThCh\$	16,082,048	ThCh\$	22,573,634	16,082,048	-	-	-	16,082,048
ABN Bank	Cía. Eléctrica Tarapacá S.A.	Subsidiary Guarantor	ThCh\$	-	ThCh\$	1,802,879	-	-	-	-	-
Banco Santander Central Hispano	Cía. Eléctrica Conosur S.A.	Subsidiary Guarantor	ThCh\$	73,848,366	ThCh\$	92,284,033	73,848,366	-	-	-	73,843,366

(1) Unless otherwise stated, the guarantees in the table "Guarantees of Subsidiary Obligations" were provided by a subsidiary of the Company (the "Guarantor") to a third party creditor that had entered into a new obligation with another subsidiary (the "Subsidiary Debtor"). If the Subsidiary Debtor is unable to meet the requirements of the related obligation, the Guarantor will be required to make future payments on behalf of the Subsidiary Debtor up to the remaining amount payable.

Litigation and other legal actions:

Enersis S.A.

Plaintiff : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A., Elesur S.A.
Defendant : The Republic of Argentina
Court : CIADI Arbitration Panel
Case/Identification : (CIADI Case # ARB/03/21)

Compensation for losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation in the power distribution concessionaire Edesur S.A. on the grounds of violation of the Investment Protection and Promotion Agreement entered into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Granting Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Granting Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Granting Contract, therefore being harmful to the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested. Lack of jurisdiction of the Arbitration Court had been processed on the request of the Republic of Argentina.

Amount involved: US\$574,739,500.

Chilectra S.A.

Plaintiff : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A., Elesur S.A.
Defendant : The Republic of Argentina
Court : CIADI Arbitration Panel
Case/Identification : CIADI Case ARB/03/21

Compensation of losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation in the power distribution concessionaire Edesur S.A. on the grounds of non-fulfillment of the Investment Protection and Promotion

Agreement entered into by the Republics of Chile, and Argentina and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Granting Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Granting Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Granting Contract, therefore being harmful to the investment the Plaintiff companies have made.

Amount claimed by Chilectra S.A.: US\$624,238,650.

Plaintiff : Soto Fernandez, Magali
Defendant : Chilectra S.A. and Ingeniería Eléctrica Azeta Ltda.
Court : 22nd Civil Court of Santiago
Case/Identification : 2907-2001

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 7, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested. Lack of jurisdiction of the Arbitration Court had been processed on the request of the Republic of Argentina.

Process status: Out-of-court agreement. The Plaintiffs were paid a total amount of Ch\$475,000,000. They abandoned the procedure and the lawsuit ended.

LAWSUIT SETTLED

Amount US\$15,800,000.

Elesur S.A.

Plaintiff : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A., Elesur S.A.
Defendant : The Republic of Argentina
Court : CIADI Arbitration Panel
Case/Identification : (CIADI Case ARB/03/21)

Summary of proceedings: Compensation of losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation in the power distribution concessionaire Edesur S.A. on the grounds of non-fulfillment of the Investment Protection and Promotion Agreement entered

into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Granting Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Granting Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Granting Contract, therefore being harmful to the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested. Lack of jurisdiction of the Arbitration Court is being processed on the request of the Republic of Argentina.

Amount: US\$98,731,260.

Edesur S.A.

Plaintiff : **Asociación Coordinadora de Usuarios Consumidores y Contribuyentes – Ente Nacional Regulador de la Electricidad (ENRE).**

Defendant : **Edesur S.A.**

Court : **N°2 Federal Civil and Commercial First Instance Court, Registry of the Court N° 6, La Plata**

Case/Identification : **38676/03**

Summary of proceedings: The said institution filed a measure through which it expects ENRE and EDESUR to be ordered to suspend of cabling works in Quilmes, Province of Buenos Aires, as well as the company's "Sobral" sub-station due to the damage the installations may cause to the population health.

Process status: A Resolution from La Plata Civil and Commercial Federal Chamber of Appeal instructs that the First Instance Judge must order EDESUR to report on the situation regarding electromagnetic fields in connection with other sub-stations. Also, the company must report regarding use of PCB, adjust the equipment containing it, as well as the storage locations. Finally, the company must identify the equipment and containers. The case file passed to first instance for the above mentioned purposes, but EDESUR has not been notified yet on the said requirement.

Amount: Undeterminable

Plaintiff : **Edesur S.A.**

Defendant : **Transportes Metropolitanos Gral. Roca.**

Court : **First Instance National Commercial Court, Registry of the Court N° 1**

Case/Identification : **87934/03**

Summary of proceedings : Edesur promoted an action to declare settlements in public property free-of-charge, taking into consideration that the company Transportes Metropolitanos General Roca S.A. (T.M.R.) intends to charge an annual rent for every crossing or power line wiring along the rails (existing or future) over land designated as railroad service property.

Process status: Edesur obtained from the corresponding Court a precautionary measure through which the company is not obliged to pay rent while the procedure is pending resolution. Taking into consideration that the company Transportes Metropolitanos General Roca S.A. attended in caution and, since this is a procedure related to property, the proceedings were brought to the Commercial Court, where the process still continues.

Amount: Undeterminable

Plaintiff : **Edesur S.A.**

Defendant : **Dirección de Vialidad of the Buenos Aires Province.**

Court : **The National Supreme Court of Justice**

Case/Identification : **E 213/01**

Summary of proceedings: Edesur wants prevalence and application of the rights established in its Contract to be declared precedent over the provincial regulations.

Process status: A favorable ruling was obtained from the National Attorney's General Office, and the procedure is about to be ruled upon by the Supreme Court of Justice.

Amount: Undeterminable

Plaintiff : **Edesur S.A.**

Defendant : **Buenos Aires City Government ("GCBA")**

Court : **N° 7 Administrative and Tax Court of Buenos Aires City, Registry of the Court N° 13**

Case/Identification : **2955/00**

Summary of proceedings: The provision through which the Buenos Aires City Government tries to charge an annual rent for each underground transformation center installed by Edesur in public roads is contested. At the same time, the provision tries to force Edesur to cover the costs resulting from the removal of the said centers

whenever removal is necessary. The contested provision violates the Granting Contract.

Process status: First instance favorable ruling was appealed against by the. Parallel to the main procedure, Edesur filed an extraordinary appeal to the Supreme Court sustaining the lack of competence of the Buenos Aires City Courts and the competence of federal courts. The Supreme Court of Justice ruled in favor and determined that the Federal Administrative Court is competent to continue with the lawsuit. Therefore, the proceedings are being transferred procedure to the latter Court.

Amount: Undeterminable

Plaintiff : **Edesur S.A.**
Defendant : **Buenos Aires City Government (GCBA)**
Court : **N° 7 Administrative and Tax Court of the City of Buenos Aires, Registry of the Court N° 13.**
Case/Identification : **2956/01**

Summary of Proceedings: To contest a GCBA provision through which payment of procedure expenses on permits requested by Edesur for the installation of its lines is demanded, as well as payment for the corresponding inspections carried out by the GCBA, in addition to a rent for using public roads with power systems for the provision of power distribution public utilities.

Process status: Submission of trial briefings. Proceedings were transferred to the Federal Administrative Court where the procedure continues.

Amount: Undeterminable

Defendant : **Edesur S.A.**
Court : **N° 11 Federal Administrative First Instance National Court, Registry of the Court N° 21.**
Case/Identification : **142321/02**

Summary of proceedings: The Users and Consumers Union wants a modification of the type of rate applied to the many condominium owners consortiums existing in the City of Buenos Aires and EDESUR users. This would imply an important reduction of the values to be invoiced in future to these consortiums, as well as the obligation for retrospective reimbursement of "unduly" received amounts.

Process status: Evidence stage. The accounting expert evidence stage ended. Its transfer was ordered.

Amount: Undeterminable

Plaintiff : **Edesur S.A.**
Defendant : **Secretaría de Energía de la Nación.**
Court : **N° 3 Federal Administrative First Instance**

National Court, Registry of the Court N° 5.

Case/Identification : **1856/97**

Summary of proceedings: In accordance with a provision in Power Law 24065, the power sector concessionaire companies must pay a significant rate to the Power Regulating National Agency with the purpose of financing its controlling and regulating activities (the rate is paid by EDESUR, among other concessionaires.)

Process status: First instance sentence was pronounced in favor of the company. The counterparty appealed against the sentence.

Amount: Undeterminable.

Compañía de Electricidade do Rio de Janeiro S.A.

Plaintiff : **Meridional S/A Servicios, Emprendimientos y Participaciones.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **9ª Vara de Hacienda Pública de Río de Janeiro**
Case/Identification : **98.001.048296-8**

Summary of proceedings: Mistral and Civel, represented by Meridional, filed disputes to be creditors of the old power distribution state company CELF on the grounds of works contracts entered into with the said company. In its representation, Meridional demands payment of certain collectable invoices and contract fines due to the above mentioned work contracts termination for an amount of R\$136,085,827.20.

Process status: The procedure had been suspended until appeals against other actions of the same nature filed by CIVEL AND MISTRAL against CELF are solved (discussion on the contract anticipated termination validity), which were won by CELF. These actions are not included herein because the Compañía de Electricidade do Rio de Janeiro S.A. is not part of them. This was due to the fact that the Court considers it necessary to examine the effect the final decision on the said actions may have on the case we are facing.

Amount: US\$106,808,116.73.

Plaintiff : **Cibrapel S/A Industria de Papel y Embalajes.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **Vara Única de Guapimirim**
Case/Identification : **766**

Summary of proceedings: 1) To sentence Compañía de Electricidade do Rio de Janeiro S.A. to indemnify for material and moral losses resulting from the poor quality of the services provided by Compañía de Electricidade do Rio de Janeiro S.A. between 1991 and 1998. 2) To sentence the Compañía de Electricidade do Rio de Janeiro S.A.

to reimburse the amounts paid due to a rate increase based on administrative resolutions (portarías) 38 and 45 of 1986, which are considered illegal by the Government and the Courts.

Process status: Compañía de Electricidade do Rio de Janeiro S.A. protested and, as an expert's appraisal is necessary to verify the alleged indemnities due to power blackouts, the expert's appraisal production stage was started.

Amount: US\$18.206.065, 95.

Plaintiff : **ABRACON - Associação Brasileira do Consumidor.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **4ª Vara Civil de São Gonçalo/RJ**
Case/Identification : **2000.004.012307-7**

Summary of proceedings: Contesting of the constitutionality of the "public lighting rate" (TIP), charged by Compañía de Electricidade do Rio de Janeiro S.A. in its invoices. Compañía de Electricidade do Rio de Janeiro S.A. argues that it is just a collector of the rate, lacking passive legitimacy.

Process status: The ruling declared the Compañía de Electricidade do Rio de Janeiro S.A. passive illegitimacy and accepted the defense preliminarily. Due to this sentence, on 5/28/04 the Attorney's General Office filed an appeal and we are waiting for the date the trial will take place.

Amount: US\$7,089,062.82.

Plaintiff : **Núcleo de Defesa do Consumidor-NUDECON.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A. y LIGHT.**
Court : **8ª Vara Empresarial do Rio de Janeiro.**
Case/Identification : **1999.001.168990-1.**

Summary of proceedings: Collective civil lawsuit filed on December 13, 1999, with the purpose of preventing suspension of power supply to consumers in arrears, as well as to consumers in irregular situations (stealing of power.)

Amount: Undeterminable.

Plaintiff : **Compañía de Electricidade do Rio de Janeiro S.A.**
Defendant : **Unión Federal**
Court : **2ª Vara Federal**
Case/Identification : **Ordinary Action 96.0035653-0**

Summary of proceedings: 1) The tax immunity declaration of Compañía de Electricidade do Rio de Janeiro S.A. regarding the tax called COFINS; and 2) The Unión Federal sentence to reimburse payments for COFINS during the last five years, corrected and increased with the legal charges based on the decision processed in Court and contained in Security Order N° 92.0113589-4.

Amount: U\$10,730,000.

Plaintiff : **Unión Federal**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **TRF First Section**
Case/Identification : **Annulment Action N° 97.02.09655-3.**

Summary of proceedings: The Unión Federal filed an annulment action against Compañía de Electricidade do Rio de Janeiro S.A. to the Second Region TRF with the purpose of annulling the ruling (Security Order N° 92.0113489-4) that recognized its tax immunity regarding the COFINS withholding.

Process status: On 02/19/2003, members of the TRF – 2nd Region special agency unanimously rejected the appeal of Unión Federal/Hacienda Nacional, a ruling that was appealed against. This last appeal is pending.

Amount: US\$121,496,000.

Plaintiff : **Compañía de Electricidade do Rio de Janeiro S.A.**
Defendant : **Unión Federal**
Court : **2ª Vara Federal de Niterói.**
Case/Identification : **Ordinary Action 96.0035652-1.**

Summary of proceedings : Compañía de Electricidade do Rio de Janeiro S.A. wants tax immunity to be declared regarding its collection of tax called PIS, and Unión be sentenced to reimburse the total amounts collected during the last five years, starting from August, 1996, based on § 3 of article 155 of the Federal Constitution.

Process status: Sentence unfavorable to Compañía de Electricidade do Rio de Janeiro S.A. in first instance. Appeal to the Federal Regional Court pending.

Amount: U\$21,806,000.

Plaintiff : **Compañía de Electricidade do Rio de Janeiro S.A.**
Defendant : **Unión Federal**
Court : **2ª Vara Federal de Niterói.**

Case/Identification : Preventative Action 96.0034797-2

Summary of proceedings : Preventative action in lawsuit by Companhia de Electricidade do Rio de Janeiro S.A. based on § 3 of article 155 of the Federal Constitution with the purpose of suspending the tax credit suit regarding the tax called PIS which is deposited under regulation periodically.

Process status: The sentence was not appealed against by the defendant. Therefore, the authorization to continue with the legal deposits was maintained. Taking into consideration the lawsuit procedures from the petition, the possibility of swing the ruling for provisional execution and the list of legally deposited values is being studied.

Amount: U\$21,806,000.

Plaintiff : Companhia de Electricidade do Rio de Janeiro S.A.
Defendant : União Federal
Court : 4a Vara Federal de Niterói y 2ª Vara Federal de Niteroi
Case/Identification : Ordinary Action 96.0035652-1 and Ordinary Action 96.0035387-5.

Summary of proceedings: Companhia de Electricidade do Rio de Janeiro S.A. wants to obtain the declaration of non-existence of a legal-tax relation (tax immunity) regarding payment of the tax called FINSOCIAL and affecting its gross monthly income. Also, the company wants the União to be sentenced to fully reimburse the amounts collected during the last five years, from October 1996 and, therefore, the União to be sentenced to pay the difference between the payment value according to Laws 7,787/89, 7,894/89, and 8,147/90, and the amount owed according to Decree-Law 1,940/82, during the above mentioned period.

Process status: The Companhia de Electricidade do Rio de Janeiro S.A. and União Federal filed and appeal against the first instance sentence. Court records were sent to the Federal Regional Court. Hearing before the said Court is pending.

Amount: U\$7,269,000.

Plaintiff : Companhia de Electricidade do Rio de Janeiro S.A.
Defendant : União Federal
Court : 3rd Group – Federal Regional Court of the 2nd Region and 2ª Vara Federal de Niteroi
Case/Identification : Ordinary Action 96.0035652-1 and Appeal against Security Order 2000.02.01.055412-5

Summary of proceedings: This is a preventative constitutional action (“Mandado de Segurança Preventivo”) aimed to prevent the

application of the 30% taxable profit limit imposed by the União Federal for the calculation of the IRPJ base and the CSLL negative calculation bases recorded until 12/31/1994 (excluding 1993.)

Process status: First instance sentence fully favorable to the Companhia de Electricidade do Rio de Janeiro S.A. interests. Hearing of the appeal filed by the União Federal to the Federal Regional Court pending since 08/07/01.

Amount: Undeterminable.

Plaintiff : Companhia de Electricidade do Rio de Janeiro S.A.
Defendant : União Federal
Court : 5th Group – Federal Regional Court of the 2nd Region and 2ª Vara Federal de Niterói.
Case/Identification : Ordinary Action 96.0035652-1 Appeal against Security Order 1998.51.02.207129-6

Summary of proceedings: It is the same as the previous lawsuit, but for fiscal years are 1993, 1995, and 1996, with profit generated in 1998 and after.

Process status: First instance sentence fully favorable to the Companhia de Electricidade do Rio de Janeiro S.A. interests. Hearing of the appeal to the Federal Regional Court of the 2nd Region pending since 10/07/03.

Amount: Undeterminable.

Plaintiff : Companhia de Electricidade do Rio de Janeiro S.A.
Defendant : União Federal
Court : 2ª Vara Federal de Niteroi
Case/Identification : Ordinary Action 96.0035652-1 Lawsuit 98.0207203-6

Summary of proceedings: This is a preventative constitutional action (“Mandado de Segurança”) with the purpose of ensuring the company the right to immediately and fully deduct the 1990 balance sheet indexing difference effects over devaluation, depreciation, and disposal of fixed assets for determining the calculation base for the Social Contribution over Profits – CSL. (Law 7,689/88) on the 1988 and following calendar years.

Process status: On 05/19/1998 sentence was pronounced only partially accepting the Companhia de Electricidade do Rio de Janeiro S.A. allegations. We are waiting for the publication of the ruling rejecting an appeal for reconsideration. After this it is possible to resort to higher courts.

Amount: U\$20,000,000.

Plaintiff : Companhia de Electricidade do Rio de Janeiro S.A.

Defendant : **INSS – Instituto Nacional de Seguridad Social and FNDE – Fondo Nacional de Desarrollo de la Educación.**

Court : **8ª Vara Federal de Niterói.**

Case/Identification : **Lawsuit 2000.51.01.011750-5.**

Summary of proceedings: Declaration of unconstitutionality of values collected as education wages by the Instituto Nacional de Seguridad Social and the Fondo Nacional de Desarrollo de la Educación during the May 1977 to April 1988 period is requested, and the resulting recognition of the Companhia de Electricidade do Rio de Janeiro S.A. right to credit the said values with contributions about to expire and collected by the INSS for future compensations. The said payment is said to be a tax in nature and a violation of tax legality and compliance.

Process status: Sentence partially accepted; appeals were filed to the Federal Regional Court of the 2nd Region; their solution is pending.

Amount: U\$15,356,150.

Plaintiff : **Compañía de Electricidade do Rio de Janeiro S.A.**

Defendant : **Fondo Nacional del Desarrollo de la Educación – FNDE, Instituto Nacional del Seguro Social – INSS and State of Río de Janeiro**

Court : **Vara Federal de Niterói.**

Case/Identification : **Lawsuit 98.0203718-4**

Summary of proceedings: This is a action with the purpose of declaring unconstitutional the contribution called “Salario Educación” this obtaining the reimbursement of values collected by the defendant between 07/14/88 and 05/04/98.

Process status: The tutelary action was not accepted and an appeal “Agravado de Instrumento” was filed (interlocutory sentence appeal.) The appeal has been pending in the Federal Regional Court since /05/24/02.

Amount: U\$11,685,150.

Plaintiff : **Compañía de Electricidade do Rio de Janeiro S.A.**

Defendant : **Superintendente Estadual de Fiscalización de la Secretaría de Estado de Hacienda and Inspector de la Inspección de Fiscalización Estadual – Contribuyentes de Grande Porte**

Court : **11ª Vara de Hacienda Pública of the Rio de Janeiro State**

Case/Identification : **Lawsuit 1999.200.013.062-7 (2946/1)**

Summary of proceedings: This is a preventative constitutional action (“mandado de segurança preventivo”) aimed to prevent the limitation imposed by article 2 of Law 3,188/99 that restricted the right to use the credit resulting from the tax called ICMS in connection with the purchase of fixed assets goods.

Process status: On 12/14/1999 sentence was pronounced and the petition was accepted to declare the possibility for Companhia de Electricidade do Rio de Janeiro S.A. to fully use credits resulting from the ICMS for the purchase of fixed assets. Currently, the petition “Agravado de Instrumento” filed by the Rio de Janeiro State to the Federal Supreme Court is pending.

Amount: U\$14,805,300.

Plaintiff : **Secretaría de la Receta Federal.**

Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**

Court : **Taxpayers Council of the Ministry of Finance.**

Case/Identification : **Infringement Procedure 0710200/00370/02 and Administrative Lawsuit 10730.002730/2003-13.**

Summary of proceedings: Tax infringement for a supposedly unpaid difference corresponding to tax called COFINS. During the mandatory verification procedures, differences between the declared values, the registered values, and the collected values and those paid in connection with COFINS were verified for the 12/2001 to 06/2002 period.

Process status: On 08/11/2003, Companhia de Electricidade do Rio de Janeiro S.A. filed its contest to the Infringement procedure, which was accepted by the Comisaría de la Receta Federal de Juzgamiento de Niterói/RJ. Currently, the procedures are at the Comisario de la Receta Federal de Niterói/RJ waiting to be sent to the Taxpayers Council of the Ministry of Finance for the Voluntary Appeal ruling.

Amount: US\$32,870,000.

Plaintiff : **Engineers Union of the Rio de Janeiro State in representation of 133 employees**

Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**

Court : **Vara do Trabalho de Niterói**

Case/Identification : **Enforcement Action 628/1993**

Summary of proceedings: In Collective Agreements 263/84 and 282/85, effective from November 1984 to October 1985, and from October 1985 to November 1986, respectively, wage adjustment, 4% productivity payment, and 4% semi-annual readjustment clauses were established. These are financial clauses that determine a salary adjustment for engineers in a percentage determined in the collective agreements, in addition to a productivity bonus, and semi-annual salary readjustment.

Process status: It is at credit settlement stage against Compañía de Electricidade do Rio de Janeiro S.A. Waiting for the ruling on the appeal for reconsideration filed by Compañía de Electricidade do Rio de Janeiro S.A. against the temporary settlement before the Brasília Labor Court.

Amount: US\$11,262,798.63.

Plaintiff : **Secretaría de la Receta Federal.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **Taxpayers Board of the Ministry of Finance.**
Case/Identification : **Infringement Action 0710200/00370/02 and Administrative Lawsuit 10730.002674/2003-17.**

Summary of proceedings: Tax infringement due to supposedly unpaid difference of tax called IRPJ. The Infringement Action results from the improper compensation of fiscal losses, taking into consideration that the 30% compensation limit, adjusted by additions and exclusions provided and authorized by the income tax legislation on net profits was not observed. On the contrary, the company compensated the total of its real profit under Security Order 98.0207129-3, under procedure at the 1st Vara Federal of the Rio de Janeiro Judicial Section in Niterói.

Process status : On 08/08/2003, the Compañía de Electricidade do Rio de Janeiro S.A. filed an appeal against the Infringement Action that was partially accepted, to maintain the fiscal lawsuit in the remaining value of R\$18,265,719.04, in addition to the arrears charges. Because of this, on 07/27/2004, Compañía de Electricidade do Rio de Janeiro S.A. filed a petition requesting to register in the Secretaría de la Receta Federal information systems the suspension of the IRPJ remaining balance demand, on the grounds of the ruling contained in the Security Order 98.0207129-3. However, the lawsuit proceedings are currently at the First Taxpayers Board of the Ministry of Finance waiting for the ruling on the Official Appeal filed by the Receta Federal.

Amount: US\$6,750,000.

Plaintiff : **Secretaría de la Receta Federal.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **Comisaría de la Receta Federal de Juzgamiento.**
Case/Identification : **Infringement Action 00218 and Administrative Lawsuit 10730.002007/99-24.**

Summary of proceedings: Tax infringement due to possible unpaid difference on tax called CSL.

Process status: On 06/07/1999, Compañía de Electricidade do Rio de Janeiro S.A. filed its contest of the Infringement Action, which was accepted by the Comisaría de la Receta Federal de Juzgamiento. On these grounds, Compañía de Electricidade do Rio de Janeiro S.A. filed a Voluntary Appeal partially accepted by the 3rd Cámara of the 2nd Taxpayers Board of the Ministry of Finance, to exclude from the calculation out the debit corresponding to the interest on the payment delay and unduly included in the R\$4,305,641.37 value. Currently, the lawsuit proceedings are at the fiscal control and supervision service of the Comisaría de la Receta Federal en Niterói/RJ.

Amount: US\$6,800,000.

Plaintiff : **Selma de Souza and other 122 complainants.**
Defendant : **Compañía de Electricidade do Rio de Janeiro S.A.**
Court : **Segunda Vara del Trabajo de Niterói.**
Case/Identification : **Labor Demand 3142/1995.**

Summary of proceedings: The complainants, discharged from the company, want to be reinstated and be applied a stability guarantee.

Process status: Waiting for the ruling on the appeal filed by Compañía de Electricidade do Rio de Janeiro S.A. to the Brasília Labor Court.

Amount: US\$21,501,706.48.

Coelce S.A.

Plaintiff : **Inácio Nunes Arruda & Others.**
Defendant : **Coelce.**
Court : **2a Vara da Fazenda Pública – Ceará**
Case/Identification : **2002.02.38915-4**

Summary of proceedings: People's action for the annulment of the Coelce sale process.

Process status: The process has been suspended for more than a year, and it may be soon dismissed.

Amount: Undeterminable.

Codensa S.A.

Plaintiff : **Henry Patiño and Others.**
Defendant : **Codensa, Bogotá Capital District and Empresa de Energía de Bogotá S.A. ESP (EEB)**
Court : **Cundinamarca Administrative Court, Third Section – Sub-section "B".**
Case/Identification : **Case file 03-0680.**

Summary of proceedings: The plaintiffs want: i) Termination of the agreement because it was entered into without compliance with the legal requirements, as the Capital District did not select the contractor through a public bidding; ii) The rate established by Codensa and the Capital District in January, 2002, is illegal and excessive; iii) The payment agreement on debts corresponding to 1998, 1999, and 2000, entered into in 2002, were at an illegal and harmful rate; iv) Amounts collected from 1998 to today are to be re-invoiced deducting the overcharge, which CODENSA should reimburse to the Capital District; and v) Payment of 15% incentive to the plaintiff (US\$4 million) and from 10 to 159 person's minimum wages (US\$20,000).

Process status: Evidence stage.

Amount: US\$25,000,000.

Plaintiff : Users of the public lighting service in La Calera Municipality.
Defendant : Codensa and La Calera Municipality.
Court : Cundinamarca Administrative Court, Second Section – Sub-section "A".
Case/Identification : Case file 02-1012.

Summary of proceedings: Codensa provides public lighting service to La Calera Municipality and another 90 municipalities in the Cundinamarca Province. With some of them, there is no written contract or authorization from the corresponding agency (Municipal Council and Mayor). The plaintiffs argue that there is no written contract for the service provision and, therefore, they demand reimbursement of the amounts collected. They also argue that the service to rural areas is invoiced although these areas have no public lighting.

Process status: Evidence stage.

Amount: Undeterminable.

Edelnor S.A.

Plaintiff : Edelnor S.A.A.
Defendant : Superintendencia Nacional de Administración Tributaria -SUNAT-.
Court : First Court Specialized in Administrative Procedures
Case/Identification : Case file: 426-2004

Summary of proceedings: Legal procedure requesting partial annulment of Resolution 00100-5-2004 and recognition of the legality of the assets re-evaluation operation carried out by the company in accordance with Law 26283.

Process status: Ruling is pending in the administrative proceeding under the lack of exhaustion exception filed by the Fiscal Court.

Amount: US\$60,623,123.

Endesa S.A. (Parent company)

Plaintiff : Sociedad Punta de Lobos S.A.
Defendant : Endesa, Celta and the Treasury of Chile
Court : 30th Civil Court of Santiago
Case/Identification : 4061-2002

Summary of proceedings: The plaintiff demands absolute annulment of assignment and transfer of any other legal transaction by Endesa to Celta regarding real estate forming the maritime lease granted to Endesa in the Punta Patache area, First Region, and its declaration of expiration by the Court.

Process status: The parties were summoned for the sentence.
 Amount: Undeterminable.

Plaintiff : Sociedad Punta de Lobos S.A.
Defendant : Endesa, Celta and Puerto Patache S.A. Sea Terminal
Court : Eight Civil Court of Santiago
Case/Identification : 129-2003

Summary of proceedings: The plaintiff requested the defendants mandatory fulfillment of the so-called "Bidding Contract" called by Celta and in which the latter, Endesa, Patache S.A. Sea Terminal, and Punta de Lobos S.A. participated. The plaintiff argues that the contract was not fulfilled.

Process status: The sentence rejected the demand. Appeal filed by the plaintiff is pending at the Santiago Court of Appeal. The preventive action prohibiting actions or contracts on Puerto Patache is effective.

Amount: Undeterminable.

Plaintiff : Sociedad Punta de Lobos S.A.
Defendant : Treasury of Chile (ENDESA is third party involved)
Court : 21st Civil Court of Santiago
Case/Identification : 553-2003

Summary of proceedings: The plaintiff demanded annulment of Supreme Decree 139 of 2002, issued by the Ministry of Defense, Navy Department, on the grounds that the said Decree was issued in contradiction to the legal provisions regarding its issuance. According to this Decree, the expansion of the Endesa maritime lease was extended for the loading of salt through Puerto Patache, in the First Region.

Process status: The evidence term has expired, and the parties are waiting to be summoned for sentence. Regarding the preventive actions suspending any application of Supreme Decree 139 of 2002, of the Navy Department, ruling on the appeal against the resolution that prevented its annualment is pending.

Amount: Undeterminable.

Plaintiff : **Maria Elena Teresa Sola Ruedi**
Defendant : **Endesa, Minister of Economy, and Superintendent of Electricity and Fuels.**
Court : **Santa Barbara Court of First Instance**

Summary of proceedings: The demand is to change the easement regime for expropriation, and payment for a larger flooded surface. Regarding subsidy, re-assessment of the indemnity amount paid for the easement is demanded.

Amount: Undeterminable.

Process status: Summons took place, and the plaintiffs – Endesa and the Treasury- alleged the Court to be incompetent. The Court ordered suspension of the proceedings and accepted the incident on trial. The Treasury filed petitions and was granted appeal regarding the refund. To this date, deducted incidents are pending for ruling.

Amount: Undeterminable.

Pangue S.A.

Plaintiff : **Empresa Eléctrica Pangue S.A.**
Defendant : **Chilectra S.A.**
Court : **18th Civil Court of Santiago**
Case/Identification : **3886-99**

Summary of proceedings: The action demands annulment of the obligation to pay compensation to regulated price users resulting from Power Rationing Decree 287 from the Ministry of Economy.

Process status: Ruling is about to be pronounced on this case.

Amount: Undeterminable.

Compañía Eléctrica de Tarapacá S.A.

Plaintiff : **Sociedad Punta de Lobos S.A.**
Defendant : **Endesa, Celta, Minera Puerto Patache S.A. Sea Terminal**
Court : **Eighth Civil Court of Santiago**
Case/Identification : **129-2003**

Summary of proceedings: The plaintiff demanded the defendants be ordered to mandatorily fulfill of the so-called “Bidding Contract” called by Celta and in which the latter, Endesa, Patache S.A. Sea terminal, and Punta de Lobos S.A. participated. According to the plaintiff, the contract was not fulfilled.

Process status: Sentence rejected the demand. Jurisdiction on the appeal filed by the plaintiff to the Santiago Court of Appeal pending. The preventive action prohibiting entering into actions or contracts on Puerto Patache continues in effect.

Amount: Undeterminable.

Plaintiff : **Sociedad Punta de Lobos S.A.**
Defendant : **Endesa, Celta and the Treasury of Chile**
Court : **30th Civil Court of Santiago**
Case/Identification : **4061-2002**

Summary of proceedings: The plaintiff demands absolute annulment of assignment and transfer of any other legal transaction by Endesa to Celta regarding real estate forming the maritime lease granted to Endesa in the Punta Patache area, First Region, and its declaration of expiration by the Court.

Process status: The parties were summoned for sentence.

Amount: Undeterminable.

Plaintiff : **Celta**
Defendant : **Empresa Constructora Belfi S.A.**
Court : **Arbitration Court (Raúl Varela Morgan)**

Summary of proceedings: The legal action resulted from differences regarding construction of the Puerto Patache dock, whose concrete is contaminated with chloride.

Process status: Summons took place, and proceedings were lodged. The petition has not been filed yet.

Amount: Undeterminable.

Plaintiff : **Celta**
Defendant : **Foster Weehler**
Court : **Arbitration Court (Vasco Costa)**

Summary of proceedings: The legal action resulted from differences regarding construction of the Tarapacá Plant powerhouse, whose concrete is contaminated with chloride.

Process status: Arbitrator Vasco Costa Ramirez was assigned, notification of his appointment is still pending.

Amount: Undeterminable.

Hidroeléctrica El Chocón S.A.

Administración Federal de Ingresos Públicos - Dirección General Impositiva

On December 28, 2000, the AFIP - DGI claimed under Corporation Resolution 166/00 (which officially assessed an amount of ThCh\$328,256 on income tax corresponding to withholdings on beneficiaries abroad) that the Corporation omitted withholding income tax on certain payments made abroad in order to obtain a bank loan during fiscal year 1994. Also, it ruled that the Corporation must pay ThCh\$745,797 as compensation interests calculated to December 20, 2000. The Corporation did not withhold the said amounts considering them income from a foreign source not subject to taxation by the beneficiaries. The Corporation filed its corresponding answer to the charges and rejected the tax adjustment carried out. Finally, the AFIP - DGI decided to apply the Corporation a ThCh\$229,779 fine on possible infringement of article 45 of Law 11,683. On February 20, 2001, the Corporation filed an appeal to the National Fiscal Court.

On December 28, 2000, the Corporation was notified under Resolution 204/00 that officially been assessed the taxes and charges payables on added value tax for the December 1993 to July 1995 period, that it was to compensate the amounts to be recorded with credit amounts and pay ThCh\$148,533 on compensation interest to December 11, 2000. Also, it was ruled to apply to the Corporation a ThCh\$195,907 fine on the possible infringement of article 45 of Law 11,683. The AFIP-DGI considers inappropriate Corporation's determination of when taxability occurred, as it considers provisions in article 18 of the Value Added Tax Law rules and regulations decree applicable. The Corporation rejected the AFIP-DGI intention to apply article 18 of the Value Added Tax Law rules and regulations decree to the taxable facts perfected before the rules and regulations publication date in the Official Gazette. It was alleged that the said regulation is unconstitutional as well as application of decree 493/95 which pertained to the interests and fines on expired obligations or infringements, or committed before July 31, 1995. On February 20, 2001, the Corporation filed an appeal to the National Fiscal Court.

Royalties

On June 26, 2000, the Corporation was notified of a legal action regarding the collection of interest on royalties supposedly paid out of term. The legal action was started in the Province of Neuquén

before the National Supreme Court of Justice and it includes an initial amount of approximately ThCh\$294,469.

In addition, on September 27, 2000, the Corporation was notified of a new legal action in the Province of Neuquén against the National State and the hydro-electric plants of Comahue in order to collect royalties on the funds accumulated in the Sales Account. The said legal action does not state amount or date from which the claimed amounts are owed, but the action tries to collect 12% of the funds it understands each generator has contributed to the said account.

Dirección Provincial de Rentas of the Buenos Aires Province

On September 10, 2001, the Corporation received from the Dirección Provincial de Rentas of the Buenos Aires Province notification on the start of an official assessment for ThCh\$324,071 (the amount does not include interests or fines), as taxation on the gross income corresponding to fiscal years from February 1995 to December 1998. The differences claimed result from: a) non-registration of the tax in the Buenos Aires Province between February 1995 and June 1996 regarding the contracts entered into by the Corporation, and b) application of a rate lower than the applicable one. On October 25, 2001, the Corporation entered a ThCh\$120,192 debt in the easy payment terms regime provided by Law 12,727. On December 28, 2001, the Dirección Provincial de Rentas notified the Corporation on Resolution 655/01 that (i) determined that the Corporation paid by default the amount of ThCh\$184,045 corresponding to the tax on gross income for the fiscal years from February to December 1995, January to December 1996, January to December 1998; and (ii) applied a fine of ten percent of the supposedly unpaid amount to the Corporation. On January 22, 2002, the Corporation filed an appeal reporting that the amount included in the easy payment terms regime had not been considered, and the reasons for which the rate indicated by the Dirección Provincial de Rentas is not applicable.

Hidroinvest S.A.

On December 27, 2000, the AFIP-DGI notified Hidroinvest S.A. on Resolution 519/00 that officially determined the amount of ThCh\$729,283 as income tax for the 1993 fiscal year that Hidroinvest S.A. supposedly should have paid on the difference between the purchase and transfer values of the bonds handed over to the National State on the benefits obtained from the said operation, considering that a debt was paid for an amount larger than the bonds purchase value and ThCh\$1,568,687 corresponding to compensation interest. Also, the AFIP-DGI applied Hidroinvest S.A. a ThCh\$510,498 fine on an alleged infringement of article 45 of Law 11,683. The agency considered that Hidroinvest S.A. should have paid the tax on the difference between the acquisition and transfer values of the bonds handed to the National State and corresponding to the

benefits obtained from the operation, considering that a debt for an amount larger than the bonds purchase cost was paid. The Corporation appealed against the resolution of the National Fiscal Court. Sentence was pronounced on May 26, 2004, confirming the Resolution regarding the tax and its interests and annulling the fine applied. In the first case, Hidroinvest S.A. was sentenced to pay the legal costs. The company and the Treasury appealed against the sentence.

This sentence was appealed against to the Federal Administrative National Chamber of Appeal.

With the purpose of preventing the start of the fiscal execution of the supposed credit determined by the AFIP-DGI and confirmed by the National Fiscal Court, on July 30, 2004, the Corporation paid the amount of ThCh\$729,283 fine and ThCh\$2,552,286 on interests, expressly putting on record that it did not agree with the payment resulting from the petition for reconsideration and limited appeal filed against the sentence of the National Fiscal Court.

On October 15, 2004, professional fees of the legal representative and the National Treasury attorney were established at ThCh\$75,833 and ThCh\$252,777, respectively, for their work during the processing of the case file before the National Fiscal Court. On November 2, 2004, an appeal was filed against the regulations, for overcharging. However, it is necessary to highlight that in the petition for reconsideration and limited appeal filed against the National Fiscal Court sentence, an appeal was filed against the payment of legal costs applied to Hidroinvest S.A. in connection with the tax adjustment. For this reason, if the petition is accepted in this point, the regulated professional fees should not be paid by the Corporation.

On November 30, 2004, petitions of appeal filed by both parties against the professional fees regulation were granted. The resolution was notified to the parties; therefore, it only remains for the case file to be sent to the Federal Administrative National Chamber of Appeal for consideration of the petitions of appeal.

Central Costanera S.A.

On July 25, 1990, the Italian Government authorized Medio Credito Centrale to grant the Government of the Republic of Argentina a financial credit of up to US\$93,995,562 to finance the purchase of goods and services of Italian origin and used in the restoration of four groups in the steam-electric power plant property of Servicios Eléctricos del Gran Buenos Aires ("SEGBA"). The said credit financed the purchase of goods and services included in Work Order 4322 (the "Order,") issued by SEGBA to a trust headed by Ansaldo S.p.A. of Italy. According to the terms in the "Agreement on Work Order 4322": (i) SEGBA mandated Central Costanera S.A. to manage the execution of the services in the Order and executed the work and services

that according to the Order corresponded to SEGBA; and (ii) Central Costanera S.A. undertook to pay the National Energy Department (the "Energy Department") the capital share and interests resulting from the credit granted by Medio Credito Centrale, at a 1.75% annual rate (the "Agreement.") As a guarantee of fulfillment of the economic obligations undertaken by Central Costanera S.A., the buyers -holder of class "A" shares of Central Costanera S.A.- established a pledge on the total of class "A" shares of their property. If the agreement is not fulfilled and the guarantee is executed, the Energy Department may immediately proceed with the sale of the shares in guarantee through a public bidding, and exercise the political rights corresponding to the pledged shares.

Through the application of Law 25,561, Decree 214/02, and its rules and regulations, Central Costanera S.A. payment obligation resulting from the Agreement has been "pesified" to the exchange rate of one peso equal to an American dollar, in addition to the reference stabilization factor ("CER,") and maintaining the obligation original interest rate. On January 10, 2003, the National Executive Branch issued Decree 53/03 that modified Decree 410/02, incorporating section j) to its article one. Through this regulation, "pesification" is excluded from the obligation applied to provincial states, municipalities, and companies from the public and private sector of providing amounts of money in foreign currency to the National Government when the amounts result from subsidiary or other nature loans and guarantees originally financed by multilateral credit agencies or originated in liabilities assumed by the National Treasury and refinanced with foreign creditors.

Central Costanera S.A. considers that the loan resulting from the Agreement does not fit in any of the provisions in Decree 53/03 and, if it did, there are solid reasons that determine that Decree 53/03 is unconstitutional because it openly violates the principle of equality and the property right established in the National Constitution. If the said provisions were complied with, the contingency would imply, to December 31, 2004, decrease of the period net profits of around US\$8 million, and an indebtedness increase of around US\$20 million. To this date, the Energy Department has not claimed against the "pesified" payments from Central Costanera S.A.

To December 31, 2004, the Central Costanera S.A. debt regarding the Agreement and including the interest earned reaches US\$20,656,020, while at December 31, 2003, it was US\$22,593,478.

Edegel S.A.

• Edegel / Sunat

As a result of the auditing of tax obligations compliance on income tax during the 1995 to 1999 fiscal years, on December 7, 2001, Edegel was notified by SUNAT on resolutions of assessment and fine for MUS\$90,290.17. The main objection referred to real estate,

machinery, and equipment devaluation provision for every audited period.

The observation “Fiscal Year Provisions, Real Estate, Machinery, and Equipment Devaluation” corresponding to the 1999 fiscal year meant, in management’s opinion, a violation of the Tax Stability Agreement entered into with the Supreme Government, because SUNAT founds its observation on the Seventh Temporary and Final Provision of Law 27034, which modified the income tax general regime, under the said Agreement. On mutual agreement, the parties submitted the differences to the decision of an arbitration court. On April 22, 2002, the said court ruled declaring Edegel legal action unfounded and the Seventh Temporary and Final provision of Law 27034 non-applicable.

Before the arbitral award, on March 19, 2002, through Administration Resolution 015-4-14948, the Administration declared the demand filed by Edegel against the assessment and fine resolutions partially founded, and maintained the most significant observations. This resolution was appealed by Edegel to the Fiscal Court on April 10, 2002.

On November 20, 2002, the Fiscal Court issued Resolution 06619-4-2002, stating that the arbitral award must be respected and, accordingly, the Seventh Temporary and Final Provision of Law 27034 is not applicable to Edegel while its Tax Stability Agreement is in effect. However, the Fiscal Court also declared that Administration Resolution 015-4-14948 is invalid because the administrative procedure was not suspended in the first instance while the arbitration was being solved, and ordered the return of the case file to the Sunat for solution, taking into consideration the arbitral award, and for the ruling taking into consideration the applicable interpretation methods and, if necessary, qualified taxable facts in accordance with Regulation III of the Tax Code Single Text Preliminary Title.

On July 10, 2003, Edegel was notified through Administration Resolution 0150150000032, according to which the Tax Administration concluded that tax benefits regulated by Law 26283 and its rules and regulations are not applicable to the company as no real separation occurred in 1996. Also, validity of the assessment that sustained the market value attributed as accounting cost of the goods purchased during the separation process was questioned, because the methodology established in the General Assessment Rules and Regulations was not applied.

On August 1, 2004, Edegel filed a petition of appeal against the said Administration Resolution 0150150000032, attaching a series of evidence that included an assessment prepared, on its request, by the Technical Assessment Agency of Peru, which established that to November 28, 1995, the values of the fixed assets goods transferred due to the company reorganization reached a total amount of US\$868,381,396.00, which, in terms of assessment engineering,

virtually matches the amounts provided in the expert’s appraisal that supported the revaluation carried out due to the use of Law 26283 regime.

On the other hand, on November 14, 2003, Edegel filed a written document partially giving up the appeal filed against Administration Resolution 0150150000032, and through which it accepts the validity of a series of observations made by SUNAT (paying the omitted tax and its corresponding interests) and maintains its contents regarding the three more significant observations, such as: (i) observation on excessive devaluation as the result of ignorance of use of Law 26283 due to application of Regulation VIII of the Tax Code Preliminary Title and to an alleged invalidity of the assessment; (ii) the observation on the difference regarding liabilities exchange in foreign currency corresponding to fixed assets of 1998 and 1999 fiscal years; and (iii) the observation on the intangible depreciation and provisions for doubtful collection accounts.

On September 10, 2004, through resolution 06686-4-2004, the Fiscal Court ruled the partial discontinuance of the appeal filed by EDEGEL on November 14, 2003, with the purpose of taking advantage of the SEAP. Also, the Fiscal Court ruled that application of Regulation VIII of the Tax Code lacks validity, for which the Tax Administration concluded that the split of Talleres Moyopampa was not effective and disregarded the assets transfer carried out within its framework. Regarding assets revaluation with tax purposes carried out by the company, the Tax Administration will have to determine the assets’ book cost and, if the Administration considers that this amount exceeds the market value, the corresponding adjustment will be carried out. On the other hand, the observation regarding the exchange difference for liabilities in foreign currency corresponding to fixed assets of the 1998 and 1999 fiscal years, and the observation on intangible depreciation and provisions for doubtful collection accounts was confirmed.

- **Note on General Sales Tax for the 2000 Period**

On December 27, 2004, Edegel was notified the assessment and fine resolutions for an approximate amount of MUS\$8,226.69 (including tax as well as interests and fines). The main observation is Sunat ignorance of the economic reality corresponding to a transaction carried out in 2000 by Edegel and its controller Generandes.

Edegel y Generandes entered into a Technical Assistance Contract for the Development and Management of Projects, according to which Generandes, directly or indirectly, would provide Edegel engineering, development, consulting, technical assistance, and construction supervision services for the development and construction of the hydro-electric power generating Yanango and Chimay projects.

Generandes sub-contracted its shareholders Entergy Peru and Conosur to provide, on its behalf, the services it had undertaken. Contracts

were signed with both companies and the total of the undertaken obligations was transferred to them in exchange for a fee.

Sunat questions the effective service provision based on the following arguments:

1. It considers that Generandes, as well as Conosur and Entergy Peru (the companies sub-contracted by Generandes) are holdings without capacity to provide the said services.
2. It considers that, without documentation proving that Conosur and Entergy Peru sub-contracted their shareholders (Endesa of Chile and Entergy Co. from the United States, respectively) to provide the services to Edegel, it is not possible to accept the documentation submitted by Edegel and prepared by personnel from Endesa Chile and Entergy Co.
3. It considers that development and management of the Yanango and Chimay projects were carried out by Edegel itself through its project management, and not by a third party.

Therefore, SUNAT concludes that it is not possible to apply the Sales General Tax credit right resulting from the invoices issued by Generandes because it has been established that services were not provided by Generandes.

The company external legal advisors consider that Sunat evaluation of the supporting documentation submitted by the company is subjective and not sufficient to call the operation non-existing, as SUNAT concludes that the service existed, but was provided by officials and directors from Edegel itself. SUNAT has not taken into consideration that the said officials did not receive salaries from Edegel (they were not employees, therefore, they were not in the payroll) or fees corresponding to the said services. Also, Sunat has not taken into consideration that it is obvious that a director's tasks do not include managing projects or carrying out their engineering.

SUNAT feels it has proved that the company received a free service from these official and from other personnel from Endesa Chile and Entergy Co. and that, at the same time, the company paid Generandes for a non-existing service. Although it admits that the projects were completed (but, according to SUNAT, under these officials free supervision and consulting,) it concludes that there is no motive between payment to Generandes and Edegel income generation, as the said payments are not connected with the services received by its own personnel (employees and directors) who worked without collecting any salary or fee whatsoever.

The company will appeal against the assessment and fine resolutions in connection with this observation, rejecting the Administration arguments for considering the initially submitted evidence insufficient. The company will submit additional evidence regarding the service

received. In the opinion of the company's external legal advisors, the Court should disregard SUNAT observations to the evidence provided by the company and assess it again in order to verify whether they support the service provision.

Talleres Moyopampa / Sunat

On July 16, 1997, Talleres Moyopampa S.A. (former Empresa de Generación Eléctrica de Lima S.A.) was notified with Assessment Resolution 012-3-05475 and Fine Resolution 012-2-11085.

Through the said Assessment Resolution, SUNAT demands payment of MUS\$351 in addition to the corresponding interest for MUS\$270.47, in order to settle the payment of income tax corresponding to the 1994 fiscal year, as it wrongly considers that payment on those taxes corresponding to May and June, 1994, were not made.

On the other hand, the Fine Resolution penalizes for the company for the amount of MUS\$351, and MUS\$270.47 corresponding to interests, for allegedly having infringed section 1 of article 178 of the Tax Code in the company's annual income tax return corresponding to 1994.

On August 15, 1997, Talleres Moyopampa S.A. filed a remedy of complaint against the said resolutions, sustaining that the Agreement signed with the Ministry of Economy and Finance within the ELECTROLIMA privatizing process established the latter as the sole entity responsible for the taxes that the Tax Administration may determine. Also, it was alleged that during the first half of the 1994 fiscal year, the period to which the observations correspond, ELECTROLIMA was in charge of managing the old Edegel S.A.A.

The remedy of complaint filed by Talleres Moyopampa S.A. was disregarded through Administration Resolution 015-4-07866, for which the company filed the corresponding appeal to the Fiscal Court (Case file 2749-98.)

Currently, the case file is with the Fiscal Court Resolution 9603-2-2001, which declares the Administration Resolution 015-4-07866 invalid and groundless and orders the Tax Administration to issue a new ruling, taking into consideration the scope of the Agreement signed with the Public Treasury General Department of the Ministry of Economy and Finance.

Secondary liability attribution to Edegel

On August 12, 1998, Edegel (a company split from Talleres Moyopampa S.A.) was notified through Administration Resolution 012-4-04453, with the alleged purpose of ensuring payment of the tax debt demanded from Talleres Moyopampa S.A. of the above-mentioned proceedings. It has been attributed secondary liability due to its purchase of a part of the assets and liabilities of the said company.

In these circumstances, and through a written document filed on September 7, 1998, Edegel supported Talleres Moyopampa S.A. contesting appeals. However, on December 14, 1998, SUNAT issued Administration Resolution 015-4-09092 declaring Edegel claim groundless.

On January 21, 1999, Edegel filed an appeal against Administration Resolution 015-4-09092, where the case file was joined with that indicated as background to this procedure.

Through Fiscal Court Resolution 9609-2-2001, this body has declared invalid and groundless Administration Resolution 015-4-09092 in the parts regarding Assessment Resolution 012-03-05475 and Fine Resolution 012-2-11085; therefore, the Tax Administration must rule again due to the same reasons stated in the previous section.

Edegel / Essalud

Currently, the administrative demand filed on July 31, 1996, against the determination of the amount to be paid carried out by the IPSS based on Decree Laws 22482 (Health), 19990 (Pensions,) and 18846 (Labor Accidents) for the period between April 1994 and March 1996 is being processed.

The amount considered, regarding the three items, is MUS\$2,499.81 plus interest. The company should have a similar result to that obtained in the other two procedures that concluded one year ago on the same items. If so, the amount stated by the health regime of Decree Law 22482 of MUS\$2,161.87 plus interests would be deducted, leaving a probable amount to be paid, of MUS\$337.93 plus interest.

Emgesa S.A.

There is an environmental contingency group action against Emgesa S.A. E.S.P., the Empresa de Energía de Bogotá S.A. E.S.P., and CAR for alleged material and moral losses caused by the environmental damage in the Muña reservoir. The plaintiffs' initial demand is for M\$708,695,120.

Enersis S.A. are defendants or plaintiffs in other minor legal procedures with probable or reasonably possible loss risk, and whose individual effects in the case of non-favorable rulings is not significant in the current consolidated financial statements.

Restrictions:

Enersis S.A.

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

- Enersis's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 7.0x;
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 5.0x;
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.60x;
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 80%;
- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets.
- Minimum shareholders' equity at least equal to ThCh\$467,560,350 (U.F.27 million)

As of December 31, 2004 all these obligations have been met.

Chilectra S.A.

The Company did not have any management restrictions or financial covenants during the years ended December 31, 2003 and 2004.

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 Energía IBENER S.A., the terms of which extend to beyond 2004, in order to ensure its supply and corresponding cost.

Endesa S.A. (parent Company)

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

- Endesa's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 9.4x;
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 6.30x;
- The ratio of Endesa Chile and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.5x;
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 112.50%;

- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets.
- Minimum shareholders' equity at least equal to ThCh\$779,267,250 (U.F.45 million)

As of December 31, 2004 all these obligations have been met.

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 ThCh\$164,511,975 (UF9,500,000).

As of December 31, 2004 all these obligations have been met.

Central Costanera S.A.

In virtue of the arrangement in Annex VI-A of the "Concurso Público Internacional para la Venta de las Acciones de Central Costanera Sociedad Anónima" (International Public Tender for the Sale of shares of Central Costanera Sociedad Anonima), the domain of Central Costanera S.A.'s land was transferred subject to the condition that it used as the location for an electric power plant for a term of twenty five years as of the date of possession.

If under any circumstance whatsoever the land ceases to be used for than purpose during the indicated year, its domain shall be considered revoked due to this cause, and return of such title will be effective immediately, and as a matter of law, to SEGBA S.A. or, as applicable, to the National State.

The most demanding requirements in respect to financial coefficients are those contained in the Syndicated loan, the Agent of which is BBVA Banco Francés, and in the bilateral with JP Morgan, which are the following:

- The long-term debt with third parties cannot exceed US\$235 million; the debt with a maximum of 30 days cannot exceed US\$180 million.
- Clauses that restrict change of Control;
- Clauses that restrict payments to shareholders, including subordination of the related debt.

As of December 31, 2004 all these obligations have been met.

Edegel S.A.

Financial indicators originated by credit contracts, Bonds Program and Short-term instruments:

- Debt ratio no greater than 0.75

As of December 31, 2004 these obligations have been met.

Hidroeléctrica Betania S.A.

Covenants include limitations on the payment of related debt and limitations on change in control and the following financial ratios:

- EBITDA/Senior Financial Debt no less than 1.4
- Cash Flows before Dividend Payments/Senior Financial Debt no less than 1.1
- Shareholders' Equity/Senior Debt no less than 2.5.

At December 31, 2004 these coverants have been fully net.

Other restrictions

As a common and habitual practice for some bank loan debts and also in capital markets, a substantial portion of Enersis S.A.'s financial indebtedness is subject to cross-failure provisions. Some failures of relevant subsidiaries, if not corrected in time (as to those specific provisions allowing a year of time to correct the problem), might result in the cross-failure at the Endesa-Chile and Enersis S.A. level., and, in this case, a significant percent of Enersis S.A.'s consolidated liabilities might eventually become due on demand.

Non-payment, after any applicable grace period, of these companies' debts or of those corresponding to some of their most relevant subsidiaries for an individual amount exceeding the equivalent of 30 million dollars, would cause advanced payment of syndicated credits contracted in 2004. Also, non-payment, after any applicable grace period, of these companies' debts or of those corresponding to any of their subsidiaries for individual amounts exceeding the equivalent of 30 million dollars, would cause advanced payment of Yankee bonds. In addition, some credit agreements contain provisions according to which certain events different from non-payment in these companies or in any of their most relevant subsidiaries, such as bankruptcy, insolvency, adverse executed legal sentences for amounts larger than US\$ 50 million, and expropriation of assets, may cause those credit acceleration clauses to be in effect.

There are no clauses in the credit agreements through which changes in these companies corporate or debt classification by risk classification agencies may cause an obligation to make debt prepayments. However, according to the Standard & Poor (S&P) risk classification agency, a variation in the foreign currency debt

risk classification produces a change in the applicable margin of syndicated credits contracted in 2004.

At December 31, 2004, these obligations and restrictions have been fully met.

NOTE 30. SURETIES OBTAINED FROM THIRD PARTIES

Enersis S.A.

The Company has received certificates of deposit for ThCh\$242,994 at December 31 2004 (ThCh\$233,785 in 2003).

Chilectra S.A.

The Company presents among its current liabilities, deposits received in cash for the use of temporary connections by customers of the company for ThCh\$49,332 and ThCh\$28,237 at December 31, 2003 and 2004, respectively.

Inmobiliaria Manso de Velasco Ltda.

The Company has received guarantees from third parties to guarantee obligations incurred in the acquisition of assets of ThCh\$1,738,223 as of December 31, 2004 (ThCh\$3,161,818 in 2003).

Compañía Americana de Multiservicios Ltda.

The Company has delivered bank bonds for ThCh\$4,700,464 (ThCh\$760,775 in 2003) and has received bank bonds for ThCh\$2,305,702 (ThCh\$1,565,159 in 2003).

Endesa S.A. (parent Company)

The Company has received performance bonds from contractors and third parties to guarantee jobs and construction (mainly the Ralco Project), for ThCh\$12,746,232 as of December 31, 2004 (ThCh\$19,952,181 in 2003).

San Isidro S.A.

Documents in guarantee have been received for ThCh\$0 as of December 31, 2004 (ThCh\$1,424,411 in 2003).

Compañía Eléctrica de Tarapacá S.A.

The Company has received documents in guarantee for ThCh\$223,843 as of December 31, 2004 (ThCh\$294,202 in 2003).

Enigesa S.A.

The Company has received documents in guarantee for ThCh\$20,000 as of December 31, 2004. (ThCh\$46,956 in 2003).

Pangue S.A.

The Company has received documents in guarantee for ThCh\$5,186 as of December 31, 2004 (ThCh\$10,073 in 2003).

NOTE 31. FOREIGN CURRENCIES

As of December 31, 2003 and 2004, foreign currency denominated assets and liabilities are as follows:

a) Current assets

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Cash	\$ no Reaj.	4,475,428	3,150,244
	US\$	1,051,927	6,580,859
	\$ Col.	8,128,041	27,027,163
	Soles	1,046,050	1,341,377
	\$ Arg.	4,226,021	2,389,222
	Reales	8,102,021	16,005,549
Time deposits	US\$	150,656,992	234,366,548
	\$ Col.	64,890,182	177,779,349
	Soles	1,792,199	1,095,113
	\$ Arg.	4,520,396	5,855,305
	Reales	40,801,202	31,647,544
Marketable securities	\$ no Reaj.	4,993	4,993
	US\$	2,901,493	4,686,733
	\$ Col.	236,903	927,807
	\$ Arg.	8,291,246	6,702,004
Accounts receivable, net	\$ Reaj.	1,072,500	3,539,809
	\$ no Reaj.	104,405,263	116,070,684
	US\$	6,945,168	7,281,743
	\$ Col.	86,307,575	109,719,689
	Soles	29,562,766	33,403,904
	\$ Arg.	44,785,076	49,950,207
	Reales	205,771,276	208,774,093
Notes receivable	\$ Reaj.	4,630,918	-
	\$ no Reaj.	1,333,327	891,218
	US\$	647,945	233,126
	Soles	23,366	-
	\$ Arg.	-	21,308
	Reales	1,936,137	1,682,362
Other receivables	\$ Reaj.	40,900,332	2,985,441
	\$ no Reaj.	9,938,644	28,429,986
	US\$	1,335,543	983,456
	\$ Col.	20,255,164	11,449,313
	Soles	5,377,821	4,926,064
	\$ Arg.	977,538	1,280,003
	Reales	16,731,819	13,759,939
	U.C.	1,032,262	-
Amounts due from related companies	\$ no Reaj.	5,822,947	2,170,591
	US\$	3,331,840	106,983,306
	\$ Col.	35,294	-
	Soles	129,348	116,358
	\$ Arg.	5,282,251	3,393,757
	Reales	2,884,948	1,721,751
Inventories, net	\$ no Reaj.	29,507,945	33,232,156
	\$ Col.	4,441,448	5,184,659
	Soles	9,275,106	9,011,283
	\$ Arg.	1,648,121	2,338,831
	Reales	543,279	1,214,386
Income taxes recoverable	\$ no Reaj.	35,024,812	70,398,500
	\$ Col.	603,438	15,732,686
	Soles	762,416	1,623,292
	\$ Arg.	4,808,109	2,546,982
	Reales	21,619,721	7,336,412
Prepaid expenses and other	\$ no Reaj.	1,124,828	1,162,558
	US\$	1,531,917	1,516,852
	\$ Col.	218,488	1,136,210
	Soles	252,478	1,010,321
	\$ Arg.	797,190	816,287
	Reales	12,938,905	39,368,960
Deferred income taxes	\$ no Reaj.	35,276,929	49,308,731
	\$ Col.	3,402,950	949,786
	\$ Arg.	9,352,029	9,573,388
	Reales	4,992,003	173,812
Other current assets	\$ Reaj.	818,261	151,489
	\$ no Reaj.	46,568,412	29,996,521
	US\$	10,892,528	1,093,546
	Soles	1,400,414	1,405,979
	\$ Arg.	2,262,288	321,522
	Reales	13,835,099	3,148,123
Total current assets		1,156,481,276	1,519,081,190

b) Property, plant and equipment

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Land	\$ no Reaj.	41,777,562	52,338,344
	\$ Col.	29,133,766	26,530,812
	Soles	8,670,485	7,951,724
	\$ Arg.	8,419,958	7,724,720
	Reales	30,338,358	28,061,395
Building, infrastructure and work in progress	\$ no Reaj.	3,538,008,367	3,624,231,407
	\$ Col.	2,765,131,519	2,537,436,134
	Soles	1,021,951,727	951,907,447
	\$ Arg.	1,423,871,557	1,322,175,663
	Reales	1,556,321,432	1,429,235,015
Machinery and equipment	\$ no Reaj.	53,334,336	85,322,291
	\$ Col.	22,507,774	22,481,645
	Soles	388,475,456	357,431,602
	\$ Arg.	665,909,330	623,547,755
	Reales	676,065,676	632,336,970
Other plant and equipment	\$ no Reaj.	127,322,197	134,019,551
	\$ Col.	9,472,574	17,284,629
	Soles	36,278,327	32,595,808
	\$ Arg.	122,298,330	108,157,283
	Reales	61,420,508	106,652,048
Technical appraisal	\$ no Reaj.	29,601,418	29,794,577
	\$ Col.	62,173,087	56,938,410
	Soles	428,561,045	392,478,253
	Reales	114,622,461	104,971,798
	Accumulated depreciation	\$ no Reaj.	(1,602,279,713)
\$ Col.		(690,224,493)	(711,423,578)
Soles		(859,351,499)	(822,014,062)
\$ Arg.		(969,733,183)	(963,750,414)
Reales		(801,308,839)	(824,150,066)
Total property, plant and equipment		8,298,769,523	7,684,821,942

c) Other assets

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Investments in related companies	\$ no Reaj.	108,073,015	107,682,826
	US\$	76,643,743	83,782,236
Investments in other companies	\$ no Reaj.	2,341,160	2,378,053
	US\$	-	27,213,438
	\$ Col.	134,321,257	20,312,213
	Soles	8,441	7,731
	Reales	125,946	81,319
Goodwill, net	\$ no Reaj.	756,029,451	704,752,310
	US\$	5,509,044	12,696,787
	\$ Col.	38,368,653	16,086,006
Negative goodwill, net	\$ no Reaj.	(17,082,960)	(12,939,841)
	US\$	(13,518,672)	(8,104,372)
	\$ Col.	(4,674,109)	(2,569,614)
	Soles	(45,939,757)	(33,121,987)
Long-term accounts receivable	\$ Reaj.	3,577,465	1,488,725
	\$ no Reaj.	1,954,002	1,273,568
	US\$	4,661,886	3,509,615
	\$ Col.	7,814,513	6,687,455
	Soles	2,103,001	2,216,011
	\$ Arg.	2,504,339	6,487,025
	Reales	108,518,214	104,247,690
Amounts due from related companies	\$ no Reaj.	609,105	334,097
	US\$	131,562,999	122,111
	Reales	159,325	38
Other assets	\$ Reaj.	5,425,595	-
	\$ no Reaj.	63,941,140	52,469,411
	US\$	21,239,485	23,071,340
	\$ Col.	25,374,006	46,128,153
	Soles	3,548,541	2,828,521
	\$ Arg.	16,568,392	27,509,762
	Reales	87,875,268	106,991,380
Total other assets		1,527,642,488	1,303,622,007

d) Total assets

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Total assets by currency	\$ Reaj.	56,425,071	8,165,464
	\$ no Reaj.	3,377,112,608	3,431,027,557
	US\$	405,393,838	506,017,324
	\$ Col.	2,587,918,030	2,385,798,927
	Soles	1,033,927,731	946,214,739
	\$ Arg.	1,356,788,988	1,217,040,610
	Reales	2,164,294,759	2,013,260,518
	U.C.	1,032,262	-
Total assets by currency		10,982,893,287	10,507,525,139

e) Current liabilities

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31, 2003		As of December 31, 2004		As of December 31, 2003		As of December 31, 2004	
		Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate
Short-term debt due to banks and financial institutions	\$ no Reaj.	2,438,349	2.99%	2,434,847	3.00%	-	0.00%	-	0.00%
	US\$	84,814,231	12.71%	54,848,068	3.92%	44,663,417	12.71%	426,911	5.87%
	Euro	3,588,066	5.00%	908,779	3.00%	-	0.00%	-	0.00%
	\$ Col.	117,353,815	15.93%	49,065,716	7.31%	-	0.00%	-	0.00%
	Soles	28,458,882	15.93%	23,369,915	5.85%	11,666,373	15.93%	-	0.00%
	\$ Arg.	10,516,380	15.93%	6,151,050	8.99%	-	0.00%	2,589,394	9.25%
	Reales	239,979	15.93%	52,128,449	16.76%	-	0.00%	-	0.00%
	Others	16,220,984	15.93%	-	0.00%	-	0.00%	-	0.00%
Current portion of long-term debt due to banks and financial institutions	\$ Reaj.	1,479,491	4.56%	-	0.00%	35,461,819	4.56%	1,700,403	9.00%
	US\$	22,379,370	4.96%	5,173,030	5.60%	82,429,959	4.96%	67,353,491	7.05%
	Euro	-	0.00%	-	0.00%	126,861	3.00%	125,395	3.00%
	Yen	13,510,451	3.46%	-	0.00%	435,146	3.46%	412,818	0.90%
	\$ Arg.	-	0.00%	20,194	9.70%	-	0.00%	2,405,568	3.79%
	\$ Col.	984,760	16.79%	-	0.00%	-	0.00%	14,538,378	12.45%
	Reales	3,854,757	16.79%	4,716,740	15.81%	5,741,290	16.79%	10,079,596	14.93%
	U.P.	-	0.00%	-	0.00%	1,144,981	16.79%	-	0.00%
	Others	944,426	16.79%	-	0.00%	1,344,077	16.79%	415,332	5.88%
Current portion of bonds payable	\$ Reaj.	235,855	5.88%	151,779	5.80%	7,543,814	5.88%	7,670,851	6.00%
	US\$	4,482,124	7.87%	22,240,292	8.10%	37,890,558	7.87%	32,737,993	8.00%
	\$ Arg.	-	0.00%	5,744	7.00%	-	0.00%	153,456	8.50%
	\$ Col.	6,991,505	11.25%	6,019,981	11.16%	-	0.00%	-	0.00%
	Soles	6,787,140	4.94%	18,602,854	6.23%	8,787,827	4.94%	-	0.00%
	Reales	-	0.00%	19,501,097	20.31%	-	0.00%	-	0.00%
Current portion of long-term notes payable	US\$	8,176,632	0.00%	6,567,034	0.00%	13,793,078	0.00%	18,174,027	0.00%
	Reales	-	-	2,008,600	0.00%	-	-	-	0.00%
Dividends payable	\$ no Reaj.	1,006,694	0.00%	722,922	0.00%	734,392	0.00%	-	0.00%
	\$ Col.	2	0.00%	2	0.00%	-	0.00%	-	0.00%
	Soles	82,109	0.00%	18,179	0.00%	-	0.00%	-	0.00%
	\$ Arg.	749	0.00%	1,566	0.00%	-	0.00%	-	0.00%
	Reales	1,413,566	0.00%	2,656,832	0.00%	-	0.00%	-	0.00%
Accounts payable	\$ no Reaj.	66,370,396	0.00%	84,313,435	0.00%	-	0.00%	-	0.00%
	US\$	861,067	0.00%	4,351,182	0.00%	349	0.00%	1,653	0.00%
	Euro	156,741	0.00%	258,353	0.00%	-	0.00%	-	0.00%
	\$ Col.	28,960,109	0.00%	31,241,735	0.00%	-	0.00%	-	0.00%
	Soles	17,360,048	0.00%	19,585,347	0.00%	-	0.00%	-	0.00%
	\$ Arg.	29,090,974	0.00%	45,782,706	0.00%	-	0.00%	-	0.00%
	Reales	78,030,649	0.00%	67,468,092	0.00%	-	0.00%	-	0.00%

e) Current liabilities, continued

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31, 2003		As of December 31, 2004		As of December 31, 2003		As of December 31, 2004	
		Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate
Short-term notes payables	\$ no Reaj.	18,809	0.00%	559	0.00%	-	0.00%	-	0.00%
	US\$	-	0.00%	-	0.00%	-	0.00%	6,227,405	0.00%
	Reales	21,577,819	0.00%	7,181,201	0.00%	-	0.00%	-	0.00%
Miscellaneous payables	\$ no Reaj.	5,400,636	0.00%	2,871,840	0.00%	5,636,239	0.00%	5,947,717	0.00%
	US\$	6,876,299	0.00%	959,372	0.00%	63,908	0.00%	721,873	0.00%
	\$ Col.	11,010,389	0.00%	9,887,281	0.00%	-	0.00%	-	0.00%
	Soles	8,821,069	0.00%	4,672,384	0.00%	-	0.00%	2,078,438	0.00%
	\$ Arg.	2,583	0.00%	3,505	0.00%	-	0.00%	-	0.00%
	Reales	7,203,285	0.00%	11,464,093	0.00%	-	0.00%	-	0.00%
Amounts payable to related companies	\$ no Reaj.	255,365	0.00%	480,831	0.00%	-	0.00%	-	0.00%
	US\$	1,464,924	0.00%	56,725,083	0.00%	-	0.00%	-	0.00%
	\$ Col.	2,923,148	0.00%	-	0.00%	-	0.00%	-	0.00%
	Soles	394,992	0.00%	476,526	0.00%	-	0.00%	-	0.00%
	\$ Arg.	1,732,753	0.00%	525,460	0.00%	-	0.00%	-	0.00%
	Reales	24,745,818	0.00%	23,300,775	0.00%	-	0.00%	-	0.00%
Accrued expenses	\$ Reaj.	30,095	0.00%	69,517	0.00%	84,878	0.00%	75,770	0.00%
	\$ no Reaj.	7,194,918	0.00%	10,791,076	0.00%	29,393,686	0.00%	11,935,030	0.00%
	US\$	1,050	0.00%	-	0.00%	69,574	0.00%	180,402	0.00%
	\$ Col.	5,712,516	0.00%	7,578,841	0.00%	-	0.00%	-	0.00%
	Soles	1,566,538	0.00%	2,872,127	0.00%	2,536,430	0.00%	-	0.00%
	\$ Arg.	2,939,181	0.00%	3,179,885	0.00%	-	0.00%	-	0.00%
	Reales	5,506,856	0.00%	7,650,469	0.00%	11,108	0.00%	-	0.00%
Withholdings	\$ no Reaj.	8,026,256	0.00%	10,793,064	0.00%	161,356	0.00%	-	0.00%
	\$ Col.	2,265,795	0.00%	2,753,830	0.00%	-	0.00%	-	0.00%
	Soles	5,155,760	0.00%	6,105,833	0.00%	-	0.00%	-	0.00%
	\$ Arg.	17,274,242	0.00%	12,493,955	0.00%	-	0.00%	51,320	0.00%
	Reales	32,411,616	0.00%	17,551,516	0.00%	-	0.00%	-	0.00%
Income tax payable	\$ no Reaj.	16,822,260	0.00%	394,297	0.00%	-	0.00%	479,246	0.00%
	\$ Col.	23,507,327	0.00%	42,420,816	0.00%	2,229,391	0.00%	-	0.00%
	Soles	19,809	0.00%	2,790,566	0.00%	3,007,496	0.00%	-	0.00%
	\$ Arg.	-	0.00%	1,187,223	0.00%	-	0.00%	-	0.00%
	Reales	3,449,774	0.00%	7,146,632	0.00%	-	0.00%	-	0.00%
Deferred income	\$ Reaj.	-	0.00%	8,659	0.00%	-	0.00%	-	0.00%
	\$ no Reaj.	6,127,909	0.00%	4,872,530	0.00%	1,972,547	0.00%	1,623,507	0.00%
	\$ Col.	4,174,302	0.00%	-	0.00%	-	0.00%	-	0.00%
Other current liabilities	\$ Reaj.	10,242	0.00%	1,121	0.00%	6,084	0.00%	376,487	0.00%
	\$ no Reaj.	10,919	0.00%	464,355	0.00%	2,865,946	0.00%	2,258,422	0.00%
	US\$	9,380,424	0.00%	98,023	0.00%	1,236,032	0.00%	748,752	0.00%
	\$ Col.	1,497,109	0.00%	2,525,483	0.00%	-	0.00%	-	0.00%
	Soles	45,669	0.00%	46,868	0.00%	-	0.00%	-	0.00%
	\$ Arg.	21,369,668	0.00%	24,119,118	0.00%	-	0.00%	-	0.00%
	Reales	30,572,763	0.00%	10,542,045	0.00%	-	0.00%	-	0.00%
Total current liabilities by currency	\$ Reaj.	1,755,683		231,076		43,096,595		9,823,511	
	\$ no Reaj.	113,672,511		118,139,756		40,764,166		22,243,922	
	US\$	138,436,121		150,962,084		180,146,875		126,572,507	
	Euro	3,744,807		1,167,132		126,861		125,395	
	Yen	13,510,451		-		435,146		412,818	
	\$ Col.	205,380,777		151,493,685		2,229,391		14,538,378	
	Soles	68,692,016		78,540,599		25,998,126		2,078,438	
	Reales	209,006,882		233,316,541		5,752,398		10,079,596	
	\$ Arg.	82,926,530		93,470,406		-		5,199,738	
	U.P.	-		-		1,144,981		-	
	Others	17,165,410		-		1,344,077		415,332	
Total current liabilities		854,291,188		827,321,279		301,038,616		191,489,635	

f) Long-term liabilities as of December 31, 2004

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate
Due to banks and financial institutions	\$ Reaj.	1,698,508	9.00%	1,008,580	9.00%	-	0.00%	-	0.00%
	US\$	91,767,757	6.95%	357,086,797	3.65%	25,386,640	8.59%	911,946	5.78%
	Euro	1,808,395	3.00%	-	0.00%	-	0.00%	-	0.00%
	\$ Arg.	5,520,964	3.96%	3,536,601	1.75%	2,652,453	1.75%	-	0.00%
	\$ Col.	313,735	9.00%	27,212,269	12.45%	-	0.00%	-	0.00%
Bonds payable	Reales	62,043,271	15.22%	7,569,269	16.77%	37,595,086	16.47%	-	0.00%
	\$ Reaj.	103,902,300	6.20%	69,910,209	6.19%	84,746,197	5.17%	59,484,067	5.95%
	US\$	300,996,000	7.27%	457,068,000	8.03%	418,050,000	7.90%	511,073,929	7.79%
	\$ Col.	39,535,092	15.53%	84,840,185	10.60%	174,934,536	12.13%	-	-
	Soles	68,381,485	7.58%	16,980,959	6.97%	17,983,304	8.83%	-	-
Long-term notes payable	\$ Arg.	22,464,484	7.50%	-	0.00%	-	0.00%	-	-
	Reales	46,303,253	20.64%	-	0.00%	16,846,109	16.00%	-	-
	US\$	47,953,491	7.22%	32,006,890	7.28%	19,926,002	7.42%	-	0.00%
	Reales	27,355,685	10.92%	5,763,842	10.92%	10,221,301	10.92%	26,857	10.92%
	Miscellaneous payable	\$ Reaj.	-	0.00%	-	0.00%	-	0.00%	167,268
Accrued expenses	\$ no Reaj.	727,204	0.00%	-	0.00%	-	0.00%	-	0.00%
	US\$	15,040,244	4.14%	1,795,204	6.50%	5,614,137	6.50%	14,672,591	6.50%
	Reales	12,567,061	0.00%	-	0.00%	-	0.00%	-	0.00%
	\$ Reaj.	121,124	0.00%	-	0.00%	-	0.00%	-	0.00%
	\$ no Reaj.	3,442,268	0.00%	2,972,036	0.00%	7,316,529	0.00%	13,680,660	0.00%
Deferred income taxes	\$ Col.	70,078,692	0.00%	-	0.00%	-	0.00%	-	0.00%
	Reales	207,120,842	0.00%	1,157,644	0.00%	5,135,478	0.00%	-	0.00%
	\$ no Reaj.	16,295,211	0.00%	2,447,289	0.00%	2,907,066	0.00%	14,694,590	0.00%
	Soles	27,191,732	0.00%	-	0.00%	-	0.00%	-	0.00%
	Other long-term liabilities	\$ Reaj.	66,693,221	0.00%	12,534	0.00%	-	0.00%	-
Total long-term liabilities by currency	\$ no Reaj.	15,186,054	0.00%	1,361,106	0.00%	1,573,672	0.00%	13,213	0.00%
	US\$	1,994,962	0.00%	-	0.00%	-	0.00%	-	0.00%
	Soles	925,586	0.00%	639,812	0.00%	1,151,537	0.00%	-	0.00%
	\$ Arg.	7,969,587	0.00%	-	0.00%	-	0.00%	-	0.00%
	Reales	18,622,479	0.00%	-	0.00%	-	0.00%	-	0.00%
Total long-term liabilities	\$ Reaj.	172,415,153		70,931,323		84,746,197		59,651,335	
	\$ no Reaj.	35,650,737		6,780,431		11,797,267		28,388,463	
	US\$	457,752,454		847,956,891		468,976,779		526,658,466	
	Euro	1,808,395		-		-		-	
	\$ Col.	109,927,519		112,052,454		174,934,536		-	
	Soles	96,498,803		17,620,771		19,134,841		-	
	\$ Arg.	35,955,035		3,536,601		2,652,453		-	
Reales	374,012,591		14,490,755		69,797,974		26,857		
Total long-term liabilities		1,284,020,687		1,073,369,226		832,040,047		614,725,121	

g) Long-term liabilities as of December 31, 2003

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate
Due to banks and financial institutions	\$ Reaj.	3,167,804	9.00%	1,305,528	9.00%	-	0.00%	-	0.00%
	US\$	205,570,231	4.77%	448,913,335	3.83%	45,212,332	3.36%	2,535,154	3.89%
	Euro	124,781	3.00%	-	0.00%	-	0.00%	-	0.00%
	Yen	432,999	0.89%	-	0.00%	-	0.00%	-	0.00%
	\$ Arg.	3,685,689	1.75%	1,842,844	1.75%	6,450,209	1.75%	-	0.00%
	\$ Col.	-	0.00%	38,338,946	12.55%	-	0.00%	-	0.00%
	Reales	82,677,254	22.50%	4,887,591	20.81%	8,653,443	20.06%	531,883	17.74%
	Pound	412,209	4.63%	-	0.00%	-	0.00%	-	0.00%
Bonds payable	\$ Reaj.	6,263,066	5.88%	113,188,072	5.88%	104,378,205	5.88%	97,345,804	5.88%
	US\$	121,729,000	7.91%	219,112,200	7.91%	486,916,000	7.91%	1,014,543,656	7.91%
	\$ Col.	105,570,083	10.50%	-	0.00%	-	0.00%	-	0.00%
	Soles	76,461,688	4.39%	10,409,782	4.39%	859,784	4.39%	-	0.00%
Long-term notes payable	US\$	41,482,653	7.42%	49,425,883	7.42%	32,636,810	7.42%	-	0.00%
	Reales	11,611,380	14.46%	4,696,312	14.46%	9,123,707	14.46%	-	0.00%
Miscellaneous payable	\$ Reaj.	-	0.00%	-	0.00%	-	0.00%	167,520	0.00%
	\$ no Reaj.	884,934	0.00%	-	0.00%	-	0.00%	18,013	0.00%
	US\$	5,357,366	0.00%	-	0.00%	-	0.00%	9,128,388	3.26%
	Reales	8,692,608	0.00%	3,223,970	0.00%	-	0.00%	-	0.00%
Amounts payable to related companies	\$ Col.	86,428	0.00%	-	0.00%	-	0.00%	-	0.00%
Accrued expenses	\$ no Reaj.	2,511,857	0.00%	2,674,905	0.00%	6,391,560	0.00%	10,692,906	0.00%
	US\$	-	0.00%	3,045,975	0.00%	-	0.00%	-	0.00%
	\$ Col.	21,219,190	0.00%	46,218,706	0.00%	-	0.00%	-	0.00%
	Reales	232,597,309	0.00%	-	0.00%	-	0.00%	-	0.00%
Deferred income taxes	\$ no Reaj.	118,323	0.00%	7,076,619	0.00%	-	0.00%	-	0.00%
Other long-term liabilities	\$ Reaj.	9,430	0.00%	11,800	0.00%	6,575	0.00%	-	0.00%
	\$ no Reaj.	3,542,274	0.00%	998,700	0.00%	1,171,374	0.00%	1,682,754	0.00%
	US\$	13,099,358	0.00%	5,284,063	0.00%	-	0.00%	-	0.00%
	Soles	2,109,649	0.00%	715,703	0.00%	1,218,766	0.00%	-	0.00%
	\$ Arg.	8,171,645	0.00%	-	0.00%	-	0.00%	-	0.00%
	Reales	23,822,941	0.00%	-	0.00%	-	0.00%	-	0.00%
Total long-term liabilities by currency	\$ Reaj.	9,440,300		114,505,400		104,384,780		97,513,324	
	\$ no Reaj.	7,057,388		10,750,224		7,562,934		12,393,673	
	US\$	387,238,608		725,781,456		564,765,142		1,026,207,198	
	Euro	124,781		-		-		-	
	Yen	432,999		-		-		-	
	\$ Col.	126,875,701		84,557,652		-		-	
	Soles	78,571,337		11,125,485		2,078,550		-	
	\$ Arg.	11,857,334		1,842,844		6,450,209		-	
	Reales	359,401,492		12,807,873		17,777,150		531,883	
	Pound	412,209		-		-		-	
Total long-term liabilities		981,412,149		961,370,934		703,018,765		1,136,646,078	

NOTE 32. SANCTIONS

Chilectra S.A.

On April 27, 2004, through Exempt resolution 814, the Superintendence of Electricity and Fuel (S.E.C.) penalized the Company for a total amount of 1,830 UTA (ThCh\$665,564), as a result of the blackout which occurred in January 13, 2003, that affected the area between Tal Tal and Santiago. On May 7, 2004, the Company filed an appeal whose jurisdiction and solution belongs to the Superintendency of Electricity and Fuel (S.E.C.). The appeal is still pending for resolution. Against the resolution solving the petition of appeal, the company could file a claim petition whose jurisdiction and resolution's jurisdiction is Santiago Court of Appeal. To this date, the Corporation cannot exactly forecast the effects the final resolution will have on its financial statements.

The Company and its directors has not been the subject to sanctions by the SVS nor by any other administrative authorities.

NOTE 33. ENVIRONMENT

Chilectra S.A.

The Company has made disbursements during the year of ThCh\$1,475,427 (ThCh\$1,600,026 in 2003), mainly for the following items:

Investments:

- Implementation of Environmental Management System, ISO Standard 14.001
- Reforestation
- Pre-assembling.

Expenses:

- Pruning
- Cutting.

Endesa S.A.

During the year from January 1 to December 31, 2004, the Company and its subsidiaries have made disbursements for a value of ThCh\$3,521,010 (ThCh\$12,449,554 in 2003), which mainly correspond to:

Operation expenses: They correspond to laboratory studies, monitoring, follow-up and analysis, which resulted in expenses of the fiscal year ThCh\$527,033. Cachoeira Dourada S.A. environmental commitment and cooperation activities equivalent to ThCh\$107,095. Environmental protection at Central Costanera (cleaning of fuel tanks, screen chamber construction, medication of gas fumes and other), was equivalent to ThCh\$73,577.

Muña environmental lawsuit in Emgesa for ThCh\$521,680.

Investment related to the following projects, which are activated, ThCh\$2,291,625:

- Ralco Power Plant – Environmental Program.
- Pehuenche, Loma Alta, and Curillínque Power Plants – Standardization of sewerage and drinking water systems.
- Sauzalito Power Plant – Standardization of sewerage and drinking water systems.
- Antuco Power Plant – Implementation of the Environmental Management System in accordance with ISO Standard 14,001 and liabilities resolution.
- Rapel Power Plant – Environmental Circuit.
- San Isidro Power Plant – Environmental Circuit.
- Pangué Power Plant – Landscape recuperation, former Queuco deposit.
- Isla Power Plant – Construction of spillway buckets in power transformers.
- Sauzal Power Plant – Works in service transformers spillway bucket and SGA certification in ISO Standard 14,001.

NOTE 34. SUBSEQUENT EVENTS

Endesa S.A.

On January 21, 2005, Endesa S.A. communicated to the Superintendency of Securities and Insurance the following relevant fact:

“During December, 2004, the Experts’ Panel provided in the Power Service Basic Law resolved a series of differences filed by power companies, members of the CDEC-SIC in connection with the firm power calculation inside the said agency.

Considering the resolutions issued by the said Experts’ Panel on December 9, 2004, the Operation Department of the CDEC-SIC informed the power generating companies in the system, during this week, on the results of the readjustment of firm power balance corresponding to the April 2000 to March 2004 period, as well as on the result of the said readjustments for the April 2004 to November 2004 period.

As a result of the said readjustments carried out by the CDEC-SIC, and their subsequent payment, the consolidated financial statements of Empresa Nacional de Electricidad S.A. will be negatively affected in an amount of \$14,522,772,161 for the April 2000 to March 2004 period, and in an amount of \$ 3,665,377,677 during the April 2004 to November 2004 period.



Juan Carlos Weiczorek C.
Subgerente Contabilidad Chile

Empresa Nacional de Electricidad S.A. considers it necessary to inform the market that, notwithstanding the fact that the company will carry out the payments resulting from the said readjustment, this does not mean that it approves them. In fact, Empresa Nacional de Electricidad S.A. reserves the right to exhaust every legal means for contesting, considering that the fundamental guarantees protected by the State Political Constitution were affected in the said resolutions by the Experts’ Panel and Ministry Resolution 35 of the Ministry of Economy. Furthermore, and according to the information provided to the market, on December 28, 2004, Empresa Nacional de Electricidad S.A. filed a Public Law Invalidation appeal against Ministry Resolution 35 of the Ministry of Economy, which untimely and with no competence opened power readjustments between the system power generating companies for the 2000-2003 period.

In this sense, we consider it our duty to inform the market that last January 20, the Empresa Nacional de Electricidad S.A. requested the CDEC-SIC to call an extraordinary board of directors meeting in order to take a stand regarding the representation the CDEC-SIC made of the Laja and Rapel reservoirs in the calculation of firm power, which will probably generate new differences to be resolved by the Experts’ Panel.

The amounts indicated in the previous relevant fact have been provisioned in the companies’ financial statements to December 31, 2004.

In the period between January 1, 2005, and to the date of issue of these financial statements, no other significant facts have occurred that may affect their submission.



Mario Vacarce Duran
Gerente General

NOTE 35. APPENDIX U.S. GAAP

DIFFERENCES BETWEEN CHILEAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Chilean GAAP varies in certain important respects from U.S. GAAP. Such differences involve certain methods for measuring the amounts shown in the financial statements.

I. Differences in Measurement Methods

The principal differences between Chilean GAAP and U.S. GAAP are described below together with an explanation, where appropriate, of the method used in the determination of the adjustments that affect net income and total stockholders' equity. References below to "SFAS" are to Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board in the United States.

(a) Inflation accounting

The cumulative inflation rate in Chile as measured by the Consumer Price Index for the three-year period ended December 31, 2004 was approximately 6.52%. 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 Item 17 c (iv) of Form-20-F the reconciliation included herein of consolidated net income, comprehensive income and shareholders' equity, as determined in accordance with U.S. GAAP, excludes adjustments attributable to the effect of differences between the accounting for inflation under Chilean GAAP versus U.S. GAAP.

(b) Reversal of revaluation of property, plant and equipment

In accordance with standards issued by the SVS., certain property, plant and equipment are recorded in the financial statements at amounts determined in accordance with a technical appraisal. The difference between the carrying value and the revalued amount is included in shareholders' equity, beginning in 1989, in "Other reserves", and is subject to adjustments for price-level restatement and depreciation. Revaluation of property, plant and

equipment is 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 (gg) 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 of part of property, plant, and equipment, the primary assets of Edesur S.A.

As discussed in paragraph (i), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchase price over the carrying value is recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. As part of the purchase of the majority ownership interest in Endesa-Chile, under U.S. GAAP, the cost of the purchase price would have been allocated to the fair value of property, plant and equipment.

The effect on shareholders' equity and net income for the years presented is included in paragraph (gg) below.

(d) Intangibles

Under Chilean GAAP, the intangible assets correspond mainly of rights of way. Additionally the Company has recorded intangible asset relating to the transfer of revalued assets which originate in the predecessor company, "Compañía Chilena de Distribución Eléctrica S.A." at the time of the Company's formation. Under U.S. GAAP, the balance of this intangible asset would have been recorded at the Predecessor Company's carrying value which was zero. In 2004, this intangible asset was charged to income under Chile GAAP thereby zeroing out the adjustment for this item between U.S. GAAP and Chile GAAP.

The estimated amortization expense for the intangible assets which, mainly consist of rights of way, for US GAAP purposes (which is equivalent under Chile GAAP) for each of the five succeeding fiscal years is as follows:

Year	Amortization ThCh\$
2005	5,477,874
2006	4,459,668
2007	3,295,044
2008	1,855,711
2009	1,217,734

The effects of adjusting shareholders' equity for this intangible asset net of accumulated amortization, inclusive of accumulated price-level restatement, and net income for the annual amortization expense and the write-off of the intangible asset in 2004 are included in paragraph (gg) 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.

The principal difference between U.S. GAAP and Chile GAAP relates to the reversal of the complementary assets and liabilities recorded as a transitional provision for unrecorded deferred taxes as of January 1, 2000 and their corresponding amortization into income. Additionally, under U.S. GAAP, temporary differences arising in connection with fair value adjustments on business combinations result in deferred taxes and a corresponding adjustment to goodwill. An adjustment is required in the reconciliation to U.S. GAAP to record goodwill arising from deferred tax liabilities related to past business combinations. When required, the income tax effects of U.S. GAAP adjustments are recorded in our reconciliations to U.S. GAAP. The effect of these differences on the net income and shareholders' equity of the Company is included in paragraph (gg) below.

(f) Severance indemnity

As described in Note 2 n, under the Company's employment contracts, it has committed to provide a lump sum payment to each employee in its Chilean entities at the end of their employment, whether due to death, termination, resignation or retirement. Until December 31, 2003, 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 its Chilean subsidiaries used a discount rate of 9.5% for the years ended December 31, 2002 and 2003. As described in Note 3, starting January 1, 2004 the Company changed certain of its underlying assumptions related to its severance indemnities changing the discount rate of 6.5% and modifying the turnover rate.

Under US 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 at the actuarial present value as of the balance sheet of all benefits attributed by the severance indemnity benefit formula to employee service rendered prior to the balance sheet. The vested benefit obligation is measured using assumptions as to future compensation levels. For U.S. GAAP purposes, the discount rate has to be reassessed every year, to the relevant discount rate for the period between the date and the expected date of payment. In 2003, the Company, for US GAAP purposes, used a 6.5% discount rate in accordance with the above guidance. The impact of using the appropriate discount rates under US GAAP for 2002 and 2003 would not have resulted in a material difference from the obligation recorded at the rate in use in accordance with Chilean GAAP.

Therefore, in 2004, the accounting assumptions underlying the calculation of the obligation for staff severance indemnities were the same under Chile GAAP and US GAAP.

The Company recognizes actuarial gains and losses immediately for severance indemnity plans for both Chilean GAAP and U.S. GAAP.

The effects of accounting for severance indemnity benefits under US GAAP have been presented in paragraph (gg).

(g) Pension and post-retirement benefits accounting

The Company has obligations related to post-retirement benefits as stipulated in collective bargaining agreements and pension obligations as stipulated by contract for its subsidiaries in Brazil, Colombia and Chile under U.S. GAAP, post-retirement benefits are accounted for under SFAS 106 and pension obligations are accounted for under SFAS 87 which results in the following differences:

- i. In 2000, the Company recorded its obligation for post-retirement benefits at our consolidated subsidiaries, Cerj and Coelce under Chilean GAAP. Technical Bulletin 8 allows the Company to record a transition asset for post-retirement benefits and pension obligations, as calculated under Chilean GAAP, and to amortize the amount, on a straight-line basis, for up to five years. The Company is amortizing this amount over a period of three years. Cerj and Coelce had adopted U.S. GAAP for external reporting purposes prior to 2000 and there was no remaining unamortized transition obligation. Therefore, the amortization that is appropriately being recorded under Chilean GAAP for the transition asset related to post-retirement benefits and pensions is reversed in our reconciliation to U.S. GAAP.

- ii. Under both Chilean GAAP and US GAAP, actuarial gains/losses are deferred over the average remaining service period when the cumulative amount of deferred actuarial gains and losses are less than 10% of the higher of the projected benefit obligation or fair value of plan assets.

Chilean GAAP recognizes an additional minimum liability, similar to that defined under SFAS 87, through the income statement. Under US GAAP, if the amount of the additional minimum liability required to be recognized exceeds the unrecognized prior service costs, the excess shall be reported as a separate component within other comprehensive income net of any tax benefits; if no excess exists, the additional minimum liability is recorded against an offsetting intangible asset.

- iii. The changes effected for the discount rate in Chile GAAP and US GAAP and their timing as described in (f) were also instituted for post-retirement benefits.

The effects of accounting for post-retirement benefits under US GAAP have been presented in paragraph (gg).

(h) Investments in related companies

Under Chilean GAAP, until December 31, 2003 for all investments accounted for by the equity method, the proportionate net book value of the investee company was recorded as an investment and the difference between the cost of investment and the proportionate net book value of the investee was recorded as goodwill. The goodwill is to be amortized to income over a maximum period of twenty years. The investment account is adjusted to recognize the investor's share of the earnings or losses of the investee determined under Chilean GAAP subsequent to the date of the purchase. Technical Bulletin No. 72 issued by Chilean Association of Accountants requires using fair value of acquired assets and liabilities for the accounting for all acquisitions after January 1, 2004 and recording the differential between the cost and the fair value as goodwill/negative goodwill as well as prospectively designating all investments of 20% to 50% as having significant influence rather than the 10% to 50% level previously defined as having significant influence in Chilean GAAP. No retroactive changes or cumulative effects of changes in accounting principles were required under Technical Bulletin No. 72.

Under US GAAP, in accordance with Accounting Principles Board Opinion No. 18, "the Equity Method for accounting for Investment in Common Stock" ("APB No. 18"), the carrying amount of an investment accounted for under the equity method is initially recorded at cost and shown as a single amount in the balance sheet of the investor. It is adjusted to recognize the investor's share of the earnings or

losses of the investee determined under US GAAP subsequent to the date of investment. The investment reflects adjustments similar to those made in preparing consolidated financial statements, including adjustments to eliminate inter-company gains and losses and to account for the differences, if any, between the investor's cost and the underlying equity in net assets of the investee at the date of investment. The investment is also adjusted to reflect the investor's share of change in the investee capital accounts.

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

- (I) Reversal of capitalized foreign currency exchange differences related to capitalized interest.
- (II) Reversal of complementary accounts (asset or liability) recorded as a transitional provision as of January 1, 2000.
- (III) Organizational costs deferred under Chilean GAAP that, under U.S. GAAP, should have been included in income.
- (IV) The recording of derivative instruments in accordance with SFAS No. 133.
- (V) The deferred income tax effects of adjustments (I), (III) and (IV).

(i) **Goodwill and long-lived assets**

- (I) Under Chilean GAAP, for acquisitions completed through December 31, 2003 assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchase price over the carrying value are recorded as goodwill. 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 purchase price over the estimated fair value of the net identifiable assets and liabilities acquired are recorded as goodwill. Up until December 31, 2001, the Company amortized 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. In accordance with SFAS No. 142, the Company discontinued amortizing goodwill on January 1, 2002. The effects of recording the

different amortization periods and reversing the amortization of goodwill are included in paragraph (gg) below.

Technical Bulletin No. 72 issued by Chilean Association of Accountants requires using fair value of acquired assets and liabilities for the accounting for all acquisitions after January 1, 2004, and consequently after that date difference in accounting treatment related to the allocation of purchase consideration over assets acquired and liabilities assumed between Chilean GAAP and US GAAP no longer exists.

- (II) Under Chilean GAAP, the Company evaluated, during 2002, the carrying amount of goodwill net of negative goodwill for impairment. The measurement of the impairment loss was based on the fair value of the investment which the Company determined using a discounted cash flow approach and recent comparable transactions in the market. In order to estimate fair value, the Company made assumptions about future events that were highly uncertain at the time of estimation. The results of this analysis showed that the goodwill and negative goodwill associated with investments in Argentina and Brazil were impaired because estimated future discounted cash flows were not sufficient to recover goodwill and negative goodwill. During 2002, under Chilean GAAP the Company recorded a net charge related to its investments in Central Costanera S.A., Hidroeléctrica El Chocón S.A., Hidroinvest S.A., Lajas Inversora S.A., Central Eléctrica Cachoeira Dourada S.A., Cía. de Electricidade do Rio de Janeiro S.A., Coelce S.A., Distrelec Inversora S.A., Edesur S.A., and Investluz S.A., in the amount of ThCh\$244,768,877 net of minority interest, to write-off all amounts of goodwill and negative goodwill in a accordance with the results of impairment analyses performed for these companies.

In accordance with U.S. GAAP, the Company adopted SFAS No. 142 "Goodwill and Other Intangible Assets", (SFAS No. 142) as of January 1, 2002. SFAS 142 applies to all goodwill and intangible assets acquired in a business combination. Under the new standard, all goodwill, including that was acquired before initial application of the standard and indefinite-lived intangible assets are not amortized as of the effective date but must be tested for impairment at least annually. The transitional impairment test required by the standard was performed and no adjustment for impairment was required. However, based on subsequent testing of the Company's investments in Argentina and Brazil performed as of December 31, 2002, it was determined that these investments were impaired.

The following net effects are included in the net income (loss) and shareholders' equity reconciliation to U.S. GAAP under paragraph (gg) below:

(a) reversal of goodwill amortization recorded under Chilean GAAP

(b) the adjustment to record the reversal of the impairment recorded under Chilean GAAP during 2002, which is different in amount from that in U.S. GAAP because of goodwill basis differences,

(c) the adjustment to record the impairment under US GAAP from investment in Argentina and Brazil in 2002

The adjustment as of each year are as follows:

	As of December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Reversal of goodwill amortization	55,829,283	52,416,632	53,776,148
Reversal of impairment recorded under Chilean GAAP	468,363,520	—	—
Impairment of goodwill under US GAAP	(621,543,408)	—	—
Totals	(97,350,605)	52,416,632	53,776,148

(III) The company has considered the factors which could be considered changes in circumstances which would trigger an impairment review and, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" beginning in 2002, the Company evaluates the carrying amount of property, plant and equipment and other long-lived assets, in relation to the operating performance and future undiscounted cash flows of the underlying business. These standards require that an impairment loss be recognized in the event that facts and circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment is recorded based on an estimate of future discounted cash flows, as compared to current carrying amounts. There were no differences between impairment charges recorded under Chilean GAAP and U.S. GAAP except for the reclassification of impairment charges in 2002 related to the subsidiaries Centrais Eléctrica Cachoeira Dourada S.A. and Inmobiliaria Manso de Velasco Limitada from non-operating expenses as they were reported under Chilean GAAP (see Note 23b), to operating income under U.S. GAAP.

(j) Negative Goodwill

Under Chilean GAAP, until December 31, 2003 the excess of the carrying value of the assets assumed in a business combination over the purchase price is recorded as negative goodwill. Circular No. 1358, dated December 3, 1997 issued by the SVS, extended the maximum amortization period of negative goodwill to 20 years from the previous 5 years. Technical Bulletin No. 72 issued by Chilean Association of Accountants requires using fair value accounting for all acquired assets and liabilities for all acquisitions after January 1, 2004

Under U.S. GAAP, the fair values of the assets acquired less the fair values of the liabilities assumed in excess of the purchase price is allocated proportionately to reduce the values assigned to long-lived assets. If the allocation reduces the long-lived assets to zero, the remainder of the excess is recorded as an extraordinary gain to income.

The effect of reduced depreciation expense on the long-lived assets (for which no circumstances changed requiring an impairment test under SFAS No. 144) to which negative goodwill had been allocated under U.S. GAAP net against the reversals of both amortization and write-offs of negative goodwill recorded in Chile GAAP (over the appropriate useful lives as defined in the first paragraph) are included in paragraph (gg) 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. The Company has optioned for not capitalizing indirect interest cost under Chilean GAAP.

Under U.S. GAAP, the capitalization of interest on qualifying assets under construction is required, regardless of whether interest is associated with debt directly related to a project to the extent that interest cost would have been available if the project had not been done. In addition, under U.S. GAAP, foreign translation exchange differences may not be capitalized. The accounting differences between Chilean and U.S. GAAP for financing costs and the related depreciation expense are included in the reconciliation to U.S. GAAP under paragraph (gg) 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. As of December 31, 2004, no company was classified as development stage company. For the years ended December 31, 2002 and 2003, the effects of the adjustment are included in paragraph (gg) 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. Net income related to the amortization of negative goodwill can only be distributed as an additional dividend by the approval of the shareholders, and accordingly, is not included in the calculation of the minimum dividend

to be distributed. Since the payment of the 30% dividend out of each year's income is required by Chilean law, an accrual was made in the reconciliation in paragraph (gg) below to reflect the unrecorded dividend liability for 2004.

(n) Capitalized general and administrative expenses

Until 1993, under Chile GAAP 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 construction of specific projects. Under Chilean GAAP the Company has also capitalized other administrative expenses into other long-term assets, which under US GAAP would not be allowed. The effects of eliminating capitalized general and administrative expenses and the related depreciation for U.S. GAAP purposes are shown below under paragraph (gg).

(o) Involuntary employee termination benefits

Under Chilean GAAP, the Argentine subsidiaries, Central Costanera and Hidroelectricidad, recorded an accrual of certain involuntary employee termination benefits related to the restructuring plan announced in 1997. Since that date employees have continued to be made redundant pursuant to this plan. Additionally, during 2003 the Company increased the amount of the accrual recorded under Chilean GAAP. In accordance with U.S. GAAP, at that time 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 to employees prior to the balance sheet date. As of December 31, 2002, 2003 and 2004, this requirement had not been met.

The net effect of eliminating the accrued liability recognized under Chile GAAP is presented in paragraph (gg) below.

(p) 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 Intemational Limited, Chilectra S.A. and Chilectra Intemational 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. As described in paragraph (i), the Company determined goodwill amounts recorded in investments in Argentina were impaired as of December 31,

2002, thus the adjustment in selling price of investment is a basis difference between Chilean and U.S. GAAP that was eliminated after the impairment charge recorded in 2002.

The effects of the adjustments to conform to U.S. GAAP are included under paragraph (gg) below.

(q) Elimination of capitalized interest in Brazil

Until 1999, under Chilean GAAP, the Company capitalized interest to property, plant and equipment as a result of the creation of a legal reserve specifically permitted in Brazil for the electricity industry by crediting interest expense. Under U.S. GAAP, interest capitalized must be based on actual interest incurred, and as such the effects of the elimination of the interest capitalized to property, plant and equipment and the effects on depreciation expense are included in paragraph (gg) below.

(r) Organizational and start-up costs

Certain costs related to the organization and creation of certain subsidiaries of the Company are deferred and capitalized under Chilean GAAP and amortized.

Under U.S. GAAP, such organizational and start-up costs may not be deferred and must be included in income as incurred.

The effects of the difference are included in paragraph (gg) below.

(s) Translation of Financial Statements of Investments Outside of Chile

Under Chilean GAAP, in accordance with Technical Bulletin 64 ("B.T. 64") the financial statements of foreign subsidiaries that operate in countries exposed to significant risks ("unstable" countries), and that are not considered to be an extension of the parent company's operations, are remeasured into US dollars. The Company's foreign subsidiaries in Argentina, Perú, 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 (loss) included in income that is attributable to operations in unstable countries because these amounts have been remeasured into US dollars was ThCh\$186,392,592, ThCh\$(69,199,468) and ThCh\$(56,947,613) for the years ended December 31, 2002, 2003 and 2004, respectively (See Note 23).

Company's Management believes that, foreign currency translation procedures described above are part of the comprehensive basis of preparation of price-level adjusted financial statements required by Chilean GAAP. Inclusion of inflation and translation effects in the financial statements is considered appropriate under the inflationary conditions that have historically affected the Chilean economy, and accordingly, are not eliminated in the reconciliation to U.S. GAAP as permitted by Form 20-F.

(t) Derivative instruments

The Company engages in derivative activity for hedging purposes. These derivatives are considered accounting hedges under Chilean GAAP. Under Chilean GAAP the accounting treatment of hedging activity is similar to the accounting treatment of fair value hedges and cash flow hedges under SFAS 133. The documentation and hedge effectiveness requirements under Chilean GAAP though are not as burdensome as under SFAS 133. Under SFAS 133 to qualify for hedge accounting strict requirements need to be met, including hedge documentation and effectiveness tests. The Company does not have the documentation and hedge effectiveness requirements to qualify for hedge accounting. Therefore, all derivative instruments have been accounted at fair value with changes in fair value recognized in earnings for US GAAP purposes.

The Company has designated under Chilean GAAP certain non-derivative financial instruments as hedges of the foreign currency exposure of net investments in foreign operations. The gain or loss on the non-derivative financial instrument that is designated as a hedge

is reported as a translation adjustment to the extent it is effective as a hedge, any ineffectiveness is recorded in earnings. This accounting treatment is consistent with SFAS 133.

SFAS 133 also requires that certain embedded derivatives be separated and reported on the balance sheet at fair value and be subject to the same rules as other derivative instruments. Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statements under Chilean GAAP.

The effects of the adjustment with respect to financial derivatives, commodity derivatives, and embedded derivatives for the years ended December 31, 2002, 2003 and 2004 is included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (gg) below.

(u) 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 shareholder's equity and net income for the years presented is included in paragraph (gg) below.

(v) Effects on US GAAP of sale of subsidiary Río Maipo

The adjustment of the net gain obtained from the sale of the subsidiary Compañía Eléctrica del Río Maipo S.A results from the reversal of the accumulated US GAAP adjustment at December 31, 2002. As explained in Note 11d) this subsidiary was sold in April 2003. The reversal of these adjustment increased by ThCh\$501,587 the gain obtained from the sale of this subsidiary.

The operating income generated by Río Maipo until disposal date amounted to ThCh\$2,828,342 (sales amounted to ThCh\$14,824,196 less cost of sales amounted to ThCh\$11,087,968 and administrative and selling expenses amounted to ThCh\$907,886) was reclassified from non-operating income to operating income in accordance with US GAAP (see Note 36 II (k)).

The sales of subsidiaries Infraestructura 2000 S.A. and Canutillar Plan did not result in any US GAAP difference adjustment.

(w) Deferred income

During 2000, fiber optic cable was contributed to the Company in return for granting the contributing company access to the fiber optic network after installation in the Company's electricity distribution system. Under Chilean GAAP, the contributed assets were recorded at their fair market value, with a corresponding credit recognized as income in 2000. Under U.S. GAAP, the amount was deferred and amortize over the life of the related service contract. This adjustment reverses the gain under Chile GAAP and records the amortization of the deferred income recognized under U.S. GAAP.

The effect on shareholders' equity and net income for the years presented is included in (gg) below.

(x) 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 a 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 remaining costs will be recovered over a period of three years, from the balance date.

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 perform a rate review on an annual basis. If ANEEL excludes all or part of a cost from recovery, that portion of the deferred regulatory assets is impaired and is accordingly reduced to the extent of the excluded cost. The Company has recorded deferred regulatory assets, which it expects to pass on to its customers in accordance with and subject to regulatory provisions.

The regulations also included certain VPA costs, which each distribution company is permitted to defer and pass on to their customers using future rate adjustments. VPA costs are limited by concession contracts to the cost of purchased power and certain other costs and taxes. Due to uncertainty in the Brazilian economy, ANEEL delayed the approval of such VPA rate increases. An Executive Order in October 2001 created a tracking account mechanism, in order to calculate the variation in the VPA costs for future rate adjustment calculation purposes. The Company has not recognized any regulatory assets for VPA costs incurred prior to 2001, because costs incurred prior to January 1, 2001, are not recoverable through the tracking account.

Under Chilean GAAP, the Company recognized revenue and deferred costs related to 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 (gg) below.

(y) Reorganization of subsidiaries

This adjustment corresponds to the reorganization of the Company's subsidiaries Central Costanera S.A. 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 S.A. 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 US GAAP the exchange of shares between entities under common control is recorded at book values. However, 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 S.A. The difference in property, plant and equipment basis between Chilean GAAP and US GAAP results in

a greater depreciation expense to be recorded under US GAAP over the remaining estimated useful life of 20 years.

The effect of this adjustment is included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (gg) below.

(z) Assets held for sale

Under Chilean GAAP the Company records divestitures of investments or assets in the year in which they occur. Under U.S. GAAP, in accordance with SFAS No. 144, long-lived assets for which there is a plan to sell the assets within the following year, shall be disclosed separately from the Company's other assets, provided all the criteria are met. Additionally, long-lived assets classified as held for sale must be measured at the lower of their carrying amount or fair value less cost to sell. Long-lived assets shall not be depreciated while they are classified as held for sale, while interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be accrued.

The Company's Board of Directors approved a plan to sell a number of the Company's assets during October 2002. The following assets to be sold meet the definition of, reporting units or long-lived assets held for sale:

- Compañía Eléctrica del Río Maipo S.A.
- Central Canutillar power plant
- Gas Atacama transmission lines
- CELTA transmission lines
- Infraestructura 2000 S.A.

The Company evaluated the carrying values of all assets held for sale, recording a loss to the extent that one of the assets' fair values less cost to sell was lower than the carrying value of those assets. Additionally, the Company ceased recording depreciation expense once the assets met the qualification criteria of held for sale, which occurred over various dates from October to December 2002.

During 2003, all of the designated assets had been sold therefore eliminating this difference in 2003.

The effect of these adjustments is included in the net income and shareholders' equity reconciliation to U.S. GAAP under paragraph (gg) below.

(aa) Elimination of discontinued operations

Under Chilean GAAP, no restatement to the financial statement information presented in previous years is required after a divestiture has occurred. Under US GAAP, in accordance with SFAS No. 144, the discontinued operations of a component must be retroactively separated from the continuing operations of an entity, when the operations and cash flows of a component which will be eliminated from the ongoing operations of an entity as a result of a disposal transaction will not have any significant continuing involvement in the operations of a component after the disposal transaction.

The Company evaluated whether any of the assets held for sale met either criteria, noting that the transmission lines and power plant are not components, as they are included as a part of larger cash flow generating groups, and the operations of these assets cannot be separated from their respective groups. Additionally, Endesa-Chile plans to continue generating revenues from Canutillar through a purchase power agreement, management agreement, and a transmission leasing arrangement with the future buyer. Infraestructura 2000 S.A. met the conditions for being classified as a discontinued operation, because it has distinct and separable financial results from operations and cash flows. As a result of the disposal the results of operations of the reporting unit have been eliminated from the ongoing operations of Enersis, as Enersis will not have any continuing involvement in the operations of Infraestructura 2000 S.A. after its was sold. The Rio Maipo facility was classified as "held for sale" on December 31, 2002. In April, 2003, the Company sold the facility. In accordance with SFAS 144, the Company determined that the Rio Maipo did not meet the criteria to be classified as a discontinued operations as Enersis will have a significant continuing involvement through continuing sales to Rio Maipo' though its subsidiary Endesa - Chile.

The effect of reclassifying discontinued operations is included in the net income reconciliation to U.S. GAAP under paragraph (gg) below.

(bb) Effects of minority interest on the U.S. GAAP adjustments

The net income and shareholders' equity under Chilean GAAP is adjusted in the U.S. GAAP footnote for the impact of the U.S. GAAP reconciling items on the allocation of income and loss to minority interests. The sum of this adjustment and the minority interest reflected in our consolidated income statement and balance sheet for each period presented under Chilean GAAP represents the allocation of our results and shareholders' equity to our minority shareholders under U.S. GAAP.

The effect of this adjustment is included in net income and shareholders' equity reconciliation to US GAAP under paragraph (gg) below.

(cc) Extraordinary Items

In 2002, the Company incurred a Chilean GAAP extraordinary charge in accordance with Decree No. 1,949 of the Republic of Colombia for a tax that will be used for Colombia's democratic security, as disclosed in Note 26 Extraordinary Items.

Under U.S. GAAP, this charge is classified as income tax expense in accordance with SFAS 109, Accounting for Income Taxes (SFAS 109), as discussed in Note 36 II k) Reclassification to U.S. GAAP.

(dd) Negative Goodwill CERJ

In January 2003, CERJ, one of our Brazilian subsidiaries approved a capital increase as a result of which our ownership interest in CERJ increased, as certain minority shareholders, including certain wholly owned subsidiaries of Endesa-Spain, Enersis ultimate parent company did not participate.

Under Chile GAAP in accordance with BT No 42 and SVS Circular 368 the company recognized the value of the difference between the amount contributed and the underlying net book in the company was as negative goodwill, to be amortized over a 20 year period. In accordance with the appropriate guidance, Enersis is allowed to fully amortize into income the amount of any negative goodwill, if during the first year subsequent to the capital increase the amount of the losses incurred by the subsidiary is in excess the amount of negative goodwill. During 2003, CERJ incurred losses consequently Enersis fully amortized into income the negative goodwill originally recognized.

Under US GAAP, the transaction would be considered a transaction between entities under common control in which the minority interest did not participate, consequently similar to the guidance in FTB No. 85-5, Issues Relating to Accounting for Business Combinations the transaction is accounted for as a capital transaction. Consequently the amount of the negative goodwill amortized into income in Chile GAAP is recorded directly as an increase to consolidated equity under US GAAP.

The effects in net income of the US GAAP adjustment are presented in note (gg) below.

(ee) Extinguishment of debt

In March 2003, certain bondholders were granted an option to exchange between November 1, and 15, 2003 their bonds in exchange for shares of the Company at a fixed price of Ch\$60.4202. Under Chile GAAP the transaction was accounted for as an exchange of debt for equity with the difference between the carrying amount of the debt and the strike price of the conversion recognized directly in equity a share premium.

Under US GAAP the transaction should be recognized as an extinguishment of debt in accordance with APB No. 14, using as reacquisition price of the extinguished debt the value of the common issued or the value of the debt whichever is more clearly evident, as Enersis stock is publicly traded the fair value of the shares is being considered to be more clearly evident. The average conversion price during November 2003, the conversion period was Ch\$78 per share.

The effects in net income and shareholders' equity of the US GAAP adjustment are presented in note (gg) below.

(ff) Asset retirement obligations

Under Chilean GAAP, there is no requirement to record obligations associated with the retirement of tangible long-lived assets. Under U.S. GAAP, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" effective January 1, 2003. Previously, the Company had not been recognizing amounts related to asset retirement obligations under U.S. GAAP.

This standard requires the Company to record the fair value of the legal obligation it has to make certain environmental restorations upon closure of its facilities. The fair value of the liability is estimated by discounting the future estimated expenditures related to the restoration. The Company then measures changes in the liability due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used to measure that change is the credit-adjusted risk-free rate that existed when the liability, or portion thereof, was initially measured. That amount is recognized as an increase in the carrying amount of the liability and the expense is classified as an operating item in the statement of income, referred to as accretion expense.

At the same time the standard requires the Company to capitalize the new costs arising as the result of additional liabilities incurred, such as the activation of a new generation facility, and subsequently allocate that asset retirement cost to expense over the life of the plant based on the useful life of the plant. The accumulated effect of adopting SFAS 143 as of January 1, 2003 is presented in paragraph (gg) below, net of taxes of ThCh\$287,502 and minority interest of ThCh\$154,377. At December 31, 2003 and 2004, the adjustment to US GAAP income from continuing operations represents the accreted interest expense and depreciation of the costs capitalized for the asset retirement obligations.

In Peru, where we have eight hydroelectric plants and one thermoelectric plant, existing legislation includes the requirement for entities with electrical assets to conduct retirement activities when operations cease. In Chile, under certain concession decrees governing four distribution lines, we are similarly required to conduct retirement activities upon cessation of operations.

The effects of this U.S. GAAP adjustment on net income and shareholders' equity are presented in note (gg) below.

At December 31, 2003 and 2004, the adjustment to US GAAP income from continuing operations represents the accreted interest expense and depreciation of the costs capitalized for the asset retirement obligations.

(gg) Effect of conforming to U.S. GAAP

The reconciliation of reported net income required to conform with U.S. GAAP is as follows:

	As of December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Net income (loss) in accordance with Chilean GAAP	(231,635,207)	12,779,560	44,307,596
Reversal of amortization of revaluation of property, plant and equipment (paragraph b)	3,454,430	1,653,213	1,848,514
Depreciation of property, plant and equipment and difference in fixed assets value at acquisition date (paragraph c)	(5,647,997)	(2,465,204)	(2,196,372)
Amortization of intangibles (paragraph d)	126,135	126,134	1,009,079
Deferred income taxes (paragraph e)	(21,894,635)	9,411,217	11,923,907
Pension and post-retirement benefits (paragraph g)	23,945,360	12,152,640	(5,423,472)
Investments in related companies (paragraph h)	21,596,283	28,083,920	1,464
Amortization and impairment of goodwill (paragraph i)	(97,350,605)	52,416,632	53,776,148
Amortization of negative goodwill (paragraph j)	(85,215,878)	(13,665,702)	1,197,823
Capitalized interest (paragraph k)	(26,166,717)	10,623,041	7,893,086
Depreciation capitalized interest (paragraph k)	2,515,596	(3,088,013)	(2,167,296)
Difference foreign exchange capitalized (paragraph k)	(10,285,379)	30,001,749	(5,844,604)
Depreciation difference foreign exchange capitalized (paragraph k)	260,422	71,020	247,149
Accumulated deficit during the development stage (paragraph l)	(6,036,038)	(1,335,234)	—
Capitalized general and administrative expenses (paragraph n)	2,027,459	(2,308,448)	2,791,871
Involuntary employee termination benefits (paragraph o)	(359,324)	12,173	(1,673)
Adjustment in selling price of investment (paragraph p)	4,649,632	—	—
Elimination of amortization of capitalized legal reserve (paragraph q)	935,211	533,782	490,048
Amortization of organizational and start-up costs (paragraph r)	5,554,202	3,573,964	462,821
Derivative instruments operating income (paragraph t)	(53,175,173)	(167,791,585)	(6,727,187)
Derivative instruments non-operating income (paragraph t)	(27,653,343)	24,953,033	15,798,123
Fair value of long-term debt assumed (paragraph u)	(94,786)	(66,299)	(138,246)
Sale of subsidiaries (paragraph v)	—	501,587	—
Deferred income (paragraph w)	284,517	122,715	229,506
Regulated assets (paragraph x)	(53,044,069)	58,955,925	11,398,114
Reorganization of subsidiaries (paragraph y)	(331,053)	(270,848)	(248,043)
Asset held for sale (paragraph z)	(918,516)	918,516	—
Reclassification of discontinued operations (paragraph aa)	(153,856)	(303,472)	—
Effects of minority interest on the U.S. GAAP adjustments (paragraph bb)	132,128,313	22,316,179	22,098,316
Deferred tax effects on the U.S. GAAP adjustments	80,774,318	5,698,558	(671,673)
Extinguishment of debt (paragraph ee)	—	(18,146,247)	—
Reversal amortization of negative goodwill Cerj. (paragraph dd)	—	(35,380,018)	—
Staff severance indemnities (paragraph f)	—	178,745	(178,745)
Asset retirement cost - (paragraph ff)	—	(1,489)	535,211
Asset retirement obligations - liabilities (paragraph ff)	—	(44,474)	(637,297)
Net income (loss) in accordance with U.S. GAAP before effect of discontinued operations, and cumulative effect of change in accounting principle	(341,710,698)	30,217,270	151,774,169
Income from discontinued operations net of taxes and minority interest (paragraph aa)	170,939	70,835	—
Net income (loss) in accordance with U.S. GAAP before effect of cumulative effect of change in accounting principle	(341,539,759)	30,288,105	151,774,169
Cumulative effect of change in accounting principle, net of the tax and minority interest	—	(287,502)	—
Net income (loss) in accordance with U.S. GAAP	(341,539,759)	30,000,603	151,774,169
Other comprehensive income (loss):			
Cumulative translation adjustment determined under Chilean GAAP net of minority interest	21,322,955	(74,845,570)	(96,275,517)
Cumulative translation adjustment related to U.S GAAP adjustments net of minority interest	(12,582,928)	52,450,844	12,452,098
Comprehensive income (loss) in accordance with U.S.GAAP	(332,799,732)	7,605,877	67,950,750

The reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Shareholders' equity in accordance with Chilean GAAP	2,612,101,688	2,559,553,142
Reversal of revaluation of property, plant and equipment net of accumulated amortization revaluation of property, plant and equipment (paragraph b)	(12,464,109)	(10,686,076)
Depreciation of property, plant and equipment and difference in fixed asset value at acquisition date (paragraph c)	(8,017,038)	(10,845,548)
Intangibles (paragraph d)	(1,009,079)	—
Deferred income taxes (paragraph e)	(247,951,919)	(302,433,018)
Pension and post-retirement benefits liabilities long term (paragraph g)	(13,009,204)	(17,437,701)
Investments in related companies (paragraph h and paragraph z)	31,714,485	29,443,314
Goodwill (paragraph i)	303,693,155	353,200,284
Goodwill gross amount (paragraph i)	4,520,451	82,154,857
Negative goodwill (paragraph j)	(405,222,235)	(372,929,343)
Capitalized interest (paragraph k)	61,575,186	62,124,455
Exchange difference (paragraph k)	(14,808,381)	(19,849,732)
Minimum dividend (paragraph m)	—	(8,160,208)
Capitalized general and administrative expenses (paragraph n)	(26,953,282)	(23,175,518)
Reversal of accrual of certain involuntary employee termination benefits (paragraph o)	90,688	81,380
Elimination of capitalized legal reserve (paragraph q)	(7,395,646)	(6,282,920)
Amortization organizational and start-up costs (paragraph r)	(28,341,554)	(14,628,965)
Derivative instruments (paragraph t)	(25,541,256)	(16,495,956)
Fair value of long-term debt assumed (paragraph u)	1,244,204	1,105,960
Reorganization of subsidiaries (paragraph y)	4,870,378	4,212,272
Deferred income (paragraph w)	(2,788,439)	(2,324,155)
Regulated assets (paragraph x)	(23,290,784)	(9,931,912)
Effects of minority interest on the U.S. GAAP adjustments (paragraph bb)	227,074,831	223,852,306
Deferred tax effects on the U.S. GAAP adjustments	145,536,506	134,534,591
Staff severance indemnities (paragraph f)	178,745	—
Asset retirement cost (paragraph ff)	64,263	598,306
Asset retirement obligations - liabilities (paragraph ff)	(537,670)	(1,135,913)
Shareholders' equity in accordance with U.S. GAAP	2,575,333,984	2,634,543,902

The changes in shareholders' equity in U.S. GAAP as of each year-end are as follows:

	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Shareholders equity in accordance with U.S. GAAP - January 1	1,199,433,654	879,725,912	2,575,333,984
Minimum dividend payable (paragraph m)	13,091,990	—	(8,160,208)
Negative goodwill Cerj (paragraph dd)	—	35,380,018	—
Extinguishment of debt (paragraph ee)	—	18,146,247	—
Cumulative translation adjustment	8,740,027	(22,394,726)	(83,823,419)
Capital increase	—	1,634,475,930	(580,624)
Net income (loss) in accordance with U.S. GAAP for the year	(341,539,759)	30,000,603	151,774,169
Shareholders equity in accordance with U.S.GAAP - December 31	879,725,912	2,575,333,984	2,634,543,902

II. Additional disclosure requirements:

(a) Goodwill and negative goodwill

The following is an analysis of goodwill and negative goodwill, determined on Chilean GAAP basis, as of December 31, 2003 and 2004, respectively:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Goodwill	1,724,462,233	1,711,291,508
Less: accumulated amortization	(924,555,085)	(977,756,405)
Goodwill, net	799,907,148	733,535,103
Negative goodwill	(457,889,564)	(450,516,782)
Less: accumulated amortization	376,674,066	393,780,968
Negative goodwill, net	(81,215,498)	(56,735,814)

Amortization expense under Chile GAAP is disclosed in Note 13.

(b) Basic and diluted earnings per share:

	For the year ended December 31,		
	2002 Ch\$	2003 Ch\$	2004 Ch\$
Chilean GAAP (loss) earnings per share	(27.94)	0.62	1.36
U.S. GAAP (loss) earnings per share:			
U.S. GAAP (loss) earnings per share before effect of discontinued operations and cumulative effect of change in accounting principle	(41.21)	1.48	4.65
Discontinued operations (net of tax)	0.02	0.00	—
U.S. GAAP (loss) earnings per share before effect of cumulative effect of change in accounting principle	(41.19)	1.48	4.65
Cumulative effect of change in accounting principle (net of tax)	—	(0.01)	—
Basic and diluted U.S. GAAP (loss) earnings per share	(41.19)	1.47	4.65
Total number of common outstanding shares at December 31,	8,291,020	32,651,166	32,651,166
Weighted average number of common shares outstanding (000's)	8,291,020	20,471,093	32,651,166

(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 contingent equity securities. Consequently, there are no potentially dilutive effects on the earnings per share of the Company.

(c) Income taxes:

The provision (benefit) for income taxes charged to the results of operations determined in accordance with U.S. GAAP is as follows:

2002	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Income tax provision under Chilean GAAP						
Current income taxes as determined under Chilean GAAP	(13,760,757)	64,313	(13,107,651)	(2,694,635)	(46,843,142)	(76,341,872)
Deferred income taxes as determined under Chilean GAAP	(3,328,058)	35,277,074	(31,391,274)	6,086,915	1,353,131	7,997,788
Total income tax provision under Chilean GAAP	(17,088,815)	35,341,387	(44,498,925)	3,392,280	(45,490,011)	(68,344,084)
U.S. GAAP adjustments:						
Deferred tax effect of applying SFAS No. 109	(2,379,812)	31,498,902	(22,246,395)	(25,156,270)	(3,611,060)	(21,894,635)
Deferred tax effect of adjustments to U.S. GAAP	13,683,708	(14,272,973)	22,346,301	21,081,175	37,936,107	80,774,318
Total U.S. GAAP adjustments:	11,303,896	17,225,929	99,906	(4,075,095)	34,325,047	58,879,683
US GAAP reclassifications (1)	303,892	6,308,893	(23,164,381)	(16,551,596)		
Total Income tax provision under U.S. GAAP	(5,481,027)	52,567,316	(44,399,019)	5,626,078	(34,329,345)	(26,015,997)
2003						
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total
Income tax provision under Chilean GAAP						
Current income taxes as determined under Chilean GAAP	(29,057,652)	(15,015,433)	(9,161,547)	(50,037,373)	(103,272,005)	
Deferred income taxes as determined under Chilean GAAP	24,329,322	21,113,119	(16,018,315)	30,618,264	619,631	60,662,021
Total income tax provision under Chilean GAAP	(4,728,330)	21,113,119	(31,033,748)	21,456,717	(49,417,742)	(42,609,984)
U.S. GAAP adjustments:						
Deferred tax effect of applying SFAS No. 109	5,839,435	(1,937,830)	5,456,339	53,272	9,411,216	
Deferred tax effect of adjustments to U.S. GAAP	(4,784,364)	59,296,937	(19,007,947)	(26,947,779)	(2,858,289)	5,698,558
U.S. GAAP reclassifications (1)	99,979	5,107,623	5,207,602			
Total U.S. GAAP adjustments:	1,155,050	57,359,107	(13,551,608)	(21,786,884)	(2,858,289)	20,317,376
Total Income tax provision under U.S. GAAP	(3,573,280)	78,472,226	(44,585,356)	(330,167)	(52,276,031)	(22,292,608)
2004						
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Income tax provision under Chilean GAAP						
Current income taxes as determined under Chilean GAAP	(991,273)	(1,281,754)	(17,736,313)	(5,115,035)	(66,498,093)	(91,622,468)
Deferred income taxes as determined under Chilean GAAP	7,287,617	(21,829,716)	(26,065,776)	(2,314,880)	(2,695,984)	(45,618,739)
Total income tax provision under Chilean GAAP	6,296,344	(23,111,470)	(43,802,089)	(7,429,915)	(69,194,077)	(137,241,207)
U.S. GAAP adjustments:						
Deferred tax effect of applying SFAS No. 109	1,452,593	8,338,704	2,660,478	(527,868)	11,923,907	
Deferred tax effect of adjustments to U.S. GAAP	(314,014)	1,484,975	2,857,880	(3,308,529)	(1,391,985)	(671,673)
U.S. GAAP reclassifications (1)					(1,846,447)	(1,846,447)
Total U.S. GAAP adjustments:	1,138,579	9,823,679	5,518,358	(3,836,397)	(3,238,432)	9,405,787
Total Income tax provision under U.S. GAAP	7,434,923	(13,287,791)	(38,283,731)	(11,266,312)	(72,432,509)	(127,835,420)

(1) Certain tax-related expenses under Chilean GAAP are classified as non-operating, but under US GAAP would be classified as income taxes.

Deferred tax assets (liabilities) as of balance sheet dates are summarized as follows:

	2003			2004		
	SFAS No. 109 Applied to Chilean GAAP Balances	SFAS No. 109 applied to U.S. GAAP Adjustments	Total Deferred Taxes under SFAS No. 109	SFAS No. 109 Applied to Chilean GAAP Balances	SFAS No. 109 applied to U.S. GAAP Adjustments	Total Deferred Taxes under SFAS No. 109
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Deferred income tax assets:						
Property, plant and equipment	3,159,631	138,722,121	141,881,752	2,893,469	144,917,275	147,810,744
Regulated assets and related deferred cost (companies in Brazil)	—	7,918,866	7,918,866	—	3,376,851	3,376,851
Negative goodwill	—	9,753,529	9,753,529	—	—	—
Allowance for doubtful accounts	29,156,973	—	29,156,973	28,960,469	—	28,960,469
Actuarial deficit (companies in Brazil)	12,070,233	—	12,070,233	12,028,415	—	12,028,415
Deferred income	7,025,896	948,068	7,973,964	2,470,957	—	2,470,957
Provision real estate projects	2,944,849	—	2,944,849	2,528,523	—	2,528,523
Derivative contracts	312,837	4,388,443	4,701,280	1,615,743	3,290,991	4,906,734
Vacation accrual	789,056	—	789,056	902,749	—	902,749
Post retirement benefits	—	5,553,836	5,553,836	—	5,928,818	5,928,818
Tax loss carryforwards (1)	131,104,976	—	131,104,976	124,656,238	—	124,656,238
Contingencies	54,237,427	—	54,237,427	51,978,843	—	51,978,843
Salaries for construction-in progress	3,899,439	1,613,700	5,513,139	3,632,328	—	3,632,328
Valuation allowance	(2,685,345)	(1,052,390)	(3,737,735)	(2,935,126)	(2,919,991)	(5,855,117)
Others	10,027,102	139,381	10,166,483	6,502,226	1,579,806	8,082,032
Provision for employee benefits	4,360,516	—	4,360,516	4,168,216	—	4,168,216
Total deferred income tax assets	256,403,590	167,985,554	424,389,144	239,403,050	156,173,750	395,576,800
Deferred income tax liabilities:						
Property, plant and equipment (2)	364,093,484	37,854,634	401,948,118	386,681,353	105,043,048	491,724,401
Severance indemnities	1,953,906	30,387	1,984,293	1,886,652	—	1,886,652
Regulated assets	15,837,943	—	15,837,943	14,658,884	—	14,658,884
Finance costs	10,904,732	—	10,904,732	12,982,334	—	12,982,334
Derivative contracts	989,222	319,064	1,308,286	—	—	—
Bond discount	1,901,990	—	1,901,990	1,836,701	—	1,836,701
Cost of studies	8,180,400	—	8,180,400	8,107,213	—	8,107,213
Imputed interest on construction	4,664,007	—	4,664,007	4,293,140	—	4,293,140
With-holdings	7,113	—	7,113	—	—	—
Materials used	973,913	—	973,913	895,914	—	895,914
Capitalized expenses	637,484	—	637,484	556,006	—	556,006
Capitalized interest	1,449,633	19,948,860	21,398,493	1,899,692	21,111,245	23,010,937
Post retirement benefits	—	1,358,349	1,358,349	—	—	—
Others	9,078,080	792,387	9,870,467	6,792,158	261,058	7,053,216
Total deferred income tax liabilities	420,671,907	60,303,681	480,975,588	440,590,047	126,415,351	567,005,398
Net deferred assets (liabilities)	(164,268,317)	107,681,873	(56,586,444)	(201,186,997)	29,758,399	(171,428,598)
Complementary Account	210,097,286	(210,097,286)	—	197,656,826	(197,656,826)	—
Net deferred assets (liabilities)	45,828,969	(102,415,413)	(56,586,444)	(3,530,171)	(167,898,427)	(171,428,598)

(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.

(2) In September 2004, the Peruvian tax court ruled invalid the tax basis of certain assets held by Edegel S.A. Based on this ruling, the Company has increased the long-term deferred tax liability ThCh\$77,634,406, in order to reflect the write-off of the corresponding tax-basis assets held in Peru. As such estimate of future deductible amounts was determined prior to the acquisition of Edegel in connection with the acquisition of Endesa-Chile in 1999, the Company has adjusted goodwill by a corresponding amount in accordance with SFAS No. 109 "Accounting for Income Taxes" ("SFAS No. 109") and EITF 93-7 "Uncertainties Related to Income Taxes in a business Combination".

A reconciliation of the U.S. GAAP Statutory Income Tax rate to the Company's effective tax rate on net income is as follows:

2002	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	68,847,523	(171,618)	(13,442,787)	76,620,358	(7,005,029)	124,848,447
Effect of higher foreign tax rates	(441,306)	(203,795)	(14,703,049)	59,796,061	7,143,521	51,591,432
Increase (decrease) in rates resulting from:						
Price-level restatement not accepted for tax purposes	(7,069,748)	24,178,055	(585,481)	(2,000,668)	(14,020,488)	501,670
Non-taxable items	1,313,507	(8,104,518)	(8,605,036)	(45,526,623)	206	(60,922,464)
Non-deductible items (2)	(67,141,281)	36,530,588	(7,233,598)	(90,343,074)	4,200,976	(123,986,389)
Prior years income tax	(2,763,901)	—	(1,402,329)	—	527,617	(3,638,613)
Other	1,470,287	338,604	1,573,261	771,131	(2,011,767)	2,141,516
US GAAP reclassifications (1)	303,892	—	—	6,308,893	(23,164,381)	(16,551,596)
Tax (benefit) expense at effective tax rate	(5,481,027)	52,567,316	(44,399,019)	5,626,078	(34,329,345)	(26,015,997)
2003	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(55,973,625)	28,949,060	(13,034,547)	8,394,468	(12,859,850)	(44,524,494)
Effect of higher foreign tax rates	(1,259,732)	32,816,456	(13,417,384)	14,757,804	(17,146,468)	15,750,676
Increase (decrease) in rates resulting from:						
Price-level restatement not accepted for tax purposes	7,991,348	(16,638,288)	(1,432,392)	(1,980,860)	149,849	(11,910,343)
Non-taxable items	22,489,830	36,635,088	5,291,050	(1,189,035)	17,386,812	80,613,745
Non-deductible items (2)	25,986,780	(2,368,383)	(20,096,695)	(24,471,898)	(36,983,894)	(57,934,090)
Prior years income tax	(1,416,251)	—	(364,578)	—	—	(1,780,829)
Other	(1,491,609)	(921,707)	(1,530,810)	(948,269)	(2,822,480)	(7,714,875)
US GAAP reclassifications (1)	99,979	—	—	5,107,623	—	5,207,602
Tax (benefit) expense at effective tax rate	(3,573,280)	78,472,226	(44,585,356)	(330,167)	(52,276,031)	(22,292,608)
2004	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(52,921,771)	2,078,660	(19,086,279)	(167,358)	(24,617,977)	(94,714,725)
Effect of higher foreign tax rates	—	3,333,513	(18,326,510)	9,964,750	(30,024,799)	(35,053,046)
Increase (decrease) in rates resulting from:						
Price-level restatement not accepted for tax purposes	(150,058)	(3,082,286)	(8,635,786)	—	(7,372,806)	(19,240,936)
Non-taxable items	33,175,388	(13,869,938)	(8,193,977)	(18,189,941)	(6,023,497)	(13,101,965)
Non-deductible items (2)	25,718,937	1,229,903	1,071,166	(3,163,785)	1,511,300	26,367,521
Prior years income tax	(1,210,217)	—	—	—	—	(1,210,217)
Other	2,822,644	(2,977,643)	14,887,655	290,022	(4,058,283)	10,964,395
US GAAP reclassifications (1)	—	—	—	—	(1,846,447)	(1,846,447)
Tax (benefit) expense at effective tax rate	7,434,923	(13,287,791)	(38,283,731)	(11,266,312)	(72,432,509)	(127,835,420)

(1) US GAAP reclassifications are tax related expenses that under Chilean GAAP are classified as non-operating expenses, but under US GAAP would be classified as income taxes.

(2) This represents mainly deductible temporary differences related to investments in subsidiaries that are permanent in nature for which deferred tax asset are not recognized.

(d) Segment disclosures

The Company is primarily engaged in the distribution and generation of electricity in Chile, Argentina, Brazil, Colombia and Perú. 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 and the sale of electricity-related supplies and equipment. The Company's reportable segments are strategic business units that offer different products and services and are managed separately. The methods of revenue recognition by segment are as follows:

- **Generation**

Revenue is recognized when energy and power output is delivered and capacity is provided at rates specified under contract terms or prevailing market rates.

- **Distribution – Operating Revenues**

Revenue is recognized when energy and power is provided at rates specified under contract terms or prevailing market rates.

- **Distribution – Non Operating Revenues**

Revenue is recognized as services are provided, such as public light posts, telephone poles, and other services related to distribution services.

- **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:

2002	Generation	Distribution	Engineering services and real estate	Corporate and other	Eliminations	Consolidated
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales to unaffiliated customers	750,254,737	1,772,402,691	35,361,635	15,481,188	—	2,573,500,251
Intersegment sales	220,912,410	51,822,277	73,674,941	44,370,385	(390,780,013)	—
Total revenues	971,167,147	1,824,224,968	109,036,576	59,851,573	(390,780,013)	2,573,500,251
Operating income	348,487,932	189,963,327	13,850,922	(114,958)	(767,148)	551,420,075
Participation in net income of affiliate companies	8,842,841	—	—	(287,761)	—	8,555,080
Depreciation and amortization	229,162,303	530,614,762	1,460,962	114,728,646	13,268,373	889,235,046
Identifiable assets including investment in related companies	6,754,179,495	6,271,267,215	145,749,287	4,446,283,439	(4,561,173,325)	13,056,306,111
Capital expenditures	139,611,864	188,269,772	781,709	458,617	—	329,121,962

2003	Generation	Distribution	Engineering services and real estate	Corporate and other	Eliminations	Consolidated
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales to unaffiliated customers	659,643,635	1,638,545,568	39,316,467	10,849,788	—	2,348,355,458
Intersegment sales	283,644,798	12,707,695	66,311,802	40,005,698	(332,574,181)	70,095,812
Total revenues	943,288,433	1,651,253,263	105,628,269	50,855,486	(332,574,181)	2,418,451,270
Operating income	346,973,669	193,877,213	13,202,873	(5,205,540)	649,579	549,497,794
Participation in net income of affiliate companies	17,803,955	—	—	150,761	—	17,954,716
Depreciation and amortization	171,258,122	213,378,872	1,502,687	31,087,735	—	417,227,416
Identifiable assets including investment in related companies	5,601,969,236	5,318,737,230	151,128,970	3,995,294,083	(4,084,236,232)	10,982,893,287
Capital expenditures	134,418,313	130,100,950	540,738	195,288	—	265,255,289

2004	Generation	Distribution	Engineering services and real estate	Corporate and other	Eliminations	Consolidated
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales to unaffiliated customers	750,035,825	1,844,311,022	8,883,757	43,937,779	—	2,647,168,383
Intersegment sales	282,626,259	14,549,335	1,470,641	106,381,890	(343,271,164)	61,756,961
Total revenues	1,032,662,084	1,858,860,357	10,354,398	150,319,669	(343,271,164)	2,708,925,344
Operating income	369,025,170	261,413,749	(85,351)	1,047,420	2,800,643	634,201,631
Participation in net income of affiliate companies	19,203,023	(19,060,445)	8,669	131,864,436	(100,869,800)	31,145,883
Depreciation and amortization	157,553,743	209,967,876	2,507,494	52,357,839	—	422,386,952
Identifiable assets including investment in related companies	5,317,659,366	5,106,142,327	78,281,860	4,080,676,106	(4,075,234,520)	10,507,525,139
Capital expenditures	96,135,574	164,655,280	19,789	4,413,083	710,627	265,934,353

A summary of activities by geographic area is as follows:

2002	Chile	Argentina	Perú	Brazil	Colombia	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total revenues	827,643,118	308,125,605	302,735,183	646,296,230	488,700,115	2,573,500,251
Long lived assets (net) (1)	2,458,443,985	1,606,522,993	1,279,353,913	2,111,528,359	2,771,859,833	10,227,709,083
2003						
Total revenues	875,783,391	299,650,596	255,971,660	564,368,715	415,367,353	2,411,141,715
Long lived assets (net) (1)	2,189,534,487	1,250,382,874	1,024,269,997	1,636,909,696	2,197,672,469	8,298,769,523
2004						
Total revenues	884,309,131	328,721,018	287,398,792	668,872,239	539,624,164	2,708,925,344
Long lived assets (net) (1)	2,240,290,819	1,097,975,979	919,907,082	1,476,956,320	1,949,691,742	7,684,821,942

(1) Long-lived assets include property, plant and equipment.

(e) Concentration of risk:

The Company does not believe that it is exposed to any unusual credit risk from any single customer. The Company's debtors are dependent on the economy in Latin America, which could make them vulnerable to downturns in the economic activity in the countries in which the Company operates.

No single customers accounted for more than 10% of revenues for the years ending December 31, 2002, 2003 and 2004.

(f) Schedule of debt maturity:

Following is a schedule of debt maturity in each of the next five years and thereafter:

	ThCh\$
2005	432,697,782
2006	635,432,193
2007	201,103,409
2008	511,403,165
2009	489,848,777
Thereafter	1,424,978,904
Total	3,695,464,230

(g) Disclosure regarding interest capitalization:

	Year ended December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Interest expense incurred	460,565,169	430,943,444	360,140,223
Interest capitalized under Chilean GAAP	62,310,644	10,741,338	7,203,684
Interest capitalized under U.S. GAAP	36,413,927	21,364,379	15,096,770

(h) Cash flow information:

(i) The statement of cash flows under Chile GAAP differs in certain respects from the presentation of a statement of cash flow under U.S. GAAP as follows:

	Year ended December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Cash provided by operating activities under Chilean GAAP	649,911,662	588,838,896	618,005,504
Cash provided by operating activities under U.S. GAAP	649,911,662	588,838,896	618,005,504
Cash used in financing activities under Chilean GAAP	(295,087,517)	(446,651,514)	(189,124,246)
Cash used in financing activities under U.S. GAAP	(295,087,517)	(446,651,514)	(189,124,246)
Cash provided by (used in) investing activities under Chilean GAAP	(348,753,732)	90,584,783	(193,905,575)
Time deposits (1)	(10,535,580)	—	—
Cash provided by (used in) investing activities under U.S. GAAP	(359,289,312)	90,584,783	(193,905,575)

(1) Time deposits with maturities longer than 90 days

(II) Cash and cash equivalents includes all highly liquid debt instruments purchased with an original maturity of three months or less:

	Year ended December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Cash	49,883,395	27,029,488	56,494,414
Time deposits	150,760,242	262,660,971	450,743,859
Marketable securities	1,597,691	11,434,635	12,321,537
Other current assets	26,747,365	38,150,754	27,677,527
Total cash and cash equivalents under Chilean GAAP	228,988,693	339,275,848	547,237,337
Time deposits with original maturities longer than 90 days	(10,535,580)	—	—
Total cash and cash equivalents under US GAAP	218,453,113	339,275,848	547,237,337

(III) Additional disclosures required under U.S. GAAP are as follows:

	Years ended December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Interest paid during the year	471,608,186	402,812,319	314,856,910
Income taxes paid during the year	141,222,264	406,298,084	538,426,126
Assets acquired under capital leases	—	—	27,496,261

(i) Disclosures about fair value of financial instruments

The following methods and assumption were used to estimate the fair value of each class of financial instruments as of December 31, 2003 and 2004 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 mutual money market funds 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:

	2003		2004	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash	27,029,488	27,029,488	56,494,414	56,494,414
Time deposits	262,660,971	262,660,971	450,743,859	450,743,859
Marketable securities	11,434,635	11,434,635	12,321,537	12,321,537
Accounts receivable	478,849,624	478,849,624	528,740,129	528,740,129
Notes receivable, net	8,571,693	8,571,693	2,828,014	2,828,014
Other accounts receivable, net	96,549,123	96,549,123	63,814,202	63,814,202
Amounts due from related companies	149,818,057	149,818,057	114,385,763	114,385,763
Long-term accounts receivable	131,133,420	131,133,420	125,910,089	125,910,089
Accounts payable and other	(224,067,844)	(224,067,844)	(256,402,004)	(256,402,004)
Notes payable	(170,573,373)	(170,573,373)	(190,517,294)	(190,517,294)
Long-term debt	(3,899,870,860)	(4,033,070,487)	(3,710,586,142)	(3,924,465,446)
Derivatives instruments	5,913,202	5,913,202	(65,211,933)	(65,211,933)

(j) Derivative instruments

The Company is exposed to the impact of market fluctuations in the price of electricity, primary materials such as natural gas, petroleum, coal, and other energy-related products, interest rates, and foreign exchange rates. The Company 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 that do not qualify for the normal purchase and sales exemption under SFAS No. 133 are recorded at their fair value. On the date that swaps, futures, forwards or option contracts are entered into, the Company designates the derivatives as a "hedge", if the documentation is not appropriate to designate as a "hedge", the derivative's mark-to-market adjustment flows through the income statement. The Company 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 assets, liability or firm commitment (fair value hedge).

The Company has classified its derivatives into the following general categories: commodity derivatives, embedded derivatives, and financial derivatives. Certain energy and other contracts for the Company's operations in Chile are denominated in the US dollar. According to SFAS No. 133, an embedded foreign currency derivative should be separated from the host contract because none of the applicable exclusions are met (See Embedded Derivative Contracts below). For purposes of evaluating the functional currency of the Company's subsidiaries in Argentina, Perú, Brazil, and Colombia, the Company applied BT 64, consistent with the methodology described in Note 36 I paragraph (s), thus the functional currency of these subsidiaries was the US dollar as these subsidiaries were remeasured into US dollars because foreign subsidiaries operate in countries exposed to significant risks as determined under BT 64.

The following is a summary of the Company's derivative contracts as of December 31, 2003 and 2004.

	2003		
	Distribution ThCh\$	Generation ThCh\$	Total ThCh\$
Embedded derivatives	(1,518,999)	(7,273,304)	(8,792,303)
Financial derivatives	(7,840,514)	(2,995,237)	(10,835,751)
	(9,359,513)	(10,268,541)	(19,628,054)
Investment in related companies	—	37,786,158	37,786,158
Derivative instruments U.S.GAAP Shareholders equity adjustment	(9,359,513)	27,517,617	18,158,104

	2004		
	Distribution ThCh\$	Generation ThCh\$	Total ThCh\$
Embedded derivatives	2,108,644	(20,441,709)	(18,333,065)
Financial derivatives	(54,316,141)	(9,058,683)	(63,374,824)
	(52,207,497)	(29,500,392)	(81,707,889)
Investment in related companies	—	31,909,042	31,909,042
Derivative instruments U.S.GAAP Shareholders equity adjustment	(52,207,497)	2,408,650	(49,798,847)

The following is the reconciliation of the Company's derivative contracts from Chile GAAP to US GAAP:

	2003		
	Chile GAAP ThCh\$	Adjustment ThCh\$	US GAAP ThCh\$
Embedded derivatives	—	(8,792,303)	(8,792,303)
Financial derivatives	5,913,202	(16,748,953)	(10,835,751)
Total	5,913,202	(25,541,256)	(19,628,054)

	2004		
	Chile GAAP ThCh\$	Adjustment ThCh\$	US GAAP ThCh\$
Embedded derivatives	—	(18,333,065)	(18,333,065)
Financial derivatives	(65,211,933)	1,837,109	(63,374,824)
Shareholders equity adjustment	(65,211,933)	(16,495,956)	(81,707,889)

Certain Company's generation and distribution commodity contracts could be seen as contracts that meet the definition of a derivative under SFAS No. 133 and would be required to be accounted for at fair value. These conditions are (i) have an underlying, which is the market price of power at the delivery location and a notional amount specified in the contract; (ii) have no initial payment on entering into the contract; and (iii) have a net settlement provision or have the characteristic of net settlement because power is readily convertible to cash, as it is both fungible and actively traded in the country of generation or country of distribution.

The Company assessed that its commodity contracts that are requirements contracts do not meet the above definition because the contracts do not have notional amounts, as they only have maximum amounts or no specified amounts, and do not include an implicit or explicit minimum amount in a settlement or a default clause. A requirements contract allows the purchaser to use as many units of power as required to satisfy its actual needs for power during the period of the contract, and the party is not permitted to buy more than its actual needs.

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 electricity generators or distributors have access to the energy markets, thus determination as to whether energy could be considered readily convertible to cash was analyzed on a country by country 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. Management 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, consequently these contracts are accounted for as derivatives that under SFAS No.133.

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 may have a significant effect on the Company's net income and shareholders' equity.

Such values are included in the reconciliation to U.S. GAAP in Note 36 paragraph (gg).

Embedded Derivative Contracts

The Company enters into certain contracts that have embedded features that are not clearly and closely related to the host contract. As specified in SFAS No. 133, bifurcation analysis focuses on whether the economic characteristics and risks of the embedded derivative are clearly and closely related to the economic characteristics and risks of the host contract. In certain identified contracts, the host service contract and the embedded feature are not indexed to the same underlying and changes in the price or value of service will not always correspond to changes in the price of the commodity to which the contract is indexed. U.S. GAAP requires embedded features to be measured at fair value as freestanding instruments. Unless the embedded contracts are remeasured at fair value under otherwise applicable GAAP, the embedded feature must be valued at fair value with changes in fair value reported in earnings as they occur.

Embedded foreign currency derivative instruments are not separated from the host contract and considered a derivative instrument if the host contract is not a financial instrument and it requires payments denominated in either: (1) the currency of any substantial party to the contract. (2) the local currency of any substantial party to the contract, (3) the currency used because the primary economic environment is highly inflationary, or (4) the currency in which the good or service is routinely denominated in international commerce.

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.

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. These

contracts are considered “cover” contracts under Chilean GAAP. In accordance with Chilean GAAP the gain and losses on these contracts are deferred until realized as assets or liabilities.

For U.S. GAAP purposes, as the Company has not met the requirements for designating these derivatives contracts as “hedges”, the contracts are recorded at fair value in the balance sheet with any unrealized gain and/or losses being directly recorded in the income statement.

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 II (c) and Note 22 (f) for further detail).

The accounting treatment for such operations is the same under Chile GAAP and U.S. GAAP.

(k) Reclassification 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. Recovered taxes included in other non-operating revenues would be recorded as part of income tax expense under U.S. GAAP. Colombian equity tax included in non-operating expenses in 2004 would be recorded as part of income tax expense under 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.

Additionally, the extraordinary loss recognized under Chilean GAAP in 2002 would be reclassified to income taxes as the Colombian democracy tax does not meet the definition of extraordinary in accordance with US GAAP. Under Chilean GAAP a company is permitted to classify as extraordinary any items that are considered unusual in their nature or infrequent in occurrence. US GAAP is much more stringent than Chilean GAAP in allowing items to be considered extraordinary and the extraordinary loss recognized under Chilean GAAP in 2002 would be reclassified to income taxes as the Colombian democracy tax does not meet the definition of extraordinary in accordance with US 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:

	2002		
	Chilean GAAP ThCh\$	Reclassification ThCh\$ \$	U.S. GAAP ThCh
Operating income	551,420,075	(458,618,194)	92,801,881
Non-operating expense, net	(824,607,845)	559,654,833	(264,953,012)
Income taxes	(68,344,084)	(16,551,594)	(84,895,678)
Minority interest	16,856,520	—	16,856,520
Equity participation in income of related companies, net	—	8,555,082	8,555,082
Amortization of negative goodwill	116,204,508	(116,204,508)	—
Net loss before extraordinary items	(208,470,826)	(23,164,381)	(231,635,207)
Extraordinary items	(23,164,381)	23,164,381	—
Net loss	(231,635,207)	—	(231,635,207)

	2003		
	Chilean GAAP ThCh\$	Reclassification ThCh\$	U.S. GAAP ThCh\$
Operating income	549,497,794	24,199,788	573,697,582
Non-operating expense, net	(466,280,940)	5,093,497	(461,187,443)
Income taxes	(42,609,984)	5,207,602	(37,402,382)
Minority interest	(80,282,913)	—	(80,282,913)
Equity participation in income of related companies, net	—	17,954,716	17,954,716
Amortization of negative goodwill	52,455,603	(52,455,603)	—
Net income	12,779,560	—	12,779,560

	2004		
	Chilean GAAP ThCh\$	Reclassification ThCh\$	U.S. GAAP ThCh\$
Operating income	634,201,631	(67,123,350)	567,078,281
Non-operating expense, net	(368,652,741)	54,930,816	(313,721,925)
Income taxes	(137,241,207)	(1,846,447)	(139,087,654)
Minority interest	(101,106,989)	—	(101,106,989)
Equity participation in income of related companies, net	—	31,145,883	31,145,883
Amortization of negative goodwill	17,106,902	(17,106,902)	—
Net income	44,307,596	—	44,307,596

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. 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. 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 US GAAP, provided the contracts have net settlement provisions. Negative goodwill would be presented as a deduction to property, plant, and equipment instead of a separate line-item in other assets. 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:

	2003		
	Chilean GAAP ThCh\$ \$	Reclassification ThCh	U.S. GAAP ThCh\$
Current assets	1,156,481,276	(51,265,586)	1,105,215,690
Property, plant and equipment, net	8,298,769,523	(64,654,495)	8,234,115,028
Other assets	1,527,642,488	62,433,606	1,590,076,094
Total assets	10,982,893,287	(53,486,475)	10,929,406,812
Current liabilities	1,155,329,804	(11,757,449)	1,143,572,355
Long-term liabilities	3,782,447,926	(41,729,026)	3,740,718,900
Minority interest	3,433,013,869	—	3,433,013,869
Shareholder's equity	2,612,101,688	—	2,612,101,688
Total liabilities and shareholders' equity	10,982,893,287	(53,486,475)	10,929,406,812

	2004		
	Chilean GAAP ThCh\$ \$	Reclassification ThCh	U.S. GAAP ThCh\$
Current assets	1,519,081,190	(53,518,614)	1,465,562,576
Property, plant and equipment, net	7,684,821,942	(41,032,908)	7,643,789,034
Other assets	1,303,622,007	80,508,030	1,384,130,037
Total assets	10,507,525,139	(14,043,492)	10,493,481,647
Current liabilities	1,018,810,914	(241,374)	1,018,569,540
Long-term liabilities	3,804,155,081	(13,802,118)	3,790,352,963
Minority interest	3,125,006,002	—	3,125,006,002
Shareholder's equity	2,559,553,142	—	2,559,553,142
Total liabilities and shareholders' equity	10,507,525,139	(14,043,492)	10,493,481,647

(l) Employee Benefit Plans

Energis 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, 2002, 2003 and 2004, 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 Energis include electrical service rate subsidies, additional medical insurance and additional post-retirement benefits. Descriptions of these benefits for retired personnel are as follows:

l) Electrical rate service

This benefit is extended only to certain retired personnel of Energis. These electric rate subsidies result in the eligible retired employees paying a percentage of their total monthly electricity costs, with Energis paying the difference.

II) Medical benefits

This benefit provides supplementary health insurance, which covers a portion of health benefits not covered under the institutional health benefits maintained by employees of Enersis. This benefit expires at the time of death of the pensioner.

III) Supplementary pension benefits

Eligible employees are able to receive a monthly amount designed to cover a portion of the difference between their salary at the point of retirement and the theoretical pension that would have been received had the employee reached the legal retirement age of the Institución de Previsión Social (Institute of Social Welfare). This benefit expires upon the death of the pensioner for the Enersis employee, however, continues to cover the surviving-spouse in the case of employees of the subsidiary Endesa-Chile.

IV) Worker's compensation benefits

Employees that were entitled to Worker's compensation insurance in prior years for work related injuries receive benefits from the Company when that insurance expires. This benefit continues at the time of death of the pensioner, to cover the surviving-spouse.

The Company has recognized liabilities related to complementary pension plan benefits and other postretirement benefits as stipulated in collective bargaining agreements. Under U.S. GAAP, post-retirement employee benefits have been accounted for in accordance with SFAS No. 87 and SFAS No. 106, with inclusion of prior-period amounts in current year's income as the amounts are not considered significant to the overall financial statement presentation. The effects of accounting for post-retirement benefits under U.S. GAAP have been presented in paragraph (gg), above. The following data represents Chile GAAP amounts presented under FAS N°132 Revised 2003 Employers' Disclosures about Pensions and other postretirement Benefits, for Company's post-retirement benefit plans.

Following is a schedule of estimated pay-out of pension benefits in each of the next five years:

	As of December 31, 2004 ThCh\$
2005	25,040,759
2006	25,350,622
2007	26,205,461
2008	26,789,273
2009	27,555,039
Thereafter	108,176,149
Total	239,117,303

	At December 31, 2003			
	Pension Benefits			Other Benefits
	Unfunded ThCh\$	Funded ThCh\$	Total ThCh\$	Total ThCh\$
Assets and obligations				
Accumulated benefit obligation	(37,809,722)	(177,171,124)	(214,980,846)	(30,332,309)
Plan assets at fair value	—	122,072,571	122,072,571	—
Unfunded accumulated benefit	(37,809,722)	(55,098,553)	(92,908,276)	(30,332,309)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(59,613,434)	(68,737,172)	(128,350,607)	(35,726,334)
Price-level restatement	420,320	680,566	1,100,886	269,465
Foreign exchange effect	8,560,762	11,820,243	20,381,005	4,136,709
Net periodic expense	(11,936,422)	(17,491,053)	(29,427,475)	1,453,111
Benefits paid	2,403,135	10,658,355	13,061,490	50,387
Company contributions	—	293,417	293,417	(1,788,775)
Benefit (obligations) at December 31	(60,165,640)	(62,775,645)	(122,941,285)	(31,605,436)
Funded Status of the Plans				
Projected Benefits Obligation	(58,992,700)	(178,727,451)	(237,720,151)	(30,885,705)
Fair value of the plans assets	—	122,072,571	122,072,571	—
Funded Status	(58,992,700)	(56,654,880)	(115,647,581)	(30,885,705)
Unrecognized loss (gain)	(1,792,630)	(16,333,965)	(18,126,595)	(12,519,943)
Unrecognized net prior service cost	619,690	10,213,200	10,832,891	11,800,212
Net liability recorded under U.S. GAAP	(60,165,640)	(62,775,645)	(122,941,285)	(31,605,436)
Change in the plan assets				
Fair value of plans assets, beginning	—	96,482,018	96,482,018	—
Foreign exchange effect	—	(11,325,944)	(11,325,944)	—
Actual return on the plan assets	—	36,509,808	36,509,808	—
Employer contributions	—	9,257,830	9,257,830	—
Plan participant contributions	—	3,922,852	3,922,852	—
Benefits paid	—	(12,773,994)	(12,773,994)	—
Fair value of plans assets, ending	—	122,072,571	122,072,571	—
Components of net periodic				
Benefits expenses				
Service cost	(27,663)	(1,358,526)	(1,386,188)	759,480
Interest cost	(7,633,161)	(16,654,126)	(24,287,287)	235,724
Expected return on assets	—	25,672,370	25,672,370	—
Amortization gain (loss)	(3,645,636)	(23,119,488)	(26,765,124)	(360,131)
Amortization of transition asset	(629,963)	(2,031,282)	(2,661,245)	818,037
Net periodic expenses	(11,936,422)	(17,491,052)	(29,427,474)	1,453,111

Assumptions as of December 31	Pension Benefits			Other Benefits		
	Chile	Colombia	Brazil	Chile	Brazil	Colombia
Weighted - discount rate (1)	9.5%	12.8%	11.3%	9.5%	11.3%	12.8%
Weighted - salary increase	3.0%	7.5%	5.5%	—	—	—
Weighted - return on plan assets (1)	—	11.3%	—	—	—	—
Weighted - long term inflation (2)	3.0%	7.5%	4.5%	3.0%	4.5%	7.5%

(1) Includes fixed long term inflation assumption detail in (2)

	At December 31, 2004			
	Pension Benefits			Other Benefits
	Non Contributory	Contributory	Total	Total
Assets and obligations				
Accumulated benefit obligation	(56,999,482)	(192,477,205)	(249,476,687)	(35,747,958)
Plan assets at fair value	—	128,088,182	128,088,182	—
Unfunded accumulated benefit	(56,999,482)	(64,389,023)	(121,388,506)	(35,747,958)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(60,165,640)	(62,775,645)	(122,941,285)	(31,605,436)
Price-level restatement	(924,751)	1,951,985	1,027,234	(473,971)
Foreign exchange effect	8,181,886	1,908,253	10,090,139	(284,233)
Net periodic expense	(2,799,071)	(16,782,199)	(19,581,270)	(3,451,452)
Benefits paid	721,624	16,267,061	16,988,685	4,122,302
Company contributions	—	(41,248)	(41,248)	(8,034,793)
Benefit (obligations) at December 31	(54,985,952)	(59,471,793)	(114,457,745)	(39,727,584)
Funded Status of the Plans				
Projected Benefits Obligation	(56,999,482)	(180,867,381)	(237,866,863)	(38,719,674)
Fair value of the plans assets	—	128,088,182	128,088,182	—
Funded Status	(56,999,482)	(52,779,199)	(109,778,681)	(38,719,674)
Unrecognized loss (gain)	—	(17,340,605)	(17,340,605)	9,174,116
Unrecognized net prior service cost	2,013,530	10,648,011	12,661,541	(10,182,026)
Net liability recorded under U.S. GAAP	(54,985,952)	(59,471,793)	(114,457,745)	(39,727,584)
Change in the plan assets				
Fair value of plans assets, beginning	—	122,072,571	122,072,571	—
Foreign exchange effect	—	(12,737,533)	(12,737,533)	—
Actual return on the plan assets	—	12,601,408	12,601,408	—
Employer contributions	—	7,373,920	7,373,920	—
Plan participant contributions	—	2,624,397	2,624,397	—
Benefits paid	—	(3,846,581)	(3,846,581)	—
Fair value of plans assets, ending	—	128,088,182	128,088,182	—
Service cost	(638,721)	(1,395,438)	(2,034,159)	(497,147)
Interest cost	(7,199,307)	(18,539,098)	(25,738,405)	(985,671)
Expected return on assets	—	26,441,379	26,441,379	(1,201,637)
Amortization gain (loss)	5,038,957	(15,412,512)	(10,373,555)	(766,997)
Amortization of transition asset	—	(7,876,530)	(7,876,530)	—
Net periodic expenses	(2,799,071)	(16,782,199)	(19,581,270)	(3,451,452)

Assumptions as of December 31	Pension Benefits			Other Benefits		
	Chile	Colombia	Brazil	Chile	Brazil	Colombia
Weighted - discount rate (1)	6.5%	11.9%	10.2%	6.5%	10.2%	11.9%
Weighted - salary increase	4.0%	6.8%	5.2%	4.0%	5.2%	6.8%
Weighted - return on plan assets (1)	—	—	10.2%	—	—	—
Weighted - long term inflation (2)	2.5%	6.8%	4.0%	2.5%	4.0%	6.8%

(1) Includes fixed long term inflation assumption detail in (2)

(m) Comprehensive income (loss)

In accordance with U.S. GAAP, the Company reports a measure of all changes in shareholders' equity that result from transactions and other economic events of the period other than transactions with owners ("comprehensive income"). Comprehensive income

is the total of net income and other non-owner equity transactions that result in changes in net shareholders' equity.

The following represents accumulated other comprehensive income balances as of December 31, 2002, 2003 and 2004 (in thousands of constant Chilean pesos as of December 31, 2004).

	2002		
	Chilean GAAP cumulative translation adjustment	Effect of U.S. GAAP adjustments on cumulative translation adjustment	Accumulated other comprehensive income (loss)
	ThCh\$	ThCh\$	ThCh\$
Beginning balance	30,282,154	(2,216,472)	28,065,682
Credit (charge) for the period	21,322,955	(12,582,928)	8,740,027
Ending balance	51,605,109	(14,799,400)	36,805,709

	2003		
	Chilean GAAP cumulative translation adjustment	Effect of U.S. GAAP adjustments on cumulative translation adjustment	Accumulated other comprehensive income (loss)
	ThCh\$	ThCh\$	ThCh\$
Beginning balance	51,605,109	(14,799,400)	36,805,709
Credit (charge) for the period	(74,845,570)	52,450,844	(22,394,726)
Ending balance	(23,240,461)	37,651,444	14,410,983

	2004		
	Chilean GAAP cumulative translation adjustment	Effect of U.S. GAAP adjustments on cumulative translation adjustment	Accumulated other comprehensive income (loss)
	ThCh\$	ThCh\$	ThCh\$
Beginning balance	(23,240,461)	37,651,444	14,410,983
Credit (charge) for the period	(96,275,517)	12,452,098	(83,823,419)
Ending balance	(119,515,978)	50,103,542	(69,412,436)

The Company does not recognize deferred tax assets associated to cumulative translation adjustment as the investment they are associated with are permanent in nature.

(n) Discontinued operations

In October of 2001, the FASB issued SFAS No. 144 which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 establishes accounting and reporting standards for the impairment and disposal of long-lived assets and discontinued

operations. The Company adopted SFAS No. 144 in 2002. The application of this statement resulted in the classification, and separate financial presentation of certain entities as discontinued operations, the results of which are not included in continuing operations. There was no impairment of assets related to discontinued operations, as their fair value exceeded their carrying value. Fair values used in these calculations has been determined by using the agreed upon sales prices.

In 2002, the Endesa Chile (Enersis Subsidiary) committed to a plan to dispose the 60% equity participation it held in the consolidated subsidiary, Infraestructura Dos Mil S.A. It was accounted for as discontinued operations in accordance with SFAS No. 144 and, accordingly, amounts in reconciliation of net income to US GAAP and the additional disclosure notes required under US GAAP for all periods shown, reflect that component as a discontinued operation.

The major classes of discontinued consolidated assets, consolidated liabilities and minority interest included in the Chilean GAAP Endesa Chile consolidated Balance Sheet are as follows:

	As of December 31, 2002 ThCh\$
Assets:	
Cash	196,765
Account receivable, net	15,290,034
Other current assets	36,601,387
Property, plant and equipment, net	174,435,826
Intangibles	35,633
Other assets	18,692,185
Total assets of discontinued operations	245,251,830
Liabilities:	
Current liabilities	76,792,885
Long term liabilities	100,581,027
Income taxes payable (including deferred)	864,514
Minority interest	754,838
Total liabilities and minority interest of discontinued operations	178,993,264

The major classes of consolidated revenues and expenses included in the US GAAP Enersis consolidated Income Statement are as follows:

	As of December 31,		
	2002 ThCh\$	2003 ThCh\$	2004 ThCh\$
Sales	20,914,128	—	—
Costs of sales	(10,312,883)	—	—
Gross profit	10,601,245	—	—
Administrative and selling expenses	(1,355,803)	—	—
Operating income	9,245,442	—	—
Non operating (loss) income	(7,765,412)	—	—
Income before taxes and minority interest	1,480,030	—	—
Income tax	(1,006,734)	—	—
Minority interest	(302,357)	—	—
Net income for the year	170,939	—	—

(o) Goodwill and intangible assets

As discussed in Note 36 paragraph (i), Enersis S.A. adopted SFAS 142, which requires companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, SFAS 142 requires that goodwill and intangible assets deemed to have an indefinite useful life be reviewed for impairment upon adoption of SFAS 142, effective January 1, 2002 and annually thereafter. Under SFAS 142, goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The Company's reporting units are at the operating subsidiary level. This methodology differs from Enersis's previous policy, as provided under accounting standards existing at that time of using undiscounted cash flows on an enterprise-wide basis to determine if goodwill was recoverable. Subsequent to adoption in 2002 of SFAS No. 142, due to changes in circumstances, the Company recognized a non-cash charge of ThCh\$615,389,513 to reduce the carrying value of goodwill.

In calculating the impairment charge, the fair value of the impaired reporting units underlying the segments were estimated using discounted cash flow methodology. The ThCh\$615,389,513 goodwill impairment is associated entirely with goodwill associated with investments in Argentina and Brazil. The impairment reflects the decline in the Company's revenues and forecasted cash flows in their Argentina and Brazilian subsidiaries and the increase in inflation and interest rates and decreasing expectations of the currencies in Argentina and Brazil. Prior to performing the review for impairment, SFAS 142 required that all goodwill deemed to be related to the entity as a whole be assigned to all of the Company's reporting units, including the reporting units of the acquirer.

A summary of the changes in the Company's goodwill under U.S. GAAP during the year ended December 31, 2003 and 2004, by country of operation and segment is as follows:

Goodwill by Country	2003				
	January 1,	Acquisitions	Translation	Impairment	December 31,
	ThCh\$	(Disposals) ThCh\$	adjustment ThCh\$	ThCh\$	ThCh\$
Chile	1,035,214,601	(11,216,517)	—	—	1,023,998,084
Colombia	75,058,126	—	(16,371,275)	—	58,686,851
Perú	22,054,183	—	(4,010,358)	—	18,043,825
Total	1,132,326,910	(11,216,517)	(20,381,633)	—	1,100,728,760

Goodwill by Segment	2003				
	January 1,	Acquisitions	Translation	Impairment	December 31,
	ThCh\$	(Disposals) ThCh\$	adjustment ThCh\$	ThCh\$	ThCh\$
Generation	948,462,530	76,503	(9,455,368)	—	939,083,665
Distribution	183,799,541	(11,293,020)	(10,926,265)	—	161,580,256
Other	64,839	—	—	—	64,839
Total	1,132,326,910	(11,216,517)	(20,381,633)	—	1,100,728,760

Goodwill by Country	2004				
	January 1,	Acquisitions (Disposals)	Translation adjustment	Impairment	December 31,
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	1,023,998,084	77,634,406	—	—	1,101,632,490
Colombia	58,686,851	(12,042,932)	(3,927,317)	—	42,716,602
Perú	18,043,825	—	(1,519,204)	—	16,524,621
Total	1,100,728,760	65,591,474	(5,446,521)	—	1,160,873,713

Goodwill by Segment	2004				
	January 1,	(Disposals)	Acquisitions adjustment	Impairment	Translation December 31,
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Generation	939,083,665	77,634,406	(3,581,620)	—	1,013,136,451
Distribution	161,580,256	(12,042,932)	(1,864,901)	—	147,672,423
Other	64,839	—	—	—	64,839
Total	1,100,728,760	65,591,474	(5,446,521)	—	1,160,873,713

The Company's intangible assets were ThCh\$79,100,256 and ThCh\$80,708,810 and related accumulated amortization were ThCh\$40,254,130 and ThCh\$44,013,845 as of December 31, 2003 and 2004, respectively. There is no difference between Chilean and U.S. GAAP in the amortization of intangible assets because all of the Company's intangible assets are subject to amortization, since they relate to finite contracts or concessions.

(p) **Asset retirement obligations**

As discussed in Note 36 paragraph (ff), the Company adopted SFAS No. 143 effective January 1, 2003. The following table describes all changes to the Company's U.S. GAAP asset retirement obligation during the year ended December 31, 2003 and 2004:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Balance as of January 1,	(602,829)	(537,670)
Cumulative Translation Adjustment	109,633	39,054
Liabilities incurred in the period	—	—
Accretion expense	(44,474)	(637,297)
Balance as of December 31,	(537,670)	(1,135,913)

The pro forma effects of the application of SFAS No. 143 as if the Statement had been adopted on January 1, 2001 (rather than January 1, 2003) are as follows (on a U.S. GAAP basis):

	As of December 31, 2002 ThCh\$
Pro forma amounts assuming the accounting change is applied retroactively net-of-tax:	
Net income (loss)	(341,592,536)
Net income (loss) per common share – basic and diluted	(41.20)

(q) Recent accounting pronouncements

The following new accounting standards have been adopted by the Company during the year-ended December 31, 2004 and the impact of such adoption, if applicable, has been presented in the accompanying consolidated financial statements.

i. In January 2003, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 46, Consolidation of Variable Interest Entities (“FIN 46”), an interpretation of Accounting Research bulletin No. 51, “Consolidated Financial Statement”, which requires the consolidation by a business enterprise of variable interest entities, if the business enterprise is the primary beneficiary. The FASB has amended FIN 46, now known as FIN 46 Revised December 2003 (“FIN 46(R)”). For the purpose of analyzing investments in potential variable entities formed after January 31, 2003, the Company has applied the provisions of FIN 46 and FIN 46(R) as of January 1, 2004. For the purpose of analyzing potential variable interest entities previously defined as special purpose entities (“SPE’s”) created before February 1, 2003; the Company has applied the provisions of FIN 46 and FIN 46(R) for the period beginning January 1, 2004. The Company has also applied the provisions of FIN 46 and FIN 46(R) in determining whether the Company holds potential interest in variable interest entities not previously defined as SPE’s for the period ended December 31, 2004. The adoption of FIN 46(R) did not have a material impact on the Company’s consolidating financial position, results of operations or cash flows.

ii. In December 2004, the FASB deferred the issuance of their final standard on earnings per share SFAS No. 128R, Earnings per Share, an amendment to FAS 128. The final standard is expected to be effective in 2005 and will require retrospective application for all prior periods presented. The significant proposed changes to the EPS computation are changes to the treasury stock method

and contingent share guidance for computing year-to-date diluted EPS, removal of the ability to overcome the presumption of share settlement when computing diluted EPS when there is a choice of share or cash settlement and inclusion of mandatorily convertible securities in basic EPS. The Company is currently evaluating the proposed provisions of this amendment to determine the impact on its consolidated financial statements.

iii. In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29. APB Opinion No. 29, Accounting for Nonmonetary Transactions, provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. Under APB Opinion No. 29, an exchange of a productive asset for a similar productive asset was based on the recorded amount of the asset relinquished. SFAS No. 153 eliminates this exception and replaces it with an exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is effective prospectively for nonmonetary asset exchanges occurring in fiscal years beginning January 1, 2006 for the Company.

iv. In November 2004, the FASB issued SFAS No. 151, Inventory Costs, an amendment of ARB No. 43, Chapter 4 (SFAS No. 151), to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage) relating to inventory pricing. SFAS No. 151 requires that such items be recognized as current-period charges regardless of whether they meet the criterion of “so abnormal” and requires that the allocation of fixed production overheads to inventory be based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company is currently evaluating the provisions of this pronouncement to determine the effects on its financial condition, statements of operations, and cash flows.

v. In March 2005, the FASB issued FASB Interpretation (“FIN”) No. 47, “Accounting for Conditional Asset Retirement Obligations,” which clarifies the term conditional asset retirement obligation as used in SFAS No. 143, “Accounting for Asset Retirement Obligations,” as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. FIN No. 47 is effective no later than the end of fiscal years ending after December 15, 2005. The Company is currently evaluating the impact of adopting this interpretation.

(r) Subsequent events

On May 24, 2005, the Board of Directors of Enersis S. A. approved the plan to reorganize its subsidiaries in Brazil, which seeks to simplify the shareholding structure of our Brazilian companies by having all of them become subsidiaries of a new Brazilian holding company, Endesa Brasil S.A.. Our Brazilian companies are currently owned by Endesa Internacional (our parent company, and a subsidiary of ENDESA, S.A.), Endesa-Chile, Chilectra and Enersis (the "Contributing Shareholders"). The initial intention is for Endesa-Brasil to be ultimately owned approximately as follows: Endesa-Chile, Endesa Internacional and Chilectra would have voting interests of 33.6%, 23.7% and 19.2%, respectively. Enersis on a stand-alone basis, would have a 23.5% interest. Because of Enersis' interests in both Endesa-Chile and Chilectra, Enersis would hold majority control over Endesa-Brasil, and would consolidate the company.

Completion of the Brazilian reorganization is subject to receipt of regulatory approvals in Brazil

CONSOLIDATED MATERIAL INFORMATION

ENERSIS S.A. (PARENT COMPANY)

Capital Increase of Cerj

The company informed the regulatory authority on March 1 and 25, 2004 about progress and the conclusion of the capital increase of the Brazilian electricity distribution subsidiary, Cerj, as follows:

1. The Brazilian subsidiary of Enersis S.A., Companhia de Eletricidade do Rio de Janeiro S.A. (Cerj) has made and concluded a capital increase amounting to BR\$710,000,000 (approximately US\$243 million) through the issue of 1,339,622,641,509 new common shares at BR\$0.53 for every 1,000 shares.
2. On February 27, 2004, and within the financial strengthening plan for its subsidiary Cerj, Enersis subscribed, through its subsidiary Enersis Internacional, for a total of 1,335,849,056,604 shares in the new issue of Cerj, corresponding to the whole of the rights of the Controlling Group (99.3% approximately) in this company. Endesa Spain, Electricidade de Portugal S.A. and Chilectra S.A., (the members of the Controlling Group) had previously ceded their preemptive rights to Enersis which therefore subscribed for its own rights and those thus ceded to it. In addition, Enersis, acting as above, subscribed during the offer of the remaining portion of this capital increase that was not acquired by the minority shareholders in Cerj, i.e. a further 3,771,390,630 common shares. Enersis, through its subsidiary Enersis Internacional, therefore subscribed for a total of 1,339,620,447,234 new Cerj common shares.
3. Enersis has paid for the shares subscribed for through the capitalization of various loans that had made indirectly to Cerj.
4. Enersis will transfer to its subsidiary Chilectra, operating directly or through its agency and 10 subsidiaries, 760,255,861,477 shares issued by Cerj that were recently subscribed by Enersis in the above capital increase. This transfer will be made at BR\$0.53 for every 1,000 shares of Cerj. As a result of this share sale, the shareholdings in Cerj will be as follows: Electricidade de Portugal 7.70%, Endesa Spain 10.71%, Enersis 35.13%, Chilectra 46.10% and others 0.36%.
5. As a result of the above subscription by Enersis of the capital increase in Cerj and the share transfer to Chilectra, the

subsidiary Cerj has reduced its debt substantially, without causing any effects to the results of Enersis.

Registration of International Bonds with the Securities and Exchange Commission, SEC.

1. In November 2003, Enersis, acting through its Agency in Cayman Islands (hereinafter Enersis), placed bonds, not registered with the SEC, with institutional investors on the American and European markets under Rules 144A and S for a total of US\$350 million, as was informed at the time. These bonds were later listed on the Luxembourg Stock Exchange.
2. In accordance with the respective Offering Memorandum dated November 19, 2003, Enersis has obtained, on August 6, 2004, the registration with the SEC of a new bond issue through the approval of the document called F-4/A. This registration will enable, within a sole period of at least 20 business 198 days, holders of the issue mentioned in 1. above to exchange these for the new bonds as described below.
3. The new bonds will also be issued by Enersis, in the same way as described in 1. above, for a total amount of up to US\$ 350 million repayable in full on January 15, 2014 and with an interest coupon of 7.375% p.a. The new bonds will have the same financial characteristics as the bonds issued November 2003, except that their registration with the SEC will give these securities greater potential liquidity to the benefit of their bond-holders. Once the exchange period is concluded, these will be issued by Enersis and listed on the Luxembourg Stock Exchange.

Interim Dividends

The board of Enersis, on January 28, 2004, agreed unanimously not to distribute an interim dividend in February 2004 against the results of 2003, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

The board of Enersis, on April 28, 2004, agreed unanimously not to distribute an interim dividend in May 2004 against the results to March 2004, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

The board of Enersis, on July 28, 2004, agreed unanimously not to distribute an interim dividend in August 2004 against the results to June 2004, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

The board of Enersis, on October 27, 2004, agreed unanimously not to distribute an interim dividend in November 2004 against the results to September 2004, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

CHILECTRA S.A.

1. Dividend Policy for 2004

The dividend policy that the board of Chilectra S.A. expects to follow in 2004 is as follows:

Distribute interim dividends in the months of May, August and November 2004 and in February 2005 against the net income for 2004. In each of those months, 85% of the income from the company's normal operations for the quarters ended in March, June, September and December of that year, will be distributed. In this calculation, interim dividends already distributed with respect to 2004 will be deducted from 85% of the accumulated income in the quarter.

Income from normal operations shall be understood to be the company's profits obtained in 2004 but excluding the following:

1. Accounting effects produced by the valuation of contributions made to subsidiary companies.
2. Accounting effects of recognizing the premium on the placing of shares by subsidiaries.
3. Income directly or indirectly arising from holdings in associate companies in Chile or abroad.
4. Income generated by foreign or Chilean subsidiaries in which the company directly or indirectly holds less than 60% of their share capital, and income arising from asset disposals.
5. The amounts of goodwill and negative goodwill.

Should the total contribution of these events be negative, it will be taken into account in calculating the income for distribution.

Consequently, the board will not distribute interim dividends against the income deriving from these events and the ordinary shareholders' meeting should pronounce in this respect when it approves the final dividend. The above represents the intentions of the board but compliance will depend on the earnings actually produced and also on the results of projections that the company periodically makes, or the existence of certain conditions.

With respect to the final dividend policy, the board intends that the total dividends to be distributed against the year will be the same as the interim dividends already distributed or the minimum dividends as established in the Corporations Law, whichever is the greater.

2. Investment and Financing Policies for 2004

The board agreed to establish the following investment and financing policy for 2004:

2.1 Investments

The company will make investments as authorized in its bylaws in areas related to supply capacity expansion works related to electricity demand, contributions to subsidiary or associate companies and in contributions for investment or formation of subsidiaries or associates whose business is allied, related or linked to energy in any of its forms, the supply of public utilities or which have energy as a principal input.

Investments related to the company's expansion will be those necessary for the optimum satisfaction of electricity demand in its concession zone. With respect to investments in public-utility related companies, these will be those necessary for them to comply with their corporate objects and carry out their concession functions. Regarding investments in subsidiary or associate companies, these will be made in projects that maximize the company's value considering the degree of risk related to such investments and in accordance with the company's bylaws.

For the control of investments and as established in the company's bylaws, the appointment of directors to represent the company will be proposed at shareholders' meetings of the subsidiary and associate companies, such persons preferably being members of the board or executives of the company or its related companies. It will also establish in the subsidiaries investment, financing and commercial policies, and accounting systems and criteria, that they should follow, and supervise the performance of the subsidiaries and associates.

2.2 Financing

The funds needed for the company's Chilean and international expansion are obtained under special financing plans, in addition to those generated by its operating activities. Alternative sources of funds in these plans include, according to the needs, bond issues, suppliers' credits, bank and syndicated loans, multinational agency loans, straight or convertible bonds, etc. Funds may also be obtained from Chilean and foreign investors and others.

SHAREHOLDERS' MEETING

Ordinary Shareholders' Meeting

The ordinary shareholders' meeting was held on March 25, 2004 and resolved on the following:

1. Approval of the annual report, balance sheet, financial statements and report of the external auditors for the year ended December 31, 2003.
2. Approval and distribution of earnings and information of the dividend policy for 2004.
3. Setting of the directors' remuneration.
4. Setting of the remuneration of the Directors' Committee and its budget.
5. Appointment of the external auditors.

Extraordinary Shareholders' Meeting

An extraordinary shareholders' meeting was held on March 25, 2004 which approved an amendment to clause 4 of the bylaws concerning the corporate objects, adding letter f) to that clause stating "f) directly or through other companies, buy, sell, import, export, prepare or produce, commercialize and distribute all kinds of merchandise relating to energy, the home, sports, recreation or computers."

DIVIDENDS

1. The company's board, on January 28, 2004, agreed to distribute on February 26, 2004, an interim dividend of Ch\$33.92 per share against net income for 2003.
2. The ordinary shareholders' meeting held on March 25, 2004 agreed not to distribute a final dividend.
3. The company's board, on April 27, 2004, agreed to distribute on May 27, 2004, an interim dividend of Ch\$11 per share against net income for 2004.
4. The company's board, on July 27, 2004, agreed to distribute on August 26, 2004, an interim dividend of Ch\$10 per share against net income for 2004.
5. The company's board, on October 26, 2004, agreed to distribute on November 25, 2004, an interim dividend of Ch\$40 per share against net income for 2004.

PURCHASE OF SHARES IN CERJ

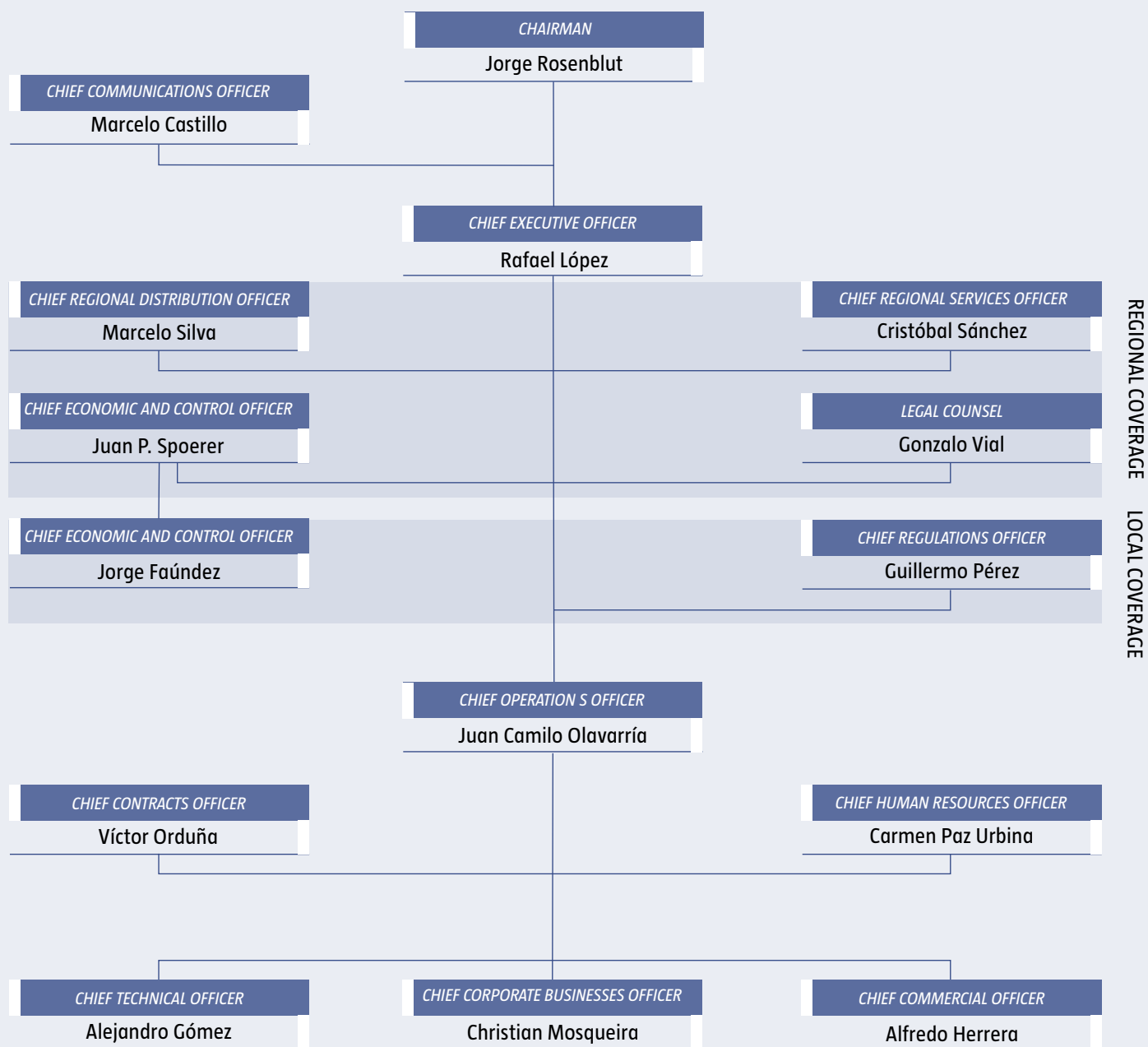
The board on March 25, 2004 approved the purchase directly, or through its Agency or an investment vehicle, from Enersis, the latter acting directly or through its Cayman Island Agency, 760,255,861,477 shares in the Brazilian company Cerj, for BR\$0.53 per one thousand shares.

ORGANIZATIONAL STRUCTURE

1. The board, on January 28, 2004, approved the company's new organizational structure.

Among the most important features is the creation of a Technical Management under Alejandro Gómez Vidal. Alfredo Herrera Carrasco was also appointed Chief Commercial Officer and Cristián Mosqueira Vargas as Chief Corporate Businesses Officer. The board accepted the resignations of Rolando Hechenleitner Kaschel as Chief Distribution Officer and Edgardo González Garlick as Chief Corporate Businesses Officer.

The structure is as follows:

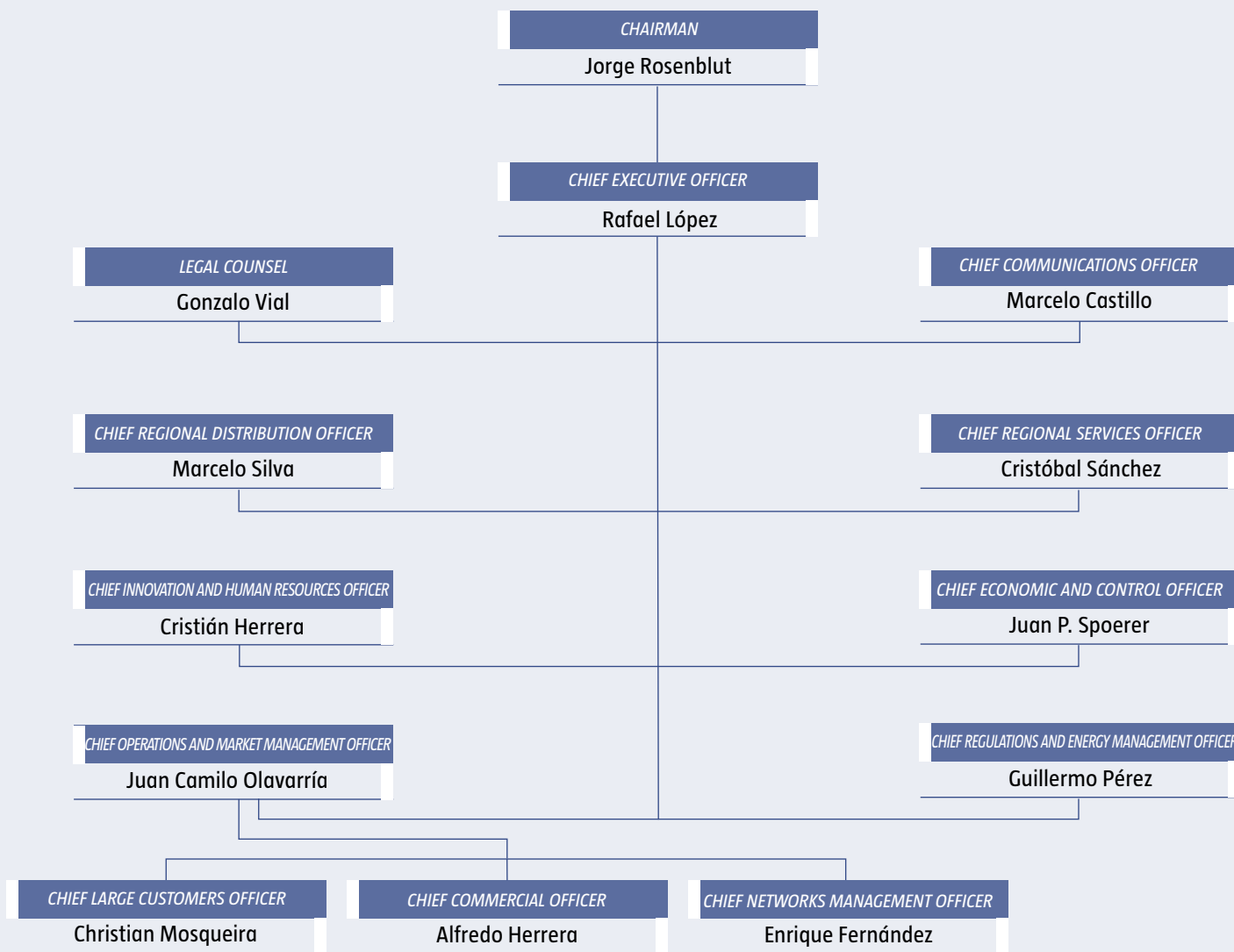


2. The board, on November 23, 2004, approved the company's new organizational structure.

Among the most important features was the appointment of Cristián Herrera Fernández as Chief Innovation and Human

Resources Officer (formerly Human Resources) and Enrique Fernández Pérez as Chief Networks Management Officer (formerly Technical). The board accepted the resignations of Alejandro Gómex Vidal as Chief Technical Officer, Carmen Paz Urbina Sateler as Chief Human Resources Officer and Jorge Faúndez Padilla as Chief Planning and Control Officer.

The structure is as follows:



OTHERS

On January 28, 2004, the board agreed to call ordinary and extraordinary shareholders' meetings for March 25, 2004.

On March 9, 2004, the first notification of these meeting was published in the El Mercurio newspaper. The second and third notifications were made on March 15 and 18, 2004 respectively in the same newspaper.

On March 9, 2004, notifications were sent to company shareholders indicating the holding of these meetings and their respective agendas.

The annual report for 2003 was sent on March 9, 2004 to the shareholders and stock exchanges.

On March 9, 2004, the company's financial statements were published in the Diario Financiero newspaper.

ENDESA S.A. (PARENT COMPANY)

- On February 4, 2004, Endesa, through its Agency, and CitibankN.A., acting through its International Banking Facility, Caja Madrid Miami Agency, Bank of Tokyo-Mitsubishi Ltd., Banco Bilbao Vizcaya Argentaria S.A. (BBVA) and Banco Santander Central Hispano, signed a syndicated loan agreement for US\$250 million with repayment at 3.5 years and a Libor margin of 1.15%. This provided the company with a financial expense saving of US\$5 million annually.

The proceeds were fully used to refinance the balance of a syndicated loan signed in Mat 2003. The company at the same time obtained the release of the guarantees given by Empresa Eléctrica Pangué S.A., Empresa Eléctrica Pehuenche S.A. and Compañía Eléctrica Tarapacá S.A. covering the previous loan, and of borrowing and investments covenants.

This refinancing was part of a new stage in which the company sought to optimize its financing costs and improve its debt maturity profile following the successful execution of its Financial Strengthening Plan in 2003.

- On February 27, 2004, the board agreed, in accordance with the dividend policy for 2003, to propose to the company's ordinary shareholders' meeting to be held on March 26, 2004, the distribution of a final dividend of Ch\$2.30 per share payable on April 5, 2004.

- On March 26, 2004, the ordinary shareholders' meeting resolved on the following:

- Approval of the annual report, financial statements, and reports of the external auditors and inspectors of accounts for the year ended December 31, 2003.
- Distribution of dividends.
- Explanation of the company's dividend policy and information on the procedures for the dividend distribution.
- Proposed investment and financing policies.
- Election of the board of directors.
- Setting of the directors' remuneration.
- Setting of the Directors' Committee remuneration and its budget.
- Report of the Directors' Committee.
- Appointment of the external auditors.
- Election of two inspectors of accounts and their alternates and setting of their remuneration.

In accordance with the indications in point 5 of the meeting, a new board of directors was appointed for the company which is comprised as follows:

Jaime Bauzá
Ignacio Blanco
Enrique García
Antonio Pareja
Luis Rivera
Andrés Regué
Carlos Torres
Antonio Tuset
Leonidas Vial

At an extraordinary board meeting held on the same day, it was agreed to appoint Luis Rivera Novo as chairman and Antonio Pareja Molina as vice chairman. The same meeting also appointed the members of the Directors' Committee, these being Luis Rivera Novo, Jaime Bauzá Bauzá and Antonio Tuset Jorrat.

PEHUENCHE S.A.

- On March 25, 2004, the ordinary shareholders' meeting approved the financial statements for the year ended December 31, 2003.

That meeting also approved the board's proposal to pay a final dividend for 2003 for a total of Ch\$28.85619 per share payable on April 14, 2004.

- On June 24, 2004, the board agreed to distribute the first interim dividend for the year 2004 amounting to Ch\$9.042979 per share payable on July 26, 2004, in accordance with the dividend policy approved by the ordinary shareholders' meeting.
- On October 8, Pehuenche reported that "during this week, certain members of the CDEC-SIC have proceeded to issue invoices to the company based on calculations made by the Operations Director of the CDEC-SIC, in circumstances in which the board of that organism, at its meeting EX - 9.2 – 2004 on October 4, 2004, adopted a majority agreement to request the Minister of the Economy to clarify doubtful points contained in Ministerial Resolutions 17 and 35 of April 14 and June 15, 2004 respectively. This, taking into account that there are manifest errors in the calculation made by the Operations Director, by applying Resolution No.1 of the Panel of Experts, which increased from 5 to 8 hours that period considered as carrying the greatest probability of system load loss, including incorrectly in this calculation Saturdays, Sundays and holidays which is clearly contrary to that stated in the resolution referred to. The calculations thus made with such manifest errors, and which we have objected to, would amount to the payment by the company, for the period 2000 – 2003, of Ch\$21,702,042,530.

In circumstances where the board of CDEC-SIC is awaiting the above clarification, some companies proceeded to send invoices, based on a manifestly mistaken calculation and which in addition to the inclusion of the days mentioned not considered in the Resolution No.1 of the Panel of Experts, contains manifest errors such as not applying the unanimous agreement of the board that defined the system's peak period as five hours, at least until July 27, 2004, when the difference was produced that was resolved by the Panel of Experts. There are also errors such as the treatment of the water levels and initial energies of reservoirs, the maximum capacity of the Pehuenche plant and others that have been mentioned by other generators.

The invoices have been rejected by the company based on current legislation.

The board of CDEC-SIC should therefore pronounce on the calculations and, in the event of not reaching agreement on the matter at their meeting, this matter should be resolved by the Panel of Experts by pronouncing with respect to the differences arising.

Considering the publicity given to this still unresolved matter in the press today, the company has considered it appropriate to advise its position on the matter because we are in no doubt about the mistakes made in these calculations which we consider as preliminary, and because we are confident that, by means of the clarification that the authority might make or by that determined by the Panel of Experts, pronouncing on the differences that will surely come to your attention, there could be a more certain scenario based on more realistic calculations coherent with the resolutions issued on the matter.

The company will inform the market promptly of the development of this un concluded matter".

- The company's board, at an extraordinary meeting held on October 14, 2004, agreed to distribute to shareholders, in accordance with the dividend policy advised to the shareholders' meeting, a second interim dividend amounting to Ch\$18.444998 per share, payable as from October 28, 2004.
- In December 30, Pehuenche S.A. informed the SVS the following: "The Board of Empresa Eléctrica Pehuenche S.A., at its meeting today, unanimously agreed to change the dividend policy advised to the company's ordinary shareholders' meeting held on March 25, 2004, with respect to the third interim dividend.

According to the dividend policy, the payment of the third interim dividend considers the distribution of up to 70 % of net income during the period January-November 2004, according to the financial statements at November 30, 2004, less the amounts of the first and second interim dividends paid in January 2005.

The decision adopted by the company's board has given special importance to the fact that to date the result of the re-calculation that the Operations Director of the CDEC-SIC has to make is unknown, regarding the calculations of transfers of peak capacity between members of that organism, in the light of the recent resolutions issued on the matter by the Panel of Experts and the consequent impact in the results of Pehuenche S.A.. With prudence and responsibility the board of the company therefore has thought it appropriate to distribute 40 % of the net income for the period January-November 2004, according to the financial statements at November 30, 2004 less the amounts of the first and second interim dividends paid on January 25, 2005. This means the distribution of an interim dividend of Ch\$1.885136 per share to shareholders registered in the company's shareholders register five business days prior to the date planned for its payment.

All the above is notwithstanding the final dividend on which the company's ordinary shareholders' meeting to be held in the first four months of 2005 will decide.

MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

ECONOMIC-FINANCIAL SUMMARY

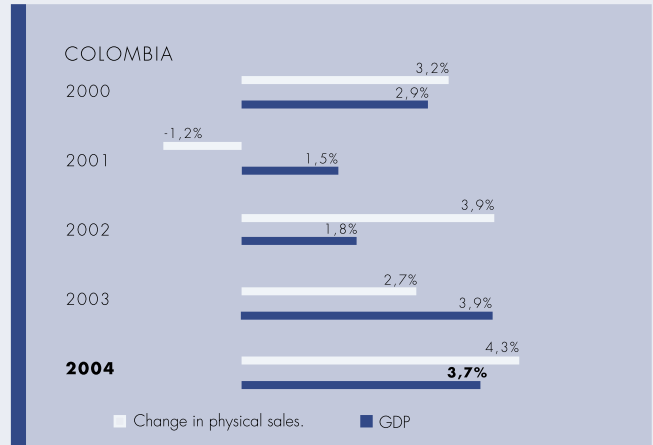
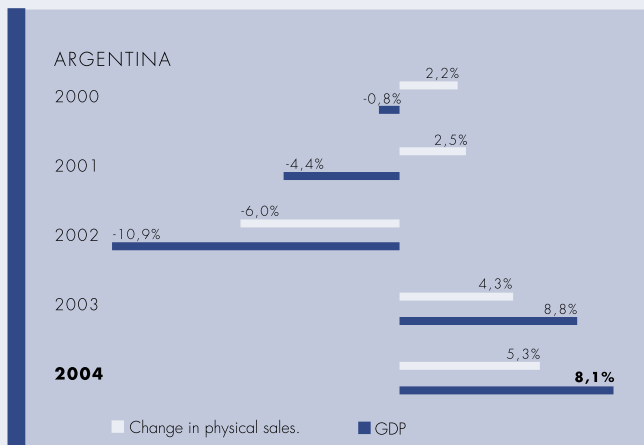
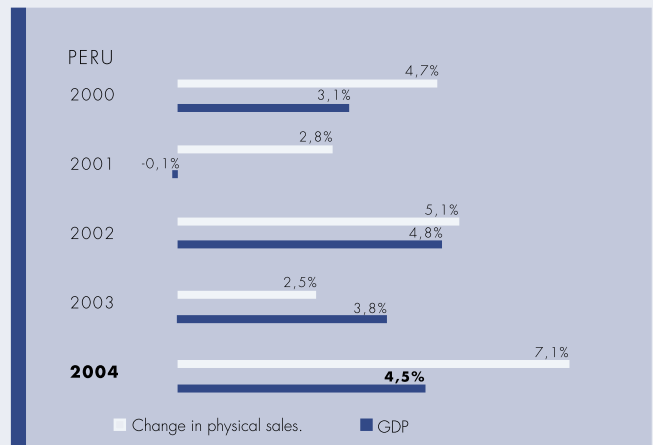
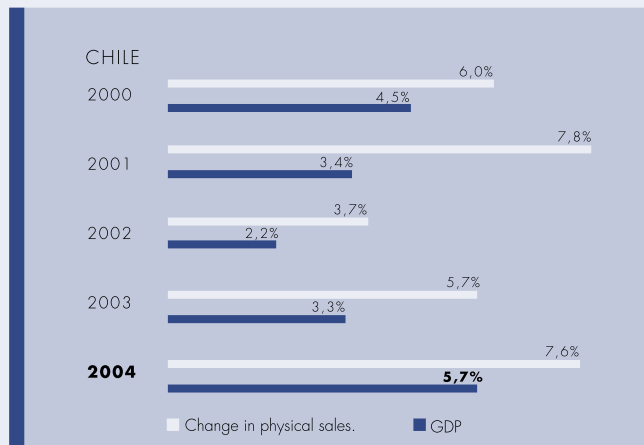
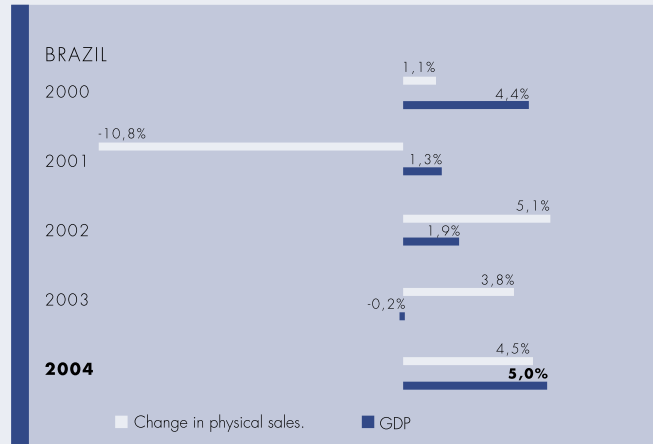
Net income for 2004 was Ch\$44,308 million, comparing very favorably with a level of Ch\$12,780 million in 2003. This result, 246.7% higher than the year before, is basically due to a 12.0% increase in sales which led to a 15% improvement in operating income, plus a 20.9% improvement in the non-operating result.

Operating income was Ch\$634,202 million, Ch\$84,704 million more than the year before. If, apart from business reasons, we discount the effect of the Chilean peso revaluation during the year (6.1%), the increase in operating income would be 22.1%.

It is important to note the better performance of the primary business.

The 12.0% growth in sales confirms the sustained growth in demand for energy related to a climate of more certain economic recovery in most of the countries where the Enersis Group operates.

It should be recalled that one of the good aspects of the electricity business is its positive elasticity to economic growth, a fact that has been confirmed in recent years in most of our concession areas, as the accompany table shows.



The principal considerations helping to explain the better result are the following:

Generation Business

Taking into account that our generation business is carried out mainly by our subsidiary Endesa Chile, the following figures relate to the consolidated results of that company.

Income before taxes and minority interest rose by 24.7% over 2003, the result of improved operating and non-operating results.

The reasons for this improved performance include:

- The commercial start-up of the Ralco plant on Chile's central grid system, contributing a maximum capacity of 690 MW.
- Adjustment of the node price from May, incorporating the increased cost of thermal generation due to the gas restrictions. Later, in the tariff-setting for the period November 2004-April 2005, the modification of the works plan was accepted which included alternative technologies to natural gas.
- The successful conclusion of commercial contractual disputes of the Brazilian subsidiary, Cachoeira Dourada with its principal customer, the Goiás state distribution company CELG.
- Tariff adjustments in Argentina begun in February with a first adjustment of the seasonal price for large users and commercial customers, and a second one on November, continuing in May and November respectively, with the transfer of the new natural gas price to variable generating costs recognized by the regulator. This increased the spot price.
- Increase in energy generating prices in Peru for the period November 2004 –April 2005, showing a 19% increase in the monomic price in dollars compared to the price set in May 2004.
- Record daily production of Endesa Chile in Latin America of 204,115 MWh (November), 13% higher than the previous record daily level.

Consolidated revenues for 2004 increased by 9.5% over 2003 to Ch\$1,032,662 million. Physical energy sales grew by 5.5% and the average electricity sale price also rose.

Operating income in Chile represented 41% of Endesa Chile's consolidated operating income.

In Argentina, this reached Ch\$34,379 million and represented 9% of Endesa Chile's total. The Argentine operation showed a 30% increase in sales as a result of the important growth in generation and in energy demand.

In Brazil, the subsidiary Cachoeira Dourada contributed 4% to Endesa Chile's operating income. As already mentioned, this reflected the terms reached in concluding the company's contractual dispute with CELG. The physical generation of this subsidiary increased by 8% due to stronger demand and favorable hydrology.

Operating income in Colombia contributed 32% of the overall income of Endesa Chile. Energy sales increased by 18% as a consequence of firmer demand and good hydrology.

Operating income in Peru amounted to 14% of the company's consolidated income, with sales increasing by 8%. Although physical sales were lower than in 2003 due to the poor hydrology in the zone, the increase in prices following the rise in international fuel prices compensated the fall in volume.

Endesa Chile's non-operating result improved by 10%. Lower financing expenses and larger gains from exchange differences and price-level restatements were offset by higher non-operating expenses as a result of the re-calculation of capacity payments in Chile.

Taxes increased relating to a higher charge for income tax and a rise in deferred taxes. The higher charge for deferred taxes was recorded mainly in Argentina as a result of the significant devaluation made as part of the country's emergency plan.

Distribution

This important line of business increased its operating income by 35%, from Ch\$193,878 million to Ch\$261,414 million, in line with the reactivation in energy demand experienced in most of our concession zones.

Aggregate physical energy sales (in distribution) of the Enersis Group increased 5.5%, or 2,737 GWh, the equivalent of approximately 65% of the total annual sales of a subsidiary like Edelnor.

Sales growth by subsidiary was as follows:

- Chilectra in Santiago, 7.6% growth following the "typical" correlation in positive periods when electricity demand is around two percentage points over GDP growth.
- Edesur, in Buenos Aires, 5.3% increase that reflects the recovery in activity in some sectors like commerce and residential.

- Edelnor, Lima, saw an increase of 7.1% in physical sales, consistent also with the dynamism seen in the country's growth rate, in particular in our concession zone.
- Cerj (Ampla) in the state of Río de Janeiro, with a 4.8% growth in sales, while our other distribution subsidiary, Coelce, in Fortaleza, increased sales by 4%.
- Codensa, serving the city of Bogotá, was no exception and showed growth of 4.3% in physical sales.

This growth is of major importance for our main business and its projections and expectations in the short and medium term.

Remaining in the operating area, notable was the 4.2% increase in number of customers, from 10,442,299 to 10,885,721, thus signifying an increase of 443,422. This is an aspect of particular importance when demand is growing at current rates.

Another important element in the operating field is labor productivity in distribution. This improved by a significant 6.4%, from 1,429 to 1,521 customers per employee.

Energy losses (aggregated for the companies) are another key variable in the distribution business, slightly reducing from 12.2% to 11.9% mainly as a result of falls in Chilectra, Cerj (Ampla), and Codensa. Notable was the reduction in losses of our Brazilian subsidiary Cerj which declined from 23.2% to 22.8%, in line with our expectations with respect to the technical and commercial efforts made to improve this figure. This decline confirms the reducing trend noted last September.

The Ch\$290,474 million of increased sales were partially offset by an additional Ch\$202,876 million in cost of sales. The important changes mentioned, with a net positive effect for the company, were explained by greater levels of operating and commercial activity. On the other hand, administrative and selling expenses increased by 1.7%.

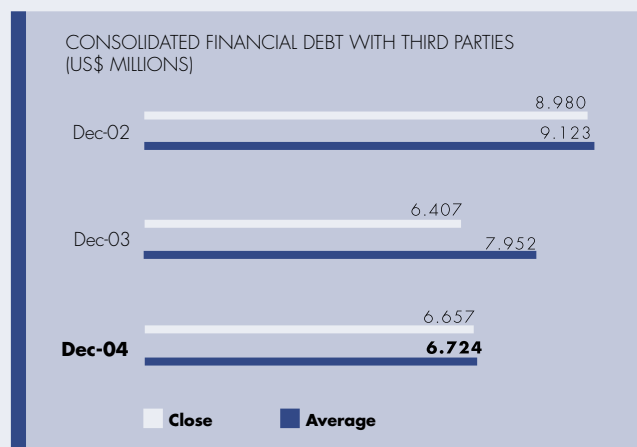
Non-Operating Result

As at the end of the third quarter, Enersis produced an improved net financial result, this time of Ch\$75,523 million, mainly due to the sharp reduction in the company's average debt level. The company refinanced loans in 2004 to obtain a new interest margin one-tenth of that paid during 2003. As already mentioned, this has enabled Enersis to reach cost levels compatible with, or better even than, international electricity utility companies rated as A.

The following table shows Enersis's credit ratings at December 31:

INVESTMENT GRADE	STANDARD & POOR'S	FITCH	MOODY'S
Maximum grade	AAA	AAA	Aaa
High grade	AA+	AA+	Aa1
Very strong	AA	AA	Aa2
Strong	AA-	AA-	Aa3
<hr/>			
Average high grade	A+	A+	A1
Strong	A	A	A2
	A-	A-	A3
<hr/>			
Medium grade	BBB+	BBB+	Baa1
Adequate	BBB	BBB	Baa2
	BBB- / Estable	BBB- / Estable	Baa3
<hr/>			
NON-INVESTMENT GRADE			
Speculative elements	BB+	BB+	Ba1
Major uncertainty	BB	BB	Ba2 / Positive
	BB-	BB-	Ba3
<hr/>			
Undesirable	B+	B+	B1
Unable to meet commitments	B	B	B2
	B-	B-	B3

The above refinancings permit Enersis now to have a debt maturity profile more in line with the group's cash generating capacity, a situation much valued by the financial community. The following graph shows the comparative position of average consolidated financial debt of the Enersis Group at the close of the last three years.



Net income from investments in related companies also benefited from the recovery and improved by 73.5%, an increase of Ch\$13,192 million, as detailed in the body of the management's analysis.

Other net non-operating income and expenses reflected a higher charge of Ch\$16,891 million, as shown in the analysis that follows.

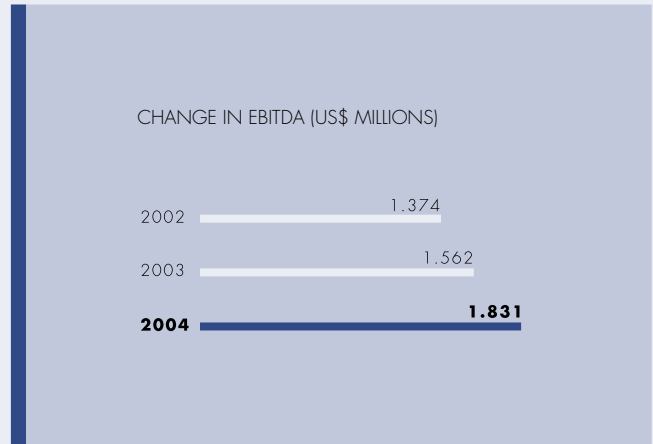
The combination of improved operating and non-operating results produced an extraordinary 219.1% growth in income before tax, equivalent to Ch\$182,332 million.

This large positive change was however offset by a large jump of Ch\$94,631 million in income tax over that of 2003, which is explained in the following pages.

Market Information

Following the severe adjustments made throughout 2003 to improve Enersis's financial situation and strengthen its equity position, 2004 was, as expected, one of consolidation.

One of the best examples of the recovery in financial ratios was the change in Enersis's EBITDA. The following table shows its strong growth, a factor normally followed by the market in analyzing the company.

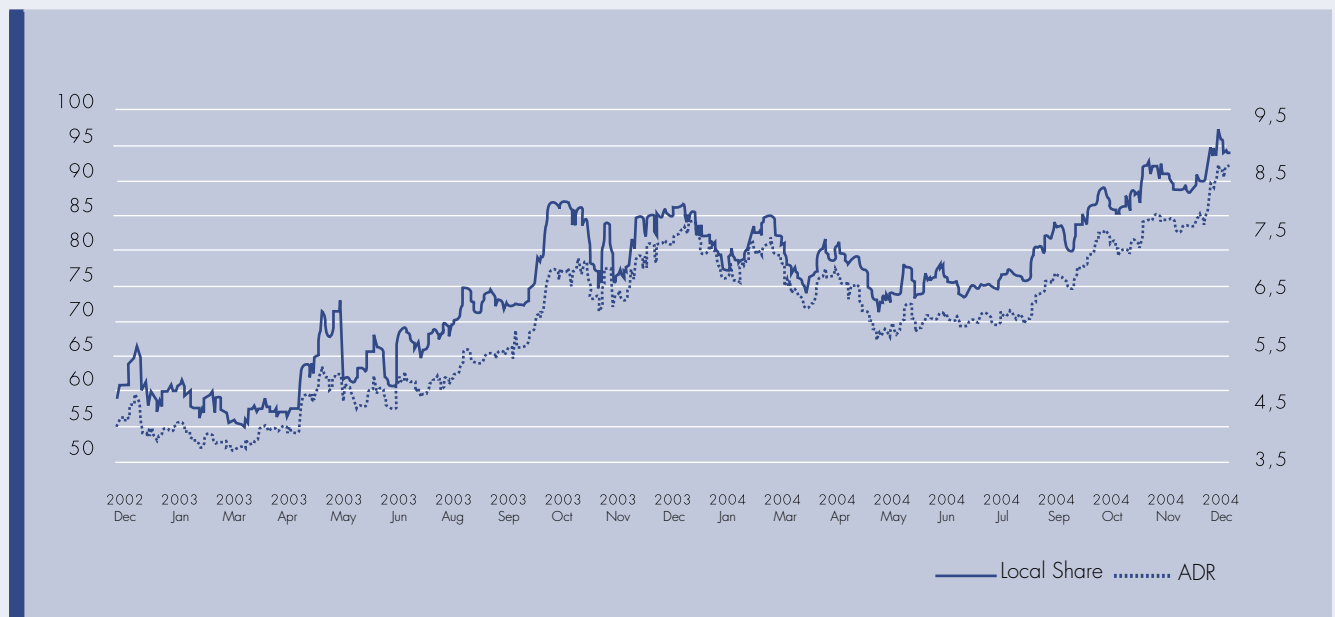


The perception of risk also improved considerably, a factor duly recognized by the international credit-rating agencies.

cost of bank borrowing and in the risk premium demanded on the company's bonds.

The improved ratings do no more than ratify the opinion of a stock and financial market that pushed the share price upward while risk margins continued to reduce considerably, both in the

The table below shows the recovery in the share price during 2004, supported also by strong liquidity, as is now habitual with Enersis's shares and ADRs.

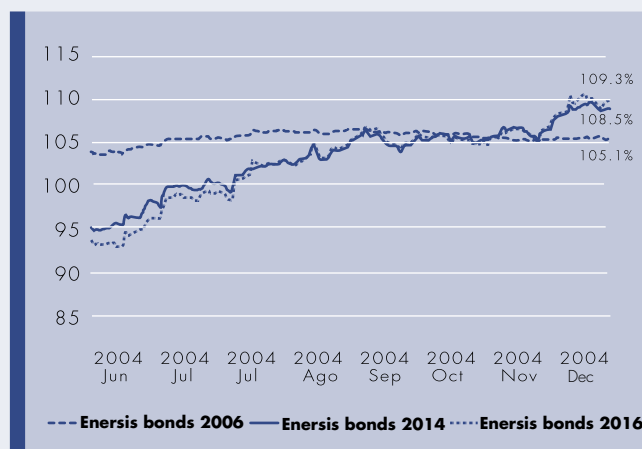


This greater liquidity also explains why our securities show the greatest sensitivity to investor decisions in the face of economic or market conditions. For example, it is reasonable to estimate that when investors perceive positive events leading them to increase their regional or local exposure, they will demand positions in securities with the greatest liquidity.

At December 31, the share price ended at Ch\$93.66, signifying a rise of 8.91% of the end of 2003. The ADR price reached US\$8.51, an increase of 15.63%.

The better perception of the company's risk was appreciated clearly in the lower financial cost for Enersis at the time of renegotiating its debt. For example, in November, debt which the year before had carried a cost of Libor + 350 basis points was refinanced at Libor + 37.5 basis points. This shows a margin approximately one tenth lower than the previous one.

The following table shows that the risk perceived by bond holders has also improved, showing the confidence of debt holders in Enersis's capacity to pay on time and in form its contracted financial commitments.



A closer analysis of changes in the principal businesses is given in the following pages, in the Comparative Analysis of the Financial Statements, of the different items of the statement of income, balance sheet and principal cash flows, compared to information at December 31, 2003.

THE COMPANY'S MARKET

The business activities of Enersis are carried out through subsidiary companies that operate in different businesses in the countries in which it has a presence. The most relevant businesses of Enersis are electricity generation and distribution.

The following table shows comparisons of key indicators in the different countries:

Distribution Business

Company	Energy Sales (GWh) (*)		Energy Losses (%)		Customers (thousands)		Customers per Employee	
	dec-03	dec-04	dec-03	dec-04	dec-03	dec-04	dec-03	dec-04
Chilectra	10,518	11,317	5.6%	5.2%	1,341	1,371	1,800	1,981
Edesur	12,656	13,322	11.8%	11.8%	2,117	2,139	938	939
Edelnor	3,968	4,250	8.4%	8.4%	892	912	1,610	1,680
Cerj	7,276	7,628	23.6%	22.8%	2,012	2,115	1,326	1,502
Coelce	5,905	6,141	13.5%	13.9%	2,109	2,334	1,534	1,746
Codensa	9,254	9,656	10.2%	9.7%	1,972	2,015	2,298	2,236
Total	49,577	52,314	12.2%	11.9%	10,443	10,886	1,429	1,521

* Includes sales to end customers, tolls and intercompany sales.

Generation Business

Country	Market	Energy Sales (GWh)		Market share in sales	
		dec-03	dec-04	dec-03	dec-04
Chile	SIC y SING	18,681	18,462	43.9%	40.3%
Argentina	SIN	9,259	11,604	11.9%	14.0%
Perú	SICN	4,443	4,328	25.3%	23.3%
Colombia	SIN	14,481	15,148	22.2%	23.3%
Brazil	SICN	3,770	3,902	1.0%	1.2%
Total		50,633	53,443		

I. ANALYSIS OF THE FINANCIAL STATEMENTS

1. Analysis of the Statement of Income

At December 31, 2004, the company had a net income of Ch\$44,308 million, representing an increase of Ch\$31,528 million, equivalent to 247% compared to 2003 when the figure was Ch\$12,780 million.

The increase is mainly due to higher operating income and lower financial expenses, partially offset by the increase in taxes. The following table provides a comparison of each item in the statement of income.

Statement of Income (millions of Ch\$)	dec-03	Dec-04	Change Dec 04-03	% change Dec 04-03
Sales	2,418,451	2,708,925	290,474	12.0%
Cost of sales	(1,695,212)	(1,898,088)	(202,876)	(12.0%)
Operating margin	723,239	810,837	87,598	12.1%
Admin. & selling expenses	(173,741)	(176,635)	(2,894)	(1.7%)
Operating income	549,498	634,202	84,704	15.4%
Income (loss) on investments in related companies	17,955	31,145	13,190	73.5%
Non-operating income & expenses, net	(56,832)	(73,723)	(16,891)	(29.7%)
Financial margin, net	(362,027)	(286,504)	75,523	20.9%
Amortization goodwill	(54,559)	(53,201)	1,358	2.5%
Price-level restatements	(4,612)	(777)	3,835	83.2%
Exchange differences	(6,206)	14,407	20,613	332.2%
Non-operating result	(466,281)	(368,653)	97,628	20.9%
Income before taxes	83,217	265,549	182,332	219.1%
Income tax	(42,610)	(137,241)	(94,631)	(222.1%)
Extraordinary items	-	-	-	-
Minority interest	(80,283)	(101,107)	(20,824)	(25.9%)
Amortization negative goodwill	52,456	17,107	(35,349)	(67.4%)
Net income for the year	12,780	44,308	31,528	246.7%
EBITDA (*)	1,040,675	1,138,905	98,230	9.4%
Earnings per share	0.39	1.36	0.97	246.7%

(*) Income before taxes, interest, depreciation, amortization & extraordinary items.

a) Operating income:

Operating income in 2004 showed a rise of Ch\$84,704 million over 2003, to Ch\$634,202 million, representing an increase of 15.4%. This is mainly the result of strong increases in operating income in the generating subsidiaries in Colombia, Brazil and Argentina and the distribution subsidiaries in Colombia and Argentina.

Taking away the effect of the revaluation of the Chilean peso against the US dollar of 6.1% during the year (from Ch\$593.80 to Ch\$557.40 per US\$1), the operating income increased by 22.1%.

In Generation, the operating income of our subsidiary Endesa Chile for 2004 was Ch\$369,025 million, a 6.4% increase of Ch\$22,052 million compared to the year before. This improved operating income is due to the better results of the subsidiaries in Colombia, Brazil and Argentina which were partly offset by weaker results in Chile and Peru. Sales in 2004 reached 53,443 GWh, an increase of 5.5% over 2003.

In Colombia, the subsidiaries Emgesa and Betania showed increases in their operating income of Ch\$18,333 and Ch\$11,990 million respectively to levels of Ch\$100,903 million and Ch\$17,553 million. This is the result of firmer demand in the local market and good hydrology during the year, which translated into an increase in energy sales in Colombia of 17.6%. Physical sales increased by 667 GWh and generation by 1,087 GWh, with a lower contribution by thermal generation. This allowed a reduction in energy purchases and in fuel costs compared to the previous year. Eliminating the effect of the variation in the Chilean peso exchange rate, the increase in operating income of Emgesa and Betania would be Ch\$24,572 and Ch\$13,171 million.

In Brazil, the subsidiary Cahoeira Dourada produced an operating income of Ch\$14,314 million, 281.8% (Ch\$10,565 million) more than in 2003. This demonstrates the progress made in the agreements signed in 2004 with its principal customer CELG. Sales increased by 33.1% to Ch\$42,006 million and the physical generation

increased by 7.9% as a result of increased demand and the favorable hydrology in the zone. Eliminating the effect of the variation in the Chilean peso exchange rate, the increase in operating income would be Ch\$10,881 million.

In Argentina, operating income in 2004 was Ch\$34,379 million, an increase of 3.8% (Ch\$1,258 million) over 2003 when the figure was Ch\$33,121 million. Sales increased by an impressive 30% to Ch\$148,300 million due to the large increase in generation and energy demand. The higher physical sales of the subsidiary Central Costanera, which grew by 74% over 2003, influenced by the ability of the Costanera plant to operate not only with natural gas but with fuel oil, were partially offset by reduced sales by El Chocón due to the low hydrology in the Comahue zone. Thermal generation's participation in Costanera's output grew from 50.3% to 70.4%, causing the cost of sales in Argentina to increase by 41.0% to Ch\$111,352 million in 2004. The cost of fuel rose by 237.6% because of the natural gas restrictions in the Argentine market which led Costanera to increase its generation with liquid fuels. Eliminating the effect of the variation in the Chilean peso exchange rate, the increase in operating income of Costanera and El Chocón would be Ch\$3,129 and Ch\$768 million respectively.

In Chile, operating income in 2004 was Ch\$149,718 million, a decline of Ch\$9,423 million with respect to 2003. This is the result of a higher variable cost of sales that had to be assumed resulting from the greater use of thermal generation in the first half of the year due to relatively poor hydrology in the zone. This situation improved in the second half of the year thus increasing hydroelectric generation, principally with the entry to the SIC of the Ralco hydroelectric plant.

In Peru, the operating income of the subsidiary Edegel was Ch\$52,158 million, compared to Ch\$62,829 million in 2003, a reduction of 17.0%. Sales increased by 7.7% (Ch\$8,843 million) to Ch\$123,375 million. Physical sales were lower than in 2003 because of the low hydrology in the zone. This also led to a price increase, affected as well by the increase in international fuel prices, which helped to compensate the reduced physical sales. However, the lower hydrology also affected the company's cost of sales which increased by 44.6% over 2003, to Ch\$63,779 million. Edegel's physical generation of electricity fell by 3.9% to 4,285.2 GWh., with hydroelectric production falling by 408.4 GWh and thermal increasing by 235.2 GWh. This implied higher fuel costs and larger energy purchases. Eliminating the effect of the variation in the Chilean peso exchange rate, the reduction in operating income would be 8.5% (Ch\$5,381 million).

In **Distribution**, the Group subsidiaries continued to produce increases in physical sales and number of customers; the former

showed an increase of 2,737 GWh, the equivalent of 5.5%, to 52,314 GWh, and the number of customers increased by 4.2% (443,000) to 10.9 million.

In Colombia, the subsidiary Codensa produced an increase in its operating income of Ch\$53,066 million to a total of Ch\$84,449 million in 2004. This increase was mainly due to a better unit margin following a tariff increase and greater energy demand; this translated into an increase in physical energy sales of 4.3% to 9,656 GWh. Eliminating the effect of the variation in the Chilean peso exchange rate, the increase in operating income would be Ch\$55,709 million.

In Chile, the subsidiary Chilectra reported an increase in operating income for 2004 of Ch\$2,236 million to Ch\$97.611 million. This was mainly due to increased sales of Ch\$38,203 million as a result of the 7.6% increase in physical sales equivalent to 799 GWh. This was partially offset by an increased cost of sales of Ch\$28,858 million following greater purchases of energy and a greater depreciation of fixed assets, as well as an increase in administrative and selling expenses of Ch\$7,109 million, mainly due to the extraordinary severance payments made early in the year and higher operating and maintenance costs.

In Peru, the subsidiary Edelnor increased its operating income by Ch\$628 million to Ch\$27,825 million. This increase was mainly due to lower administrative and selling expenses and greater physical sales, partially offset by a smaller sales margin caused by purchases at a higher price. Physical energy sales increased by 282 GWh, from 3,968 GWh in 2003 to 4,250 GWh. Eliminating the effect of the variation in the Chilean peso exchange rate, the increase in operating income of Edelnor would have increased by Ch\$2,918 million.

In Brazil, the distribution subsidiaries Cerj and Coelce produced operating income of Ch\$46,893 and Ch\$4,890 million respectively. Cerj showed an increase of Ch\$21,767 million and Coelce a reduction of Ch\$15,286 million. In the case of Cerj, the increase was the result of a greater sales margin following a tariff adjustment, higher physical energy sales which increased by 352 GWh and a reduction in energy losses from 23.6% at December 2003 to 22.8% in 2004. In Coelce, the reduction was due to higher energy purchase costs, an increase in energy losses from 13.5% to 13.9%, partially offset by the tariff increase and a 236 GWh increase in physical sales. Eliminating the effect of the variation in the Chilean peso exchange rate, the operating income of Cerj would have increased by Ch\$23,882 million and of Coelce decreased by Ch\$13,587 million.

In Argentina, our subsidiary Edesur improved its operating result by Ch\$5,125 million, passing from a loss of Ch\$5,378 million in 2003 to one of Ch\$253 million in 2004. This is mainly the result

of the country's demand for energy which has led to a 5.3% increase in physical sales, from 12,656 GWh to 13,322 GWh. Eliminating the effect of the variation in the Chilean peso exchange rate, the operating income increases by Ch\$4,673 million.

Sales, cost of sales and administrative and selling expenses of the Enersis Group subsidiaries for the years 2004 and 2003 are as follows:

Operating Results detail (millions of Chilean pesos)

Company	December 2003				December 2004			
	Sales	Cost of Sales	Admin. & Selling Expenses	Operating Result	Sales	Cost of Sales	Admin. & Selling Expenses	Operating Result
Endesa S. A.	943,288	(564,208)	(32,107)	346,973	1,032,662	(629,191)	(34,446)	369,025
Chilectra S. A.	444,803	(314,129)	(35,299)	95,375	483,006	(342,987)	(42,408)	97,611
Edesur S. A.	188,541	(165,195)	(28,724)	(5,378)	208,983	(181,425)	(27,811)	(253)
Edelnor S. A.	180,346	(135,623)	(17,526)	27,197	182,363	(137,720)	(16,818)	27,825
Cerj	325,533	(289,209)	(11,198)	25,126	354,638	(293,145)	(14,600)	46,893
Coelce	212,572	(162,022)	(30,374)	20,176	264,358	(229,674)	(29,794)	4,890
Codensa S. A.	299,459	(250,770)	(17,306)	31,383	365,513	(273,375)	(7,689)	84,449
Cam Ltda.	94,011	(73,624)	(6,305)	14,082	100,424	(84,077)	(7,113)	9,234
Inmob. Manso de Velasco Ltda.	11,617	(10,764)	(1,733)	(880)	10,354	(8,432)	(2,008)	(86)
Synopsis Soluc.y Servicios Ltda.	46,415	(31,089)	(6,369)	8,957	45,447	(33,363)	(6,084)	6,000
Enersis parent & invest. Companies	4,440	(1,158)	(17,443)	(14,161)	4,448	(1,102)	(17,533)	(14,187)
Consolidation adjustments	(332,574)	302,579	30,643	648	(343,271)	316,403	29,669	2,801
Total Group	2,418,451	(1,695,212)	(173,741)	549,498	2,708,925	(1,898,088)	(176,635)	634,202

Operating Result by Business Area

Sales and cost of sales, by business area, for the years 2004 and 2003:

Operating Result by Business Area

Years ended December 31, 2004 and 2003

Business	Generation		Distribution		Engineering & Real Estate		Head Office & other services		Eliminations		Total	
	dic-03	dic-04	dic-03	dic-04	dic-03	dic-04	dic-03	dic-04	dic-03	dic-04	dic-03	dic-04
Sales	918,634	1,012,305	1,651,253	1,858,860	36,272	30,711	144,867	150,320	(332,575)	(343,271)	2,418,451	2,708,925
Cost of sales	(543,006)	(611,808)	(1,316,948)	(1,458,325)	(31,966)	(25,816)	(105,871)	(118,542)	302,579	316,403	(1,695,212)	(1,898,088)
Operating margin	375,628	400,497	334,305	400,535	4,306	4,895	38,996	31,778	(29,996)	(26,868)	723,239	810,837
Admin. & selling expenses	(31,018)	(33,003)	(140,427)	(139,121)	(2,822)	(3,449)	(30,118)	(30,731)	30,644	29,669	(173,741)	(176,635)
Operating result	344,610	367,494	193,878	261,414	1,484	1,446	8,878	1,047	648	2,801	549,498	634,202

b) Non-Operating Result

The company's non-operating result improved by 20.9% (Ch\$97,628 million), passing from a loss of Ch\$466,281 million in 2003 to one of Ch\$368,653 million. This was mainly due to lower financial expenses, the effects of exchange differences and income on investments in related companies.

Financial expenses less financial income reduced by Ch\$75,523 million, passing from a net expense of Ch\$362,027 million in 2003 to one of Ch\$286,504 million in 2004, a reduction of 20.9%. The decline in financial expenses is mainly the result of a lower level

of average debt and lower interest rates obtained through the refinancing agreements.

Income on investments in related companies increased by 73.5% (Ch\$13,190 million), passing from income of Ch\$17,955 million in 2003 to income of Ch\$31,145 million. This is mainly due to the income recorded in 2004 by the associate company Central Generadora de Fortaleza (CGTF) of Ch\$11,857 million which entered into operations in early 2004 and the improved result in Inversiones Gas Atacama Holding Ltda. of Ch\$6,486 million, partially offset by reduced income from Cía. de Interconexión Energética (CIEN) of Ch\$4,975 million.

Amortization of goodwill shows no significant change, being a reduction of 2.5% to Ch\$53,201 million. The reduced amortization was produced by the effect of the Chilean exchange rate on foreign subsidiaries controlled in dollars and which have goodwill.

Other non-operating income and expenses (net) show a greater expense of Ch\$16,891 million, passing from a net expense of Ch\$56,832 million in 2003 to one of Ch\$73,723 million. The main reasons for this change are the following:

- Lower gains on sales of investments of Ch\$84,677 million.
- Higher net expenses due to the re-calculation of capacity on the SIC for Ch\$12,549 million.
- Higher charge for tax on equity in Colombia (of 1.2% and applicable to all companies in that country) amounted to Ch\$4,488 million.
- Net losses on derivate instrument contracts of Ch\$5,240 million.
- Lower dividends from associate companies of Ch\$2,434 million.

The above was partially offset by:

- Lower losses of Ch\$12,252 million from the conversion adjustment to Chilean regulations, in accordance with Technical Bulletin No.64, principally of the subsidiaries in Brazil. This was mainly produced by the appreciation of the Brazilian real against the US dollar during 2003 and its impact on the monetary assets and liabilities structure.
- Lower charge for provisions for lawsuits and contingencies of Ch\$56,225 million.
- Lower pension fund charges in Brazil of Ch\$16,182 million.
- Indemnity received by Edesur from Alstom-Pirelli with respect to the Azopardo substation, for Ch\$7,657 million.

Price-level restatements and exchange differences show a net positive change in 2004 of Ch\$24,448 million compared to the year before, passing from a loss of Ch\$10,818 million to a gain of Ch\$13,630 million. This arose mainly from the effects of having an asset position in the first half year when the dollar was at its peak for the year, passing to a liability position when the dollar fell, reaching a Chilean peso revaluation against the dollar at December 31, 2004 of 6.1%. The year before, the peso revaluation was 17.4% which negatively affected the position we held during that year.

Income tax and deferred taxes. There was a higher charge at December 31, 2004 of Ch\$94,631 million compared to 2003, passing from a tax charge of Ch\$42,610 million to one of Ch\$137,241 million.

INCOME TAX AND DEFERRED TAXES			
Concept	Dec 03 Ch\$ millions	Dec 04 Ch\$ millions	Change Ch\$ millions
Income tax	(103,272)	(90,712)	12,560
Deferred taxes	60,662	(46,529)	(107,191)
Total	(42,610)	(137,241)	(94,631)

The reduction of Ch\$12,560 million in income tax is mainly explained by the fact that 2003 included the tax on the gain on the sales of investments in Río Maipo, Canutillar and Infraestructura 2000 of Ch\$23,120 million. This was partially offset by the tax charge for this year due to the better taxable profits, mainly in the subsidiaries Codensa and Emgesa for Ch\$6,452 and Ch\$8,749 million respectively and the subsidiaries Edelnor and Cerj for Ch\$3,400 and Ch\$3,247 million respectively.

With respect to deferred taxes, which do not represent cash flow, these show a negative change of Ch\$107,191 million, mainly due the generating subsidiaries in Argentina (Costanera and El Chocón) for Ch\$47,961 million. This occurred as they recorded for the first time in June 2003 the effects of the companies' tax losses (mainly the devaluation of the Argentine peso) at that date (Ch\$24,332 million of gain from deferred taxes), the gain from deferred taxes increasing in the second half by Ch\$9,601 million to reach Ch\$33,933 million of gain at December 31, 2003. However, as a result of the recovery in the exchange rate and the companies' improved results, the tax loss has diminished and produced losses of Ch\$14,028 million from the reversal of deferred taxes. Other companies producing large increases in the charge for deferred taxes were Cerj for Ch\$27,783 million, Enersis for Ch\$12,889 million, Edelnor for Ch\$5,150 million, Endesa Chile for Ch\$8,362 million and Edegel for Ch\$5,352 million.

Amortization of negative goodwill. This amounted to Ch\$17,107 million in 2004, a fall of Ch\$35,349 million compared to 2003. This was due to the acceleration of the amortization in 2003 that was generated by the investment made in Cerj early that year.

Exchange and Interest Rate Risk Analysis

The company has a high proportion of its loans denominated in US dollars as most of its sales in the different markets where it operates have a high degree of indexation to that currency. However, the Brazilian and Colombian markets are less related to the dollar so the subsidiaries in those markets have more debt in local currency. In the case of Argentina, an important proportion of sales comes from

the export of energy to Brazil which is indexed to the dollar which reduces the exchange risk exposure in that country.

Despite this natural cover for the exchange rate, the company, in a scenario of high dollar volatility, has continued with its policy of partially hedging its dollar liabilities in order to attenuate the fluctuations caused to the results by changes in the exchange rate. In view of the important reduction in the accounting mismatch in recent years, which have reached prudent levels, the company has amended its dollar-peso hedging policy and established a cash-flow hedging policy together with a maximum accounting mismatch limit over which hedging transactions should be carried out.

At December 31, 2004, the company in consolidated terms has cover in Chile, through dollar-UF swaps, an amount of US\$700 million, compared to US\$219 million in forward cover contracts (for the sale of US\$) at the end of 2003. The change is mainly due to the amendment to the hedging policy mentioned above.

With respect to interest rate risk, the company has, in consolidated terms, a rate of fixed to floating rate debt of approximately 83.7% / 16.3%. The fixed-rate percentage has declined compared to the 99% / 1% ratio the year before.

The following shows the operating results by country for the years 2004 and 2003:

Country	Chile		Argentina		Brazil		Peru		Colombia		Total	
	dec-03	dec-04	dec-03	dec-04	dec-03	dec-04	dec-03	dec-04	dec-03	dec-04	dec-03	dec-04
Sales	883.093	872.542	299.651	363.389	564.369	660.679	255.971	279.721	415.367	532.594	2.418.451	2.708.925
% consolidated total	37%	32%	12%	13%	23%	24%	11%	10%	17%	20%	2.418.451	2.708.925
Cost of sales	(560.210)	(543.231)	(236.978)	(294.638)	(475.978)	(551.584)	(146.068)	(178.432)	(275.978)	(330.203)	(1.695.212)	(1.898.088)
% consolidated total	33%	29%	14%	16%	28%	29%	9%	9%	16%	17%	(1.695.212)	(1.898.088)
Operating margin	322.883	329.311	62.673	68.751	88.391	109.095	109.903	101.289	139.389	202.391	723.239	810.837
% consolidated total	45%	41%	9%	8%	12%	13%	15%	12%	19%	25%	723.239	810.837
Admin. & selling expenses	(62.055)	(70.665)	(30.750)	(29.412)	(39.611)	(43.175)	(20.910)	(21.387)	(20.415)	(11.996)	(173.741)	(176.635)
% consolidated total	36%	40%	18%	17%	23%	24%	12%	12%	12%	7%	(173.741)	(176.635)
Operating result	260.828	258.646	31.923	39.339	48.780	65.920	88.993	79.902	118.974	190.395	549.498	634.202

Others

As is normal practice with bank loans and also in the capital markets, a substantial portion of the financial debt of Enersis is subject to cross-default clauses. Certain defaults by Endesa-Chile or its subsidiaries, if not remedied within a certain time period (where the specific clauses allow a period for remedying problems), could result in a cross default at the level of Endesa-Chile and Enersis.

The detail of defaults of Enersis or its subsidiaries which, if not remedied in time, could result in a cross default at the level of Enersis and/or its subsidiaries are:

- Non-payment of principal or interest on the corresponding debt.
- Non-payment of debt of Enersis S.A., Endesa-Chile or by any of their respective subsidiaries for an amount of more than US\$30 million (considered on an unconsolidated basis) when due (whether the maturity date or by debt acceleration).
- Bankruptcy or cessation of payments by Enersis, Endesa-Chile or any of their respective subsidiaries.
- Court resolutions enforced against Enersis, Endesa-Chile or any of their respective subsidiaries that imply an obligation for the

equivalent jointly of US\$30 million or more, and enforceable court resolutions whose content is different from the payment of a money obligation against Enersis, Endesa-Chile or any of their respective subsidiaries that could have a substantially adverse effect on Enersis consolidated or Endesa-Chile consolidated, as the case may be.

- Government action whereby all or a substantial part of the ownership or assets of Enersis, Endesa-Chile or certain subsidiaries are nationalized, embargoed, expropriated or government actions are taken that could prevent the continuity of the operations or a substantial part of them, of Enersis, Endesa-Chile or certain subsidiaries.
- Non-compliance with contract clauses that are not remedied within the set grace periods such as the commitment to maintain certain debt and interest coverage ratios.

In most of the loans, and in general terms, the term subsidiary refers to those of a relevant nature in Chile or abroad.

The liabilities that could be payable on demand in each default and the respective creditor subsidiary is detailed as follows:

Bank Loans

Amounts in US\$ millions at December 31, 2004

	Syndicated	Total
Energis	350	350
Endesa Chile	250	250
Total	600	600

Potentially Active Events of Default in Subsidiaries that would generate a cross-default to the parent company.

*Energis*Effect on the Parent US\$350 million

- | | |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Default Debt \geq US\$30 MM | Parent only affected by annotated causes if occurring in the Relevant Subsidiaries. Defaults in other subsidiaries have no effect on the Parent. The Relevant Subsidiaries are qualified on the basis of financial statements for the last year under US GAAP. On the basis of the financial statements at December 31, 2003, the Relevant Subsidiaries are Energis, Endesa Chile, Cerj, Chilectra and Cono Sur. |
| 2. Bankruptcy or cessation of payments | |
| 3. Substantial Adverse Effect Defaults | |
| 4. Governmental Action | |

*Endesa*Effect on the Parent US\$250 million

- | | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Default Debt \geq US\$30 MM | Parent only affected by annotated causes if occurring in the Relevant Subsidiaries. Defaults in other subsidiaries have no effect on the Parent. The Relevant Subsidiaries are qualified on the basis of financial statements for the last year under US GAAP. |
| 2. Bankruptcy or cessation of payments | |
| 3. Substantial Adverse Effect Defaults | |
| 3. Governmental Action | |

On the basis of the financial statements at December 31, 2003, the Relevant Subsidiaries are C.E Cono Sur, Endesa Chile Internacional, Betania, Pehuenche, Pangué, C.E. Tarapacá, Edegel, Cachoeira Douradad and Lajas Inversora.

Notes:

- 1) Unconsolidated Debt
- 2) Nationalization, expropriation, dissolution, etc..

International Yankee bonds

Amounts in US\$ at December 31, 2004

	Yankee bond
Energis	901
Endesa Chile	2,016
Total	2,917

Potentially Active Events of Default in Subsidiaries (triggering cross-default to the parent company).

Energis

- | | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Default Debt \geq US\$30 MM | Default on debt of Energis or a Subsidiary. The Subsidiaries of Energis that at the date indicated have third-party debts of over US\$30 million are: Cerj, Endesa, Betania, Central Costanera, Codensa, Colece, Edegel, Edelnor, Emgesa, Endes Chile Internacional, Pehuenche and San Isidro. |
| 2. Start of bankruptcy proceedings | In Energis or one of its Significant Subsidiaries, Based on the financial statements at 31.12.2003, Significant Subsidiaries are Energis, Cerj, Chilectra, Endesa Chile and Luz de Bogotá. |

Endesa

- | | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Default Debt \geq US\$30 MM | Default on debt of Endesa or a Subsidiary. The Subsidiaries of Endesa that at the date indicated have third-party debts of over US\$30 million are: Betania, Central Costanera, Edegel, Emgesa, Endes Chile Internacional, Pehuenche and San Isidro. |
| 2. Start of bankruptcy proceedings | In Endesa or one of its Significant Subsidiaries, Based on the financial statements at 31.12.2003, Significant Subsidiaries are Central Costanera, Cono Sur, Edegel, Emgesa, Endesa Colombia, Pangué and San Isidro. |

Notes:

- (1) Only at the unconsolidated level.

Domestic Bonds

Amounts in US\$ millions at December 31, 2004

	Domestic bonds
Enersis	61
Endesa Chile	514
Total	575

The Enersis bonds have cross-default with its own debt that exceeds 3% of assets.

Potentially Active Events of Default in Subsidiaries (triggering cross default with the Parent)

Endesa Chile	Important subsidiaries	Subsidiaries
	Cono Sur	Rest of subsidiaries
1. Insolvency or inability to pay debts	Yes (Ch\$482)	Yes (Ch\$32)
2. Default Debt >= UF 2 million	No	No
3. Start of bankruptcy proceedings	Yes (Ch\$482)	No

(amounts affected US\$ millions in brackets)

2. Balance Sheet Analysis

The company's total assets reduced by Ch\$475,368 million compared to the end of the previous year, mainly because:

Assets

Assets (millions of Ch\$)	dec-03	dec-04	Change 04-03	% Change 04-03
Current assets	1,156,481	1,519,081	362,600	31.4%
Fixed assets	8,298,769	7,684,822	(613,947)	(7.4%)
Other assets	1,527,643	1,303,622	(224,021)	(14.7%)
Total assets	10,982,893	10,507,525	(475,368)	(4.3%)

The reduction in fixed assets (property, plant and equipment) of Ch\$613,947 million (7.4%) was mainly due to depreciation for the year of Ch\$379,491 million and the effect of the exchange rate on the fixed assets of foreign companies as a result of the methodology of carrying non-monetary assets in historic dollars, in accordance with Technical Bulletin No.64, affecting subsidiaries domiciled in unstable countries. This was partially compensated by new acquisitions of Ch\$265,934 million.

Current assets increased by Ch\$362,600 million, mainly due to:

- Increase in cash and banks of Ch\$29,465 million and time deposits of Ch\$188,083 million mainly because of greater placements by Codensa of Ch\$152,564 million to cover a future capital reduction, and in Endesa Chile and Betania of Ch\$33,258 and Ch\$16,327 million respectively in cash surpluses offset by reduced placements by Emgesa and Chocon of Ch\$13,541 and Ch\$10,343 million respectively held for the payment of dividends.
- Higher short-term accounts receivable from related companies, of \$96,899 million, basically because of the maturity during the year of the loan to Atacama Finance of Ch\$104,134 million, partially compensated by lower receivables from Gas Atacama of Ch\$2,681 million, Cemsas of Ch\$1,874 million and Cien of Ch\$1,049 million.
- Increase in accounts receivable of Ch\$49,890 million, mainly higher invoicing of the subsidiaries Codensa Ch\$17,647 million, Chilectra \$6,395 million, investluz \$6,173 million Emgesa Ch\$5,291 million, Cerj Ch\$4,167 million and Edelnor Ch\$4,055 million, partially offset by Cachoeira Dourada where receivables fell by Ch\$7,379 million.
- Increase in recoverable taxes of Ch\$34,819 million, mainly by Elesur for Ch\$56,363 million and Codensa for Ch\$15,596 million, partially offset by reductions in Enersis of Ch\$14,844 million, Cerj of Ch\$11,895, Endesa of Ch\$9,682 million and Coelce of Ch\$2,904 million.

- Increase in prepaid expenses of Ch\$28,147 million, mainly in Cerj and Investluz of Ch\$21,704 and Ch\$3,215 million respectively, for the regulatory assets and Parcel A.
- Reduction in other current assets of Ch\$39,660 million, mainly the result of a decline in forward contracts and agreements for Ch\$21,901 million, smaller deposits in guarantee of Ch\$8,953 million and less deferred credits of Ch\$4,163 million.
- Reduction in other accounts receivable of Ch\$32,735 million, mainly the result of the payment of OHL of Ch\$38,730 million for Infraestructura 2000 and less advances to suppliers in Codensa of Ch\$4,023 million, partially offset by the recalculation of capacity on the SIC of Ch\$17,572 million.

Other long-term assets showed a reduction of Ch\$224,020 million, mainly due to:

- Fewer accounts receivable from related companies of Ch\$131,875 million, basically because of the transfer to current

assets of the loan to Atacama Finance of ch\$131,875 million and part payment of that loan.

- Reduction in goodwill of Ch\$66,372 million mainly due to amortization in 2004 of Ch\$53,201 million. The difference is the result of the Chilean exchange rate with respect to goodwill in subsidiaries controlled in dollars.
- Reduction in investments in other companies of Ch\$86,804 million, basically the investment in Empresa Electrica de Bogota following the liquidation of Luz de Bogota, transferring its holding to minority interests.
- Reduction on other long-term assets of Ch\$59,843 million following a reduction in deferred loan commissions and expenses of Ch\$46,527 million, less the effects of the marking to fair value of derivatives of Ch\$23,070 million and a reduction in post-retirement benefits of Ch\$5,184 million, all partially offset by an increase in bond expenses and discounts of Ch\$11,161 million.

The company's total liabilities show a reduction of Ch\$475,368 million compared to the end of the previous year, for the following reasons

Liabilities

Liabilities (millions of Ch\$)	dec-03	dec-04	Change 04-03	% Change 04-03
Current liabilities	1,155,330	1,018,811	(136,519)	(11.8%)
Long-term liabilities	3,782,448	3,804,155	21,707	0.6%
Minority interest	3,433,014	3,125,006	(308,008)	(9.0%)
Shareholders' equity	2,612,101	2,559,553	(52,548)	(2.0%)
Total liabilities & shareholders' equity	10,982,893	10,507,525	(475,368)	(4.3%)

Short-term liabilities reduced by 11.8% (Ch\$136,519 million) due to:

- Reduction in short-term, and current portion of long-term, borrowings from banks of Ch\$128,037 and Ch\$62,896 million respectively resulting from the prepayments made by Edesur of Ch\$63,284 million and by Codensa of Ch\$82,340 million.
- Reduction in other current liabilities of Ch\$16,609 million, mainly the result of a decline in derivative contracts and their fair value of Ch\$29,680 million.
- Increase in short-term bonds payable of Ch\$34,365 million following the transfer to short term of Edegel bonds for Ch\$22,733 million and of Cerj for Ch\$16,522 million.
- Increase in accounts payable of Ch\$32,172 million, mainly Endesa for Ch\$21,023 million and Edesur for \$11,956 million.

Long-term liabilities increased by Ch\$21,707 million (0.6%) basically due to an increase in bonds payable of Ch\$136,723 million, issued to prepay bank debt.

- Increase in other long-term liabilities of Ch\$57,348 million, mainly the result in Enersis of recording the fair value of derivative instruments taken.
- Increase in long-term deferred taxes of Ch\$56,340 million, mainly Endesa and Edelnor for Ch\$39,396 and Ch\$14,805 respectively.

- Reduction in bank borrowings by Ch\$228,630 million following the prepayments made from surplus cash and bond issues.

The minority interest fell by Ch\$308,008 million due to the increased holdings in Cerj and Costanera and the liquidation of Luz de Bogotá, plus the effect of the reduction in capital of foreign subsidiaries controlled in dollars, in accordance with Technical Bulletin No.64.

With respect to shareholders' equity, this fell by Ch\$52,548 million compared to December 2003, explained mainly by the reduction in other reserves of Ch\$96,275 million caused by the revaluation of the Chilean peso and its effect on equity through the adjustment for conversion differences of investments controlled in dollars. This was partially offset by the increase in retained earnings of Ch\$13,961 million and the improved net income for the year of Ch\$31,528 million.

The principal financial indicators are as follows:

Comparison of the Principal Financial Indicators

	Indicator	Unit	dec-03	dec-04	Change Dec 04-03	% Change 04-03
Liquidity	Current ratio	times	1.00	1.49	0.49	49.0%
	Acid test (1)	times	0.95	1.40	0.45	47.4%
	Working capital	Ch\$ millions	1,151	500,270	499,119	43,363.9%
Debt	Debt ratio	times	0.82	0.85	0.03	3.7%
	Short-term debt	%	0.23	0.21	(0.02)	(8.7%)
	Long-term debt	%	0.77	0.79	0.02	2.6%
	Financial expense coverage (2)	times	2.41	3.16	0.75	31.1%
Profitability	Return on equity	%	0.49%	1.73%	1.24%	253.1%
	Return on assets	%	0.12%	0.42%	0.30%	250.0%

(1) Current assets less inventories and prepaid expenses

(2) EBITDA divided by financial expenses.

The current ratio at December 2004 was 1.49:1, showing a 49.0% improvement over the year before and reflecting the company's improved financial situation following the capital increase and debt refinancing operations carried out in recent two years.

The debt ratio was 0.85:1 at December 2004, a slight 3.7% decline compared to 2003, basically because of the effect of the Chilean exchange rate.

The return on equity reached 1.73%, compared to 0.49% at the end of 2003. This improvement was due to the improved result for the year.

The return on assets moved from 0.12% at December 2003 to 0.42% at December 2004, basically due to the improved result and the reduction in total assets.

3. Principal Cash Flows

The company generated a net cash flow in 2004 of Ch\$234,976 million, composed as follows:

Principal Cash Flows

Cash flow (millions of Ch\$)	dec-03	dec-04	Change 04-03	% Change 04-03
Operating	588,839	618,005	29,166	5.0%
Financing	(446,651)	(189,124)	257,527	(57.7%)
Investment	90,584	(193,905)	(284,489)	(314.1%)
Net cash flow for the year	232,772	234,976	2,204	0.9%

The operating activities generated a net positive cash flow of Ch\$618,005 million which is higher than the Ch\$29,166 million generated the year before. The operating flow in 2004 comprised the following:

Net income for the year was Ch\$44,308 million, plus:

- Charges to income not representing cash flows of Ch\$589,794 million, corresponding mainly to depreciation for the year of Ch\$379,491 million, write-offs and provisions of Ch\$38,380 million, amortization of goodwill of Ch\$53,201 million and other charges not representing flows of Ch\$111,142 million which included the effect of the negative conversion of foreign subsidiaries of Ch\$30,810 million.

- Change in net liabilities of Ch\$107,571 million, affecting cash flows.

The above was partially compensated by:

- The increase in net assets affecting operating cash flows of Ch\$38,701 million.

- Credits not representing cash flows of Ch\$78,124 million of which Ch\$15,464 million relate to the positive conversion of foreign subsidiaries.

- Gain on sales of assets of Ch\$6,841 million.

Financing activities produced a net negative cash flow of Ch\$189,124 million, mainly due to loan repayments of Ch\$1,191,305 million, dividend payments of Ch\$97,013 million, bond repayments of Ch\$22,110 million and distribution of capital of subsidiaries of Ch\$21,172 million. This was partially offset by loans drawn of Ch\$827,706 million, bonds placed of Ch\$328,720 million and other sources of finance of Ch\$22,781 million.

Investment activities generated a net negative cash flow of Ch\$193,905 million, mainly reflecting the acquisition of fixed assets of Ch\$265,934 million, particularly Endesa's investment in its Ralco plant, of Ch\$65,258 million in 2004, and other disbursements of Ch\$1,592 million, partially offset by other investment income of Ch\$40,574 million, the collection of loans to related companies of Ch\$15,295 million and the sale of permanent investments of Ch\$2,557 million.

Company	Acquisitions of Fixed Assets		Depreciation	
	dec-03	dec-04	dec-03	dec-04
Endesa S. A.	134,419	96,136	183,976	170,790
Chilectra S. A.	25,601	32,716	13,077	14,696
Río Maipo S. A.	-	-	-	-
Edesur S. A.	25,652	31,293	53,719	47,884
Edelnor S. A.	19,311	11,370	16,098	16,037
Cerj	23,661	46,243	46,189	42,489
Coelce	19,636	27,581	38,098	35,667
Codensa S. A.	16,240	15,654	51,674	48,496
Cam Ltda.	541	2,006	1,181	1,121
Inmobiliaria Manso de Velasco Ltda.	-	20	234	289
Synapsis Soluciones y Servicios Ltda.	195	2,821	968	962
Holding Enersis	-	94	1,112	1,060
Consolidated total	265,256	265,934	406,325	379,491

II. BOOK VALUE AND ECONOMIC VALUE OF THE ASSETS

The following should be mentioned with respect to the more important assets:

The values of the fixed assets are adjusted according to the accounting principles set by the Superintendency of Securities and Insurance (SVS) in its Circulars 550 and 566 of 1985. In the case of the foreign company Inversiones Distrilima S.A., the fixed assets were adjusted according to the exception criteria contained in Technical Bulletin No.45 of the Chilean Institute of Accountants, which was in force at the time the investment was made and was not modified by Technical Bulletin No.51 that replaced it.

Depreciation is calculated on the restated value of the assets depending on the remaining useful lives of each asset.

Investments in related companies are shown at their equity-method value. In the case of foreign companies, the application of this method has been made on the financial statements prepared in accordance with the terms of Technical Bulletins Nos.72 and 64 of the Chilean Institute of Accountants and the intangible values are restated and amortized in accordance with Technical Bulletin No.55 of the Chilean Institute of Accountants.

In accordance with SVS Circular 150 of January 31, 2003, the company evaluated, at the close of the financial statements for

2002, the recoverability of assets related to its investments, applying accounting principles generally accepted in Chile (Technical Bulletin No.33 for fixed assets and NIC 36 for the hierarchy defined in Technical Bulletin No.56 for the increased or decreased values related to such investments).

Assets expressed in foreign currencies are shown at the exchange rate current on the closing date.

Investments in financial instruments under resale agreements are shown at their cost plus the proportion of the corresponding interest according to the rate implied in each transaction.

Accounts and notes receivable from related companies are classified according to their short or long-term maturities. The operations meet conditions of equity similar to those normally prevailing in the market.

In summary, the assets are shown in accordance with generally accepted accounting principles and standards, and the respective instructions issued by the SVS, as mentioned in Note 2 to the financial statements.

UNCONSOLIDATED FINANCIAL STATEMENTS

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REPORT FROM THE INSPECTORS OF ACCOUNT

In accordance with the stipulations of Law N° 18,046 on Limited Liability Stock Companies and in compliance with the mandate conferred by the Ordinary General Meeting of Shareholders held on March 26, 2004, we have proceeded to examine the Financial Statements of Enersis S.A. for the period between January 1 and December 31 of the year 2004.

Our task was centered on the verification, on a selective basis, of the match between the amounts included in the financial statements and the official registers of the Company and for this purpose we compared the figures presented in the general ledger against the grouping and classification spreadsheets, in order to subsequently verify that these amounts, which represent the totals of the accounts under one item, coincided with those included in the financial statements, We have no observations on this review.



José Santiago Edwards
Inspector of Accounts



Luis Bone
Inspector of Accounts

Santiago, January 28, 2005

REPORT OF INDEPENDENT ACCOUNTANTS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Enersis S.A.

We have audited the accompanying balance sheets of Enersis S.A. (the "Company") as of December 31, 2004 and 2003, and the related statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements at December 31, 2004 and 2003 of Empresa Nacional de Electricidad S.A. and Subsidiaries in Peru in 2004 and 2003 and its Subsidiary and equity method investment in Brazil in 2004, and the financial statements at December 31, 2004 and 2003 of Chilectra S.A. and Subsidiaries in Chile, nor the 2004 financial statements of the equity method investment in Central Generadora Termoelectrica Fortaleza S.A. These financial statements reflect total assets constituting 35.74% and 29.35%, respectively, of consolidated total assets at December 31, 2004 and 2003 and total revenues constituting 41.19% and 41.86%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

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

The abovementioned financial statements have been prepared to reflect the individual financial position of Enersis S.A. on the basis of the criteria set forth in Note 2, prior to consolidating the financial statements of the subsidiaries detailed in Note 8. Therefore, these individual financial statements, in order to be properly understood, should be read and analyzed together with the consolidated financial statements of Enersis S.A. and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of Enersis S.A. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with the criteria set forth in Note 2.

As discussed in Note 3 a) to the financial statements, in 2004 Enersis S.A. and Subsidiaries adopted Technical Bulletin No. 72 of the Chilean Association of Accountants, which prescribes the accounting treatment for business combinations.



Santiago, Chile
January 22, 2005

UNCONSOLIDATED BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

ASSETS	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
CURRENT ASSETS:		
Cash	341,241	82,267
Time deposits	1,181,114	9,176,155
Notes receivable, net	755	737
Other accounts receivable, net	1,774,192	2,227,626
Amounts due from related companies	128,562,558	26,874,285
Income taxes recoverable	14,843,891	-
Prepaid expenses	55,432	-
Deferred income taxes	28,516,072	42,802,273
Other current assets	17,303,424	18,136,958
Total current assets	192,578,679	99,300,301
PROPERTY, PLANT AND EQUIPMENT:		
Buildings and infrastructure	21,318,189	21,318,134
Machinery and equipment	2,359,443	2,196,587
Other assets	818,188	1,158,196
Technical appraisal	34,005	33,988
Sub - total	24,529,825	24,706,905
Less: accumulated depreciation	(11,919,198)	(12,530,600)
Total property, plant and equipment, net	12,610,627	12,176,305
OTHER ASSETS:		
Investments in related companies	2,226,881,670	2,250,223,210
Investment in other companies	-	15,508,173
Goodwill, net	753,106,535	706,355,890
Negative goodwill, net	(621,934)	(635,425)
Long-term receivables	487,265	-
Amounts due from related companies	451,554,968	434,047,535
Intangibles	1,473,876	1,473,876
Accumulated amortization	(434,208)	(508,041)
Other assets	27,395,174	12,327,667
Total other assets	3,459,843,346	3,418,792,885
TOTAL ASSETS	3,665,032,652	3,530,269,491

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
CURRENT LIABILITIES:		
Current portion of long-term debt due to banks and financial institutions	809,498	31,837
Current portion of bonds payable	4,173,363	9,062,455
Dividends payable	114,402	53,507
Accounts payable	177,329	187,258
Miscellaneous payables	247,085	94,604
Amounts payable to related companies	34,809,445	76,122,916
Accrued expenses	22,183,350	18,012,095
Withholdings	136,704	193,498
Income taxes payable	16,691,677	-
Unearned income	139,111	31,379
Other current liabilities	8,680,005	544,059
Total current liabilities	88,161,969	104,333,608
LONG -TERM LIABILITIES:		
Due to banks and financial institutions	304,322,500	195,090,000
Bonds payable	643,421,975	592,028,750
Accrued expenses	2,565,412	2,565,071
Deferred income taxes	4,818,080	3,520,749
Other long-term liabilities	9,641,028	73,178,171
Total long-term liabilities	964,768,995	866,382,741
SHAREHOLDERS' EQUITY:		
Paid-in capital, no par value shares	2,283,404,124	2,283,404,124
Additional paid-in capital	163,306,446	162,725,821
Other reserves	(26,313,477)	(122,588,994)
Retained earnings	180,417,144	194,378,259
Net income for the year	12,779,560	44,307,596
Deficit of subsidiaries in development stage	(1,492,109)	(2,673,664)
Total shareholders' equity	2,612,101,688	2,559,553,142
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,665,032,652	3,530,269,491

The accompanying notes are an integral part of these financial statements

UNCONSOLIDATED INCOME STATEMENT

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

	Years ended December 31,	
	2003 ThCh\$	2004 ThCh\$
OPERATING INCOME:		
SALES	4,440,316	4,432,912
COST OF SALES	(1,158,548)	(1,101,472)
GROSS PROFIT	3,281,768	3,331,440
ADMINISTRATIVE AND SELLING EXPENSES	(17,443,744)	(17,314,877)
OPERATING LOSS	(14,161,976)	(13,983,437)
NON-OPERATING INCOME SELLING EXPENSES:		
Interest income	40,618,484	30,514,861
Equity in income of related companies	116,577,629	157,530,500
Other non-operating income	102,226,101	9,995,020
Equity in losses of related companies	(73,440,467)	(20,852,813)
Amortization of goodwill	(51,110,145)	(51,264,529)
Interest expense	(146,131,051)	(71,623,008)
Other non-operating expenses	(23,686,725)	(15,960,008)
Price-level restatements, net	(4,536,852)	(2,131,915)
Exchange difference, net	31,296,475	5,096,826
NON-OPERATING RESULT	(8,186,551)	41,304,934
INCOME (LOSS) BEFORE INCOME TAXES AND AMORTIZATION OF NEGATIVE GOODWILL	(22,348,527)	27,321,497
INCOME TAX	12,951,801	16,945,821
INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL	(9,396,726)	44,267,318
AMORTIZATION OF NEGATIVE GOODWILL	22,176,286	40,278
NET INCOME FOR THE YEAR	12,779,560	44,307,596

The accompanying notes are an integral part of these financial statements

STATEMENTS OF UNCONSOLIDATED CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004 and thousands of US dollars)

	Years ended December 31,	
	2003 ThCh\$	2004 ThCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the year	12,779,560	44,307,596
GAIN (LOSSES) FROM SALES OF ASSETS:		
Gain on sales of investments	(90,022,773)	-
Changes (credits) to income which do not represent cash flows:		
Depreciation	1,112,068	1,054,993
Amortization of intangibles	73,833	73,833
Equity in income of related companies	(116,577,629)	(157,530,500)
Equity in losses of related companies	73,440,467	20,852,813
Amortization of goodwill	51,110,145	51,264,529
Amortization of negative goodwill	(22,176,286)	(40,278)
Price-level restatement, net	4,536,852	2,131,915
Exchange difference, net	(31,296,475)	(5,096,826)
Other credits to income which do not represent cash flows	(299,592)	(865,132)
Other charges to income which do not represent cash flows	54,513,673	28,994,053
Changes in assets which affect cash flows:		
Decrease in dividends receipts	-	66,476,784
Decrease (increase) in trade receivables	(454,853)	436,741
Decrease in other assets	18,226,354	(8,937,104)
Changes in liabilities which affect cash flows:		
Increase (decrease) in accounts payable associated with operating results	(5,914,032)	(4,216,879)
Increase in interest payable	(28,093,955)	5,813,329
Decrease in income tax payable	(12,951,801)	(18,124,485)
Increase in other accounts payable associated with non-operating results	1,545,313	(19,309,679)
Net decrease in value added tax and other similar taxes payable	4,832	38,021
Net cash flows used in operating activities	(90,444,299)	7,323,724

	Years ended December 31,	
	2003 ThCh\$	2004 ThCh\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares	560,126,472	-
Loans obtained	376,687,632	75,263,089
Proceeds from bond issuances	224,868,923	-
Loans obtained from related companies	-	84,767,891
Other sources of financing	18,153,248	12,644,430
Dividends paid	(72,526)	(59,093)
Payment of loans	(1,081,078,487)	(166,967,236)
Payment of bonds	(87,566,290)	(134,639)
Payment of loans granted by related companies	(4,579,223)	(85,248,568)
Payment of other loans obtained from related companies	(61,941,413)	(11,441,165)
Payment of bond issuance costs	(11,102,445)	-
Other disbursements for financing	(61,812,117)	(2,712,427)
Net cash used in financing activities	(128,316,226)	(93,887,718)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of long-term investments	165,464,042	-
Proceeds from loans granted to related companies	54,398,161	108,694,177
Proceeds from other loans granted to related companies	-	98,221,201
Long-term investments	-	(343,959)
Additions to property, plant and equipment	-	(94,031)
Loans granted to related companies	(5,932,860)	(99,393,687)
Other receipts from investments	1,676,345	2,122,134
Net cash provided by investing activities	215,605,688	109,205,835
NET CASH FLOW FOR THE YEAR	(3,154,837)	22,641,841
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS	(518,808)	(313,563)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,673,645)	22,328,278
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,195,998	1,522,353
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,522,353	23,850,631

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Paid-in capital ThCh\$	Additional paid-in capital ThCh\$	Other reserves ThCh\$	Retained earnings ThCh\$	Deficit of subsidiaries in development stage ThCh\$	Net income (loss) for the year ThCh\$	Total ThCh\$
As of January 1, 2003	751,208,197	33,370,057	46,879,587	402,807,650	(4,937,110)	(223,748,087)	1,005,580,294
Capital increase	1,471,844,920	125,881,577	-	-	-	-	1,597,726,497
Transfer of prior year loss to retained earnings	-	-	-	(228,581,520)	4,833,433	223,748,087	-
Changes in equity of affiliates	-	-	(11,432,599)	-	-	-	(11,432,599)
Deficit of subsidiaries in the development stage	-	-	-	-	(1,302,667)	-	(1,302,667)
Cumulative translation adjustment	-	-	(61,587,469)	-	-	-	(61,587,469)
Price-level restatement of capital	4,658,223	71,728	468,796	1,790,596	(49,372)	-	6,939,971
Net income for the year	-	-	-	-	-	12,467,863	12,467,863
As of December 31, 2003	2,227,711,340	159,323,362	(25,671,685)	176,016,726	(1,455,716)	12,467,863	2,548,391,890
As of December 31, 2003 (1)	2,283,404,124	163,306,446	(26,313,477)	180,417,144	(1,492,109)	12,779,560	2,612,101,688
As of January 1, 2003	2,227,711,340	159,323,362	(25,671,685)	176,016,726	(1,455,716)	12,467,863	2,548,391,890
Capital increase	-	(563,714)	-	-	-	-	(563,714)
Transfer of prior year income to retained earnings	-	-	-	13,629,822	(1,161,959)	(12,467,863)	-
Changes in equity of affiliates	-	-	(4,435,524)	-	-	-	(4,435,524)
Cumulative translation adjustment	-	-	(103,832,123)	-	-	-	(103,832,123)
Reserve Technical Bulletin No. 72	-	-	11,992,130	-	-	-	11,992,130
Price-level restatement of capital	55,692,784	3,966,173	(641,792)	4,731,711	(55,989)	-	63,692,887
Net income for the year	-	-	-	-	-	44,307,596	44,307,596
As of December 31, 2004	2,283,404,124	162,725,821	(122,588,994)	194,378,259	(2,673,664)	44,307,596	2,559,553,142

(1) Restated in thousands of constant Chilean pesos as of December 31, 2004.
The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2004, except as stated)

NOTE 1. DESCRIPTION OF BUSINESS

Enerjis S.A. (the "Company") is registered in the Securities Register under N°0175 and is regulated by the Chilean Superintendence of Securities and Insurance (the "SVS"). The Company issued American Depositary Receipts in 1993 and 1996 and is also subject to the regulation of the Securities and Exchange Commission (SEC) of the United States.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Periods covered

These financial statements cover the years ended December 31, 2003 and 2004.

b) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Chile and the regulations established by the SVS (collectively "Chilean GAAP"), except for the investment in subsidiaries, which is shown in one line of the balance sheet under the equity method and, therefore, have not been consolidated line by line. This treatment does not affect the net income of the year or shareholders' equity.

These financial statements have been prepared order an individual analysis of the Company and they should be read along with the consolidated financial statements required by accounting principles accepted in Chile.

These financial statements include assets, liabilities and result of the agency established in 1996 by Enerjis S.A. in Cayman Islands.

c) Basis of presentation

The 2003 financial statements and its corresponding notes are presented updated and restated by 2.5% to facilitate comparison. This percentage corresponds to the Consumer Price Index variation within the last twelve months, with a one-month lag.

d) Price-level restatement

The financial statements have been price-level restated in accordance with generally accepted accounting principles, to reflect the effects of the changes in the purchasing power of the Chilean peso for the years ended December 31, 2004 and 2003. The effects of these off-the-books restatements are shown in Note 20.

e) Currency conversion

Assets and liabilities denominated in foreign currencies and/or Unidad de Fomento (UF, Inflation index linked units of accounts) are shown at their corresponding values and/or exchange rates effective at each year end using the following year-end rates:

Currency	Symbol used	2003 Ch\$	2004 Ch\$
United States dollar (Observed)	US\$	593.80	557.40
Euro	€	744.95	760.13
Unidad de Fomento (UF)	UF	16,920.00	17,317.05

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, 2004 of Ch\$557.40 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.

f) Time deposits

Time deposits are presented at original placement plus accrued interest and indexation adjustments at each year end.

g) Property, plant and equipment

Property, plant and equipment are stated at cost plus price-level restatement.

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

At December 31, 2003 and 2004, the Company has evaluated the recoverability of the book value of its property, plant and equipment in accordance with Technical Bulletin N°33 of the Chilean Accounting Association. As a result of this evaluation no adjustments have been determined that affect the book values of these assets.

h) Depreciation

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. Depreciation expense was ThCh\$1,112,068 and ThCh\$1,054,993 in 2003 and 2004, respectively.

i) Intangibles

Intangibles are mainly easements, and amortized in accordance with Technical Bulletin N°55 of the Chilean Association of Accountants.

j) Investments in related companies

Investments in related companies are presented under the equity method of accounting, on the basis of the corresponding financial statements of the invested.

Investments in foreign affiliates are recorded in accordance with Technical Bulletins No. 64 and 72 (which partially revoked Technical Bulletin No. 42) of the Chilean Association of Accountants.

The Company has evaluated at December 31, 2003 and 2004, the recoverability of the book value of its investments abroad in accordance with Technical Bulletin N°33 of the Chilean Accounting Association. As a result of this evaluation no adjustments have been determined that affect the book values of these assets.

k) Investments in other corporations

Investments in other corporations are valued at monetary adjusted acquisition cost.

l) Goodwill and negative goodwill

Goodwill and negative goodwill are determined according to Circular N° 1697 (which revoked Technical Bulletin No. 42) of the SVS. Amortization is calculated using the straight-line method, considering the nature and characteristic of each investment, foreseeable life of the business and investment return, and does not exceed 20 years.

The Company has evaluated at December 31, 2003 and 2004, the recoverability of its goodwill and negative goodwill arising on investments abroad, and in virtue of Technical Bulletin N°56 of

the Chilean Association of Accountants, it has resorted to IAS 36 "Impairment of Assets Value". As a result of this evaluation, no adjustments have been determined that affect the book values of these assets.

m) 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.

n) Income tax and deferred income taxes

At December 31, 2003 and 2004, the Company recorded current tax expense according to the tax laws. The Company records income taxes in accordance with Technical Bulletin N°60 and its complements of the Chilean Association of Accountants, and with circular N°1466 and N°1560 issued by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities using the tax rates estimated to be in effect at the time of reversal of the temporary differences that gave rise to them.

o) 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 6.5% (9.5% in 2003) and assuming an average employment span which varies based upon years of service with the Company.

p) Revenue recognition

The Company recognizes revenues for amounts received from substations rental and electrical distribution lines in accordance with contracts with Chilectra S.A. These amounts are presented in current assets as amounts due from related companies and the corresponding cost is included in cost of sales as depreciation of the aforementioned equipment and electrical installations.

q) Pension and post-retirement benefits

Pension and post-retirement benefits are recorded in accordance with the respective Collective Bargaining Contracts of the employees based on the actuarially determined projected benefit obligation, discounted at 6.5% (9.5% in 2003).

r) Accrued vacation expense

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

s) **Financial derivative contracts**

As of December 31, 2003 and 2004 the Company has forward contracts, currency swaps, and interest swaps and collars with several financial institutions, defined as cover, which are recorded according to Technical Bulletin N°57 of the Chilean Association of Accountants.

t) **Software**

Software has acquired by the Company and its subsidiaries as computing packages and is amortized over a 3-year term.

u) **Research and development costs**

During 2003 and 2004 there have been no expenses under this caption which require footnote disclosure as required by Circular No. 981 of SVS dated December 28, 1990.

v) **Statements of cash flows**

Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin N°50 issued by the Chilean Association of Accountants, include cash and time deposits.

For classification purposes, cash flows from operations include collections and payments to related companies for services and dividends paid.

w) **Cost of share issue**

Costs incurred to date associated with issuing and placing shares are recorded according to the provisions of Circular No. 1370 of 1998 of the Superintendence of Securities and Insurance. The amounts under these items are deducted from the premium account. Breakdown of the costs is shown in Note 23.

x) **Reclassification**

Do not reclassification was made at December 31, 2003.

NOTE 3. CHANGE IN ACCOUNTING PRINCIPLES

As from January 1, 2004, the Superintendence of Securities and Insurance, through Circular Letter 1697, has made demandable the adoption of Technical Bulletin 72 on Business Combinations, issued by the Accountants Association of Chile. These regulations have been applied by the Company regarding permanent investment and interest unification.

Regarding indemnity for years of service, the Company modified the deduction rate from 9.5% in 2003 to 6.5% in 2004 and its workers future permanence, which are the parameters used to assess the said liabilities. These changes resulted in the acknowledgement of a larger net charge of ThCh\$204,389 to income during the current fiscal year.

In addition, in the provision for after-retirement benefits, the deduction rate was also modified from 9.5% in 2003 to 6.5% in 2004, which resulted in a higher charge of ThCh\$107,881 to the margin.

NOTE 4. TRANSACTIONS WITH RELATED COMPANIES

Balances of accounts receivable and payable are as follows at December 31, 2003 and 2004:

a) Notes and accounts receivable:

Company	As of December 31 ,			
	Short-term		Long-term	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Chilectra S.A.	70,777,485	12,143,747	95,557,104	88,017,114
Synapsis, Soluciones y Servicios IT Ltda.	53,297	7,840	-	-
Inmobiliaria Manso de Velasco Ltda.	35,043	56,662	-	-
Cía. Americana de Multiservicios Ltda.	398,422	339,736	-	1,936,321
Enersis Internacional	6,496,794	6,321,005	-	-
Chilectra S.A. (Agencia en Islas Cayman)	9,527	10,813	319,399,909	308,861,143
Construcciones y Proyecto Los Maitenes S.A.	-	1,006	-	-
Edelnor S.A.	58,546	53,617	-	-
Companhia de Eletricidade do Rio de Janeiro	18,248	16,711	-	-
Luz de Bogotá S.A.	21,127	-	-	-
Edesur S.A.	54,251	49,684	-	-
Luz de Rio Ltda.	14,584	13,356	36,597,955	35,232,957
Codensa S.A.	12,449	11,401	-	-
Empresa Eléctrica de Colina Ltda.	312	-	-	-
Endesa S.A. (Chile)	49,921,481	1,390,304	-	-
Elesur S.A.	21,969	21,094	-	-
Inversiones Distrilima S.A.	500	487	-	-
Ingendesa S.A.	1,668	1,029	-	-
Chilectra Internacional	-	5,751,963	-	-
Túnel el Melón S.A.	83,042	80,393	-	-
Smartcom S.A.	350	936	-	-
Compañía Eléctrica Tarapacá S.A. (Celta)	29,442	28,704	-	-
Endesa S.A. (España)	522,285	543,797	-	-
Chispa Uno S.A.	286	-	-	-
Empresa Eléctrica Pehuenche S.A.	700	-	-	-
Aguas Santiago Poniente S.A.	30,750	30,000	-	-
Total	128,562,558	26,874,285	451,554,968	434,047,535

b) Notes and accounts payable:

Company	As of December 31 ,			
	Short-term		Long-term	
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
Chilectra S.A.	690,211	1,457,449	-	-
Synapsis, Soluciones y Servicios IT Ltda.	5,279,471	1,828,343	-	-
Inmobiliaria Manso de Velasco Ltda.	18,564,647	8,938,838	-	-
Cía. Americana de Multiservicios Ltda.	8,667,028	7,273,980	-	-
Enersis Internacional	1,360,622	1,251,201	-	-
Endesa S.A. (Chile)	76,026	79,969	-	-
Edelnor S.A.	14,284	13,082	-	-
Edesur S.A.	13,596	12,451	-	-
Elesur S.A.	-	8,140	-	-
Smartcom S.A.	19,882	-	-	-
Túnel el Melón S.A.	63	-	-	-
Endesa Internacional S.A.	-	55,209,694	-	-
Ingendesa S.A.	385	-	-	-
Chilectra Internacional	42	38	-	-
Chilectra S.A. (Agencia en Islas Cayman)	31,129	28,508	-	-
Endesa Inversiones Generales S.A.	92,059	21,223	-	-
Total	34,809,445	76,122,916	-	-

c) Effects in income (expense) in each year are as follows:

Company	Nature of Transaction	Income (expense)	
		2003 ThCh\$	2004 ThCh\$
Chilectra S.A.	Loans	10,417,852	4,460,581
	Property rental	4,440,316	4,432,912
	Services	4,792,078	4,735,989
Inmobiliaria Manso de Velasco Ltda.	Loans	(591,720)	(646,667)
	Property rental	(388,735)	(368,316)
Compañía Americana de Multiservicios Ltda.	Loans	(179,948)	(443,669)
	Services	197,670	215,229
	Materials	(13,038)	(18,324)
	Property maintenance	(351,421)	(494,128)
Synapsis, Soluciones y Servicios IT Ltda.	Loans	(384,097)	(194,368)
	Services	(611,578)	(474,047)
Empresa Distribuidora Sur S.A.	Services	3,247,883	1,968,506
Elesur S.A.	Loans	(9,499,614)	-
Endesa S.A. (Chile)	Loans	1,783,139	2,062,053
	Services	740,075	739,618
Endesa Inversiones Generales S.A.	Property rental	(952,435)	(990,824)
By agency intermediation:			
Chilectra S.A.(Cayman Islands Agency)	Loans	23,595,922	21,136,955
Luz de Río	Loans	1,844,337	1,716,375
Enersis Internacional	Loans	513,972	400,218
Endesa Chile Internacional	Loans	-	(25,830)
Endesa Agencia	Loans	380,507	(64,184)
Chilectra Internacional	Loans	-	56,936
Total		38,981,165	38,205,015

The transfer of short-term funds between related companies is on the basis of a current cash account, at a variable interest rate based on market conditions. The resulting accounts receivable and accounts payable are essentially on 30 day terms, with automatic rollover for the same period and settlement in line with cash flows.

d) Conditions of the long-term receivables and payables are as follows:

Company	Type	Due Date	Currency	Capital	Interest Rate
Chilectra S.A.	Account receivable	2007	UF	3,789,246.41	3.40%
Chilectra S.A.	Account receivable	2007	UF	1,293,438.79	3.33%
Compañía Americana Multiservicios Ltda.	Account receivable	2007	UF	111,837.45	3.33%
Chilectra S.A. (Agencia en Islas Cayman)	Account receivable	2007	US\$	554,110,411.63	7.01%
Luz de Río Ltda.	Account receivable	2007	US\$	46,919,950.58	6.98%

NOTE 5. DEFERRED INCOME TAXES

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Credits for absorbed profits	14,695,371	-
PPM, donations, training expense	148,520	-
Total income taxes recoverable	14,843,891	-
Tax for sale of investments	16,691,677	-
Income tax prior year	-	-
Total income tax payable	16,691,677	-

b) The Company has tax losses of ThCh\$206,607,440 and ThCh\$288,397,778 for the years ended December 31, 2003 and 2004, respectively.

c) The balance of taxed retained earnings and related tax credits are as follows:

Year	As of December 31, 2004	
	Loss ThCh\$	Credit ThCh\$
2004	239,949,691	-

d) In accordance with BTs N°60 and 69 of the Chilean Association of Accountants, and Circular N°1,466 of the SVS, the Company has recorded deferred income taxes as of December 31, 2003 and 2004 as follows:

	As of December 31, 2003				As of December 31, 2004			
	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\$
Unearned income	23,649	-	-	-	5,334	-	-	-
Vacation accrual	73,349	-	-	-	108,096	-	-	-
Depretiation	-	-	60,268	1,779,119	-	-	60,580	1,704,538
Severance indemnities	-	-	-	41,711	-	-	-	133,412
Other events	87,200	96,367	-	-	101,455	130,446	-	-
Provisions	385,644	-	5,864	1,249	456,851	-	135	676
Bond discount	-	-	112,726	1,208,080	-	-	135,394	1,218,030
Deferred charges	-	-	1,138,429	2,040,858	-	-	452,291	734,799
Tax losses	29,261,998	-	-	-	42,778,937	-	-	-
Complementary account, net	-	-	(1,519)	(156,570)	-	-	-	(140,260)
Total	29,831,840	96,367	1,315,768	4,914,447	43,450,673	130,446	648,400	3,651,195

e) Income tax expense for the years ended December 31, 2003 and 2004 is as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Income tax provision	(16,691,678)	-
Adjustment for tax expense - prior year	-	784,289
Effect on deferred tax assets or liabilities for the year	397,570	1,944,862
Benefits for tax losses	29,261,998	14,230,645
Amortization of complementary accounts	(16,089)	(13,975)
Total	12,951,801	16,945,821

NOTE 6. OTHER CURRENT ASSETS

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Forward contracts	8,631,079	-
Deferred costs-loans (1)	2,016,936	1,416,151
Post-retirement benefits	35,541	796
Deferred expense Collar contracts	4,762,902	1,200,976
Bond discount	683,192	926,826
Fair value - derivative contracts	152,882	-
Unrealized loss derivative contracts	829,775	-
Reverse repurchase agreements (2)	-	14,592,209
Other	191,117	-
Total	17,303,424	18,136,958

(1) See Note 10.

(2) The detail of reverse repurchase agreements is as follows:

Code	Date start	Date end	Financial Institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.R.	0.33%	1,718,058	1,717,190	1,717,533
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.F.	0.33%	202,820	202,710	202,755
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	CERO	0.33%	55,201	55,189	55,192
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.F.	0.33%	1,744,948	1,743,989	1,744,373
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.F.	0.33%	801,652	801,289	801,429
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.F.	0.33%	2,634,291	2,633,052	2,633,534
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.F.	0.33%	5,030,869	5,027,775	5,029,012
CRV	29/12/04	03/01/05	BBVA C. BOLSA BHIF S.A.	UF	D.P.F.	0.33%	1,725,148	1,724,822	1,724,914
CRV	29/12/04	03/01/05	VALORES SECURITY S.A. C.B.	UF	BONO	0.37%	683,696	683,315	683,467
Total							14,596,683	14,589,331	14,592,209

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Buildings and infrastructure	21,318,189	21,318,134
Machinery and equipment	2,359,443	2,196,587
Other assets transit	818,188	1,158,196
Technical appraisal of buildings and infrastructure	34,005	33,988
Total fixed assets	24,529,825	24,706,905
Accumulated depreciation at beginning of year		
Buildings and infrastructure	(9,663,675)	(9,961,922)
Machinery and equipment	(879,780)	(1,042,108)
Other assets in transit	(240,303)	(446,994)
Total accumulated depreciation at beginning of year	(10,783,758)	(11,451,024)
Accumulated depreciation at beginning of year-technical appraisal of buildings and infrastructure	(23,372)	(24,583)
Depreciation of the year	(1,084,715)	(1,027,639)
Depreciación del ejercicio (gasto administración y ventas)	(27,353)	(27,354)
Total depreciación acumulada con cargo a Resultado	(1,112,068)	(1,054,993)
Total accumulated depreciation at end of year	(11,919,198)	(12,530,600)
Total property, plant and equipment, net	12,610,627	12,176,305

NOTE 8. INVESTMENT IN RELATED COMPANIES

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

Related Companies	Number of shares	Percentage owned		Shareholders' equity of investee		Net income of investees	
		2003	2004	2003	2004	2003	2004
		%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Nacional de Electricidad S.A.	4,919,488,794	59.98%	59.98%	1,529,985,763	1,568,897,981	80,084,181	83,788,756
Chilectra S.A.	359,602,435	98.24%	98.24%	437,157,882	457,376,117	52,756,293	77,321,577
Enersis Internacional	360,557,685	100.00%	100.00%	303,106,179	289,428,742	(37,606,620)	(8,248,250)
Luz de Bogotá S.A. (2)	15,529,421,297,372	25.71%	25.71%	499,679,635	-	4,311,603	11,161,566
Companhia de Eletricidade do Rio de Janeiro	766,367,324,642	26.47%	18.10%	457,564,052	523,890,321	(101,242,812)	(30,959,195)
Empresa Distribuidora Sur S.A.	143,996,758	16.02%	16.02%	590,358,953	523,523,727	(27,778,921)	(17,129,823)
Investluz S.A.	15,681,945,734	15.61%	15.61%	293,938,943	262,696,531	(8,899,063)	(6,494,157)
Distrilec Inversora S.A.	101,684,374	20.43%	20.43%	332,721,775	295,053,314	(15,646,658)	(9,654,877)
Inmobiliaria Manso de Velasco Ltda.	29,462,253	100.00%	100.00%	42,887,996	45,894,034	1,339,422	3,005,990
Inversiones Distrilima S.A.	95,363,337	15.93%	15.93%	135,303,911	106,797,363	9,078,950	523,706
Elesur S.A.	49,207,344	-	100.00%	-	56,688,518	-	(1,270,758)
Central Geradora Termelétrica Fortaleza S.A. (*)	20,246,908	48.82%	48.82%	34,295,929	55,289,063	-	24,287,590
Compañía Americana de Multiservicios Ltda.	33,821,693	99.99%	99.99%	35,969,128	42,992,062	7,027,401	5,574,542
Synapsis, Soluciones y Servicios IT Ltda.	10,569,721	99.99%	99.99%	10,476,755	12,547,446	5,793,408	4,228,085
Endesa Market Place (3)	-	0.00%	0.00%	-	-	-	-
Synapsis Colombia S.A.	1	0.10%	0.10%	833,461	1,933,022	686,771	1,169,734
Luz de Río Ltda.	-	-	-	-	-	-	-
Constructora El Gobernador Ltda. (1)	-	-	-	22,811,381	-	386,416	-
Codensa S.A.	16,466,029	-	12.47%	29,625,879	805,502,465	18,470,888	29,625,879
Total							

(1) Company merged with Inmobiliaria Manso de Velasco Ltda.

(2) Company dissolved during 2004.

(3) Company with negative equity.

b) According to the provisions of Technical Bulletin 64 of the Chilean Institute of Accountants, in 2003 the Company matched the exchange difference produced in liabilities contracted in the same investment control currency, thereby being specifically designated and booked as hedge instruments. During the second quarter of this year, the Company has contracted instruments (Swap) re-denominating such debt in inflation index-linked units of account. Hence, the debt and the investment are no longer matched.

c) Capital increase in Cerj

On December 11, 2003, the Companhia de Electricidade do Rio de Janeiro S.A. shareholders extraordinary assembly was held, which approved a capital stock increase of an approximate value of MUS\$ 250,000.

The capital stock increase for the Companhia de Electricidade do Rio de Janeiro S.A. was concretized on February 27, 2004, for MR\$ 710,000 (around MUS\$ 243,000), at an equivalent of R\$ 0.53 per one thousand share lot (1,000 shares.)

The number of shares issued was 1,339,622,641,509 equity stock of which the subsidiary Enersis Internacional S.A., through the inter-company debt equity conversion subscribed a total of 1,339,620,447,234 shares in two stages: 1,335,849,056,604 on February 27, 2004, and 3,771,390,630 on March 24, 2004.

On March 30, 2004, Enersis Internacional S.A. transferred 760,255,861,477 shares to Chilectra S.A. so that the latter could maintain its relative ownership interest as before the increase.

With this operation, Enersis S.A. and its subsidiaries direct and indirect ownership interest percentage increases from 26.47% to 18.10%.

According to provisions in Technical Bulletin No. 72 of the Accountants Association of Chile A.G., for this transaction carried out in companies of the same group, a partnership assets reserve increase for a M\$ 11,992,130 value has been acknowledged (see Note 17 g.)

Equity in income		Share of equity		Unrealized income		Investment book value	
2003	2004	2003	2004	2003	2004	2003	2004
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
48,035,238	50,257,276	917,699,712	941,039,623	-	-	917,699,712	941,039,623
51,827,701	75,960,597	429,463,227	449,325,589	-	-	429,463,227	449,325,589
(37,606,620)	(8,248,250)	303,106,177	289,428,740	-	-	303,106,177	289,428,740
1,108,698	2,870,117	128,489,050	-	-	-	128,489,050	-
(26,795,880)	(5,602,142)	121,103,230	94,799,231	-	-	121,103,230	94,799,231
(4,451,526)	(2,745,026)	94,604,042	83,893,808	-	-	94,604,042	83,893,808
(1,389,130)	(1,013,728)	45,883,412	41,006,520	-	-	45,883,412	41,006,520
(3,197,311)	(1,972,923)	67,989,928	60,292,578	-	-	67,989,928	60,292,578
1,339,422	3,005,989	42,887,981	45,894,018	-	-	42,887,981	45,894,018
1,446,277	83,426	21,553,913	17,012,820	-	-	21,553,913	17,012,820
-	(1,270,744)	-	56,687,909	-	-	-	56,687,909
-	11,857,202	16,743,273	26,992,121	-	-	16,743,273	26,992,121
7,026,776	5,574,046	35,965,927	42,988,236	(7,382,870)	(10,419,200)	28,583,057	32,569,036
5,792,829	4,227,662	10,475,707	12,546,191	(1,701,912)	(1,676,847)	8,773,795	10,869,344
-	-	-	-	-	-	-	-
687	1,170	833	1,933	-	-	833	1,933
-	-	-	-	-	-	-	-
1	-	35	-	-	-	35	-
-	3,693,015	5	100,409,940	-	-	5	100,409,940
43,137,162	136,677,687	2,235,966,452	2,262,319,257	(9,084,782)	(12,096,047)	2,226,881,670	2,250,223,210

d) Sale of Río Maipo

The purchasing contract between Enersis and Compañía General de Electricidad - Distribución was signed on April 30, 2003 for the entire share participation held by Enersis (356.078.645 shares) in the Company Río Maipo.

The attribution to the Company CGE Distribución was made by the Board of Directors of Enersis on March 28, 2003, with a bid of US\$170 million for the shares held by Enersis and was ratified later at an Extraordinary Shareholders Enersis' Meeting dated March 31, 2003.

e) Purchase of Elesur S.A.

On May 27, 2004, Enersis S.A. purchased 49,207,343 shares with no par value from Endesa International S.A., equivalent to 99.9989% of Elesur S.A. partnership assets. The price agreed for the transaction was M\$ 55,551,601.

f) Liquidación Luz de Bogota S.A.

On July 9, 2004 the subsidiary Luz de Bogotá S.A., which had investment in Codensa, was liquidated. As a result of the liquidation, the Enersis agency that owned Luz de Bogotá S.A. shares have direct investment in Codensa S.A. (12.47%).

NOTE 9. GOODWILL AND NEGATIVE GOODWILL

- a) In accordance with current standards, recognition has been given to the excess of purchase price over the equity in net assets acquired (goodwill) in the purchase of shares as of December 31, 2003 and 2004, as follows:

RUT	Company	As of December 31,			
		2003		2004	
		Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
91.081.000-6	Empresa Nacional de Electricidad S.A.	(44,472,559)	646,704,395	(44,472,559)	602,231,837
96.524.320-8	Chilectra S.A.	(6,429,582)	103,528,346	(6,429,580)	97,098,765
Extranjera	Inversiones Distrilima S.A.	(1,270)	13,976	(1,164)	11,635
Extranjera	Codensa S.A.	(206,734)	2,859,818	(361,226)	7,013,653
	Total	(51,110,145)	753,106,535	(51,264,529)	706,355,890

- 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, 2003 and 2004 as follows:

Company	As of December 31,			
	2003		2004	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Companhia de Eletricidade do Rio de Janeiro (*)	22,133,764	-	-	-
Elesur S.A.	-	-	-	(95,119)
Inversiones Distrilima S.A.	26,667	(491,129)	24,423	(425,354)
Synapsis Soluciones y Servicios IT Ltda.	15,855	(130,805)	15,855	(114,952)
Total	22,176,286	(621,934)	40,278	(635,425)

(*) According to the provisions of Circular 368 of the Superintendence of Securities and Insurance, the corporation has amortized higher quarterly installments due to the revaluation of Cerj, caused by the capital increase in January 2003.

NOTE 10. OTHERS

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Deferred commissions on foreign currency loans	7,945,313	3,668,231
Deferred expenses collar contracts	3,979,395	380,301
Post-retirement benefits	7,350	3,981
Bond discount	7,106,355	7,016,631
Fair value - derivative contracts	604,430	-
Unrealized loss derivative contracts	7,752,331	1,258,523
Total	27,395,174	12,327,667

In November 2003 the Company obtained a new loan of US\$500 million which meant incurring in expenditures required to obtain the loans, which are amortized in the same term as the debt.

At December 31, 2004, the balance to amortize was recorded under Other current assets for ThCh\$1,416,151 (ThCh\$2,016,936 in 2003) and under Other long-term assets for ThCh\$3,668,231 (ThCh\$7,945,313 in 2003).

NOTE 11. DUE TO BANKS AND FINANCIAL INSTITUTIONS

a) Current portion of long-term debt due to banks and financial institutions:

Financial Institution	Currency								As of December 31,	
	US\$		Other foreign		U.F.		Ch\$		2003	2004
	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$	2003 ThCh\$	2004 ThCh\$
ABN Amro Bank	-	-	-	-	-	-	-	-	-	-
Banco Bilbao Vizcaya Argentaria S.A.	202,375	7,960	-	-	-	-	-	-	202,375	7,960
Citibank, N.A., acting through its International Banking Facility	-	7,960	-	-	-	-	-	-	-	7,960
SAN PAOLO IMI S.P.A.	121,425	-	-	-	-	-	-	-	121,425	-
Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	121,425	7,959	-	-	-	-	-	-	121,425	7,959
Banco Santander Central Hispano	202,374	7,958	-	-	-	-	-	-	202,374	7,958
Bank of Tokio - Mitsubishi	121,424	-	-	-	-	-	-	-	121,424	-
Deutsche Bank	40,475	-	-	-	-	-	-	-	40,475	-
BNP Paribas, Sucursal en España	-	-	-	-	-	-	-	-	-	-
Credit Lyonnais New York Branch	-	-	-	-	-	-	-	-	-	-
NORD/LB NORDDDEUTSCHE LANDESBANK GIROZENTR	-	-	-	-	-	-	-	-	-	-
ING Bank N.V., Curaçao Branch	-	-	-	-	-	-	-	-	-	-
WestLB AG, New York Branch	-	-	-	-	-	-	-	-	-	-
Banco Español de Crédito, S.A., New York Branch	-	-	-	-	-	-	-	-	-	-
DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt	-	-	-	-	-	-	-	-	-	-
Total	809,498	31,837	-	-	-	-	-	-	809,498	31,837

	As of December 31,	
	2003 %	2004 %
Percentage of debt in foreign currency:	100.00	100.00
Percentage of debt in local currency:	-	-
Total	100.00	100.00

NOTE 12. LONG-TERM PORTION OF DEBT DUE TO BANKS AND FINANCIAL INSTITUTIONS

Financial Institution	Currency	Years to maturity						Total long-term portion ThCh\$	Average annual interest rate %	Total long-term portion- 2003 ThCh\$
		After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 5 years	After 5 year but within 10 years	After 10 years				
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	years	ThCh\$			
Banco Bilbao Vizcaya Argentaria S.A.	US\$	-	-	48,772,500	-	-	48,772,500	3.42%	76,080,625	
Citibank, N.A., acting through its International Banking Facility	US\$	-	-	48,772,500	-	-	48,772,500	-	-	
Banco Santander Central Hispano S.A.	US\$	-	-	48,772,500	-	-	48,772,500	0.00%	76,080,625	
The Bank of Tokyo-Mitsubishi, Ltd., New York Branch	US\$	-	-	-	-	-	-	3.42%	45,648,375	
SAN PAOLO IMI S.p.A.	US\$	-	-	-	-	-	-	3.42%	45,648,375	
Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	US\$	-	-	48,772,500	-	-	48,772,500	3.42%	45,648,375	
Deutsche Bank AG, New York Branch	US\$	-	-	-	-	-	-	3.42%	15,216,125	
Total		-	-	195,090,000	-	-	195,090,000		304,322,500	

	As of December 31,	
	2003 %	2004 %
Percentage of debt in foreign currency:	100.00	100.00
Percentage of debt in local currency:	-	-
Total	100.00	100.00

On April 15, 2004, Enersis S.A. prepaid US\$ 150 million of the syndicated loan obtained in November, 2003, for US\$ 500 million. The US\$350 million balance was refinanced in November, 2004, through revolving overdraft lines whose expiration term is 4 years. It is possible to prepay and draw during the contract effectiveness. The interest (spread) depends on the corporate rating given by S&P. Currently it is BBB, for which initially it will be 0.375%.

The US\$ 350 million balance was refinanced in November, 2004, through revolving overdraft lines whose expiration term is 4 years. It is possible to prepay and draw during the contract effectiveness. The interest (spread) depends on the corporate rating given by S & P. Currently BBB-, for which initially it will be 0.375%.

NOTE 13. OTHER CURRENT LIABILITIES

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Fair value - derivative contracts	-	14,051,088
Swap collar rate contract	9,641,028	59,127,083
Total	9,641,028	73,178,171

NOTE 14. BONDS PAYABLE

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

Instrument	Face value Series	outstanding	Currency	Interest rate	Maturity date	As of December 31,	
						2003 ThCh \$	2004 ThCh \$
Yankee Bonds	1	300,000,000	US\$	6.90%	01-12-2006	1,049,913	961,515
Yankee Bonds	2	350,000,000	US\$	7.40%	01-12-2016	1,313,658	1,203,055
Yankee Bonds	3	858,000	US\$	6.60%	01-12-2026	2,872	2,630
Yankee Bonds II	1	350,000,000	US\$	7.38%	01-12-2014	1,571,066	6,743,476
Bono N° 269	B-1	45,167	U.F.	5.50%	15-06-2009	156,578	72,621
Bono N° 269	B-2	1,935,000	U.F.	5.75%	15-06-2022	79,276	79,158
Total						4,173,363	9,062,455

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

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,	
						2003 ThCh\$	2004 ThCh\$
Yankee Bonds	1	300,000,000	US\$	6.90%	01-12-2006	182,593,500	167,220,000
Yankee Bonds	2	350,000,000	US\$	7.40%	01-12-2016	213,025,750	195,090,000
Yankee Bonds	3	858,000	US\$	6.60%	01-12-2026	522,217	478,249
Yankee Bonds II	1	350,000,000	US\$	7.38%	01-12-2014	213,025,750	195,090,000
Bono N° 269	B-1	45,167	U.F.	5.50%	15-06-2009	696,053	642,009
Bono N° 269	B-2	1,935,000	U.F.	5.75%	15-06-2022	33,558,705	33,508,492
Total						643,421,975	592,028,750

c) Bonds payable are comprised of the following:

i. Enersis S.A. Series B1-B2

On September 11, 2001, Enersis S.A. registered two series of bearer bonds as of June 14, 2002, as follows:

	Series	Total amount in UF	N° of bonds per series	Face value in UF
	B1	1,000,000	1,000	1,000
	B1	3,000,000	300	10,000
	B2	1,000,000	1,000	1,000
	B2	1,500,000	150	10,000

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

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

In November 2003, these series were voluntarily exchanged for shares in connection with the capital increase. The holders converted ThCh\$63,656,587 (historical) into 893,612,466 first issue shares. Underwritten amounts were determined by experts. Capitalized amounts were ThCh\$46,968,179 (historical) for the B1 series and ThCh\$7,028,065 (historical) for the B2 series.

ii. 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 has a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

During 2004 second half, debts have been re-nominated through UF/US\$ swap contracts for an amount of US\$100,000,000 associated to the tranche 1 bond and US\$250,000,000 associated to tranche 2.

iii. Yankee Bonds II

On November 24 2003, the Corporation, through its Cayman Islands Agency, issued and placed Yankee Bonds on the American market for US\$350 million. This placement was made in a single Series, whose features are as follows:

Series	Total amount In US\$	Years to maturity	Stated annual interest rate
1	350,000,000	10	7.375%

Interest is paid on a semi-annual basis and principal is due upon maturity.

During the second half of 2004, second half, debts have been re-nominated through US\$/UF swap contracts for the total of this issue.

iv. Discount on bonds placed

The discounts on Enersis S.A. bonds placed have been deferred over the same periods as the periods of the related bonds issues. The balance at December 31, 2004 amounts to ThCh\$7,016,631 (ThCh\$7,106,355 in 2003), are included in "Other assets" and ThCh\$926,826 (ThCh\$683,192 in 2003) are included in "Other current assets".

NOTE 15. ACCRUED EXPENSES

a) Short-term accruals:

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Negative equity of investments	11,390,613	14,600,121
Profit sharing and other employee benefits	2,088,763	2,308,813
Commission banks provision	1,485,095	-
Contracts collar expenses provision	5,875,944	-
Notes receivable provision	1,342,935	1,103,161
Total	22,183,350	18,012,095

(*) Provision for ownership in negative equity of Luz de Rio Limitada and Endesa Market Place for ThCh\$14,374,557 (ThCh\$11,159,410 in 2003 and ThCh\$225,564 (ThCh\$231,203 in 2003) respectively.

During 2003 and 2004 there were no debt write-offs.

b) Long-term accruals:

Accrued expenses included in long term liabilities as of each year-end are as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Severance indemnities	1,998,543	1,797,742
Post-retirement benefits	566,869	767,329
Total	2,565,412	2,565,071

NOTE 16. SEVERANCE INDEMNITIES

Include employee severance indemnities, calculated in accordance with the policy described in Note 2n, post-retirement benefits and others. An analysis of the changes in the accruals in each year is as follows:

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Opening balance as of January 1	1,474,295	1,949,797
Increase in accrual	922,551	126,497
Payments during the year	(398,303)	(278,552)
Total	1,998,543	1,797,742

NOTE 17. SHAREHOLDERS' EQUITY

a) Paid capital

The Extraordinary General Meeting of Shareholders of Enersis held on March 31st 2003 approved a capital increase of about US\$2,000 million. The issue was registered in the Securities Register on May 23 2003 under No. 686 for Ch\$1,473,225,403,563 pesos, divided into 24,382,994,488 shares. The operation was structured as follows:

- 1) First preferential underwriting period (from May 31 to June 30), in which shareholders registered in the company register at last May 26 have the option of taking up 2.9408 new shares for each old one at a price of Ch\$60.4202 per share.
- 2) Voluntary redemption of local bonds (from November 1 to 15), in which holders of local 269 bonds (series B1 and B2) may exchange their bonds for Enersis shares, according to the value assigned by the aforementioned independent expert and at placement price - Ch\$ 60.4202 per share.
- 3) Second preferential underwriting period (from November 20 to December 20), in which all Enersis shareholders registered five working days before the start of this new period, except for the controlling partner and its members, may participate.

In this phase, shareholders may take up the remaining shares that were not underwritten at the close of the preferential underwriting period and at the conclusion of the voluntary redemption of local bonds. In this period, new issue shares may only be paid in cash at the same price of Ch\$ 60.4202 per share.

Once the deadline for the capital increase has expired (December 30, 2003), its final amount will be the amount actually underwritten and paid in.

At June 30, 2003, end date of the first preferential underwriting period, 22,113,264,060 shares were underwritten for a sum of Ch\$1,336,087,841,061 equivalent to 90.69% of the total issue. Of total shares underwritten in this preferential period, 14,406,840,511 shares were taken up by controlling shareholder Elesur for the equivalent of Ch\$870,464,185,043 pesos and 7,706,423,549 shares by minority shareholders for the equivalent of Ch\$465,623,656,018 pesos.

Elesur underwrote and paid in its shares by capitalizing the financial credits that it held with Enersis on the date of underwriting, which, according to expert report drawn up by Mr. Eduardo Walker, which was approved by the Extraordinary Shareholders' Meeting on March 31, 2003, amounts to 86.84% of its par value, with the difference being recorded as a share premium of Ch\$131,912,812,936.

The second preferential underwriting period in November 2003 involved the voluntary exchange of 269 bonds, series B1 and B2. Holders converted Ch\$63,656,586,836 into the equivalent of 893,612,466 first issues shares; the amounts underwritten were determined by experts by capitalizing Ch\$46,964,178,894 for series B1 and Ch\$7,028,065,024 for series B2, at Ch\$ 60.4202 per share. This operation meant recording a share premium of Ch\$6,247,821,056.

During the second preferential underwriting period, 1,244,542,758 shares equivalent to Ch\$75,195,523,918 were subscribed.

The second share underwriting period concluded on December 30, 2003, determining the capital increase, in which 99.9% of the capital authorized by the Extraordinary General Meeting of Shareholders, in other words 24,360,146,365 shares, was subscribed, leaving Enersis' capital with a total of 32,651,166,465 subscribed and paid in shares.

b) Dividends

During the years ended December 31, 2003 and 2004 the Company no paid dividends

c) Number of shares

As of December 31, 2004 and December 31, 2003, respectively the number of shares authorized, issued and outstanding was 32,651,166,465 all of which have voting rights.

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
As of January 1,	777,688,287	2,283,404,124
Intercompany loan capitalization	890,441,338	
Bonds capitalization	55,176,024	
Subscribed shares	560,098,475	
As of December 31,	2,283,404,124	2,283,404,124

e) Accumulated net income (losses) of development-stage subsidiaries are as follows:

Company	As of December 31, 2004	
	Net income (loss) for the period ThCh\$	Retained earnings (accumulated deficit) ThCh\$
Central Generadora Termoelectrica Fortaleza S.A.		(2,673,664)
Total	-	(2,673,664)

f) Other information

Detail of other reserves is as follows:

	Initial balance at January 1, 2004 ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2004 ThCh\$
Reserve for transaction entities using remeasurement method	(10,499,405)	(4,435,524)	(14,934,929)
Reserve for accumulated conversion differences	(15,814,072)	(103,832,123)	(119,646,195)
Reserve for Technical Bulletin No. 72 (1)	-	11,992,130	11,992,130
Total	(26,313,477)	(96,275,517)	(122,588,994)

Detail of changes in the reserve for accumulated conversion differences are as follows for the year ended December 31, 2004:

	Initial balance at January 1, 2004 ThCh\$	Reserve for assets ThCh\$	Reserve for liabilities ThCh\$	Final balance at December 31, 2004 ThCh\$
Cumulative translation adjustment	(15,814,072)	(109,623,996)	5,791,873	(119,646,195)
Total	(15,814,072)	(109,623,996)	5,791,873	(119,646,195)

The detail of the accumulated conversion difference reserve at December 31, 2004 is as follows:

	ThCh\$
Distrilec Inversora S.A.	(16,109,082)
Inversiones Distrilima S.A.	(6,111,287)
Cía. Peruana de Electricidad S.A.	(36,678)
Edesur S.A.	(19,299,737)
Compañía de Electricidade do Rio de Janeiro S.A.	(35,101,980)
Luz de Bogotá S.A.	2,361,312
Investluz S.A.	(1,981,396)
Central Geradora Termelétrica Fortaleza S.A.	(4,131,448)
Energis Energía de Colombia	(561,859)
Endesa Market Place	376,205
Endesa Argentina S.A.	8,772
Endesa Chile Internacional S.A.	(3,028,008)
Codensa S.A.	(27,711,750)
Endesa de Colombia S.A.	70,212
Central Costanera S.A.	(307,841)
Conosur S.A.	(8,001,621)
Capital de Energía S.A.	(8,544)
Ingendesa Do Brasil Ltda.	(71,465)
Total	(119,646,195)

NOTE 18. OTHER INCOME AND EXPENSES

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Adjustments to investment in related companies	299,592	865,132
Project administration, maintenance and construction	9,048,147	8,603,548
Gain on sales of Compañía Eléctrica del Río Maipo S.A.	90,022,773	-
Other	2,855,589	526,340
Total	102,226,101	9,995,020

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

	As of December 31,	
	2003 ThCh\$	2004 ThCh\$
Adjustments to investments in related companies	2,420,753	404,108
Provision of negative equity of Luz de Rio Ltda.	12,421,395	1,079,587
Fair value swap US\$/UF	-	13,326,522
Provisions	5,875,946	-
Other tax expenses	767,530	-
Other	2,201,101	1,149,791
Total	23,686,725	(15,960,008)

NOTE 19. PRICE-LEVEL RESTATEMENT

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

	Index	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Assets			
Property, plant and equipment	I.P.C.	144,975	336,813
Accounts receivable from subsidiaries short-term	I.P.C.	1,203,042	730,837
Accounts receivable from subsidiaries short-term	U.F.	162	1,198,133
Accounts receivable from subsidiaries long-term	I.P.C.	4,227,842	8,721,259
Investment in subsidiaries	I.P.C.	17,878,118	43,433,674
Investment in other companies	I.P.C.	7,391,760	10,560,355
Amortization of goodwill	I.P.C.	7,325,644	18,445,562
Current assets	I.P.C.	7,186	27,959
Other assets	I.P.C.	72,301	9,918,959
Credit for cost and expense accounts	I.P.C.	38,096	307,069
Net credit-assets		38,289,126	93,680,620
Liabilities and Shareholders' equity			
Shareholders' equity	I.P.C.	(7,113,470)	(63,692,887)
Current liabilities and long-term	I.P.C.	16,094	(272,181)
	U.F.	-	(11,473,763)
Accounts payable to subsidiaries short-term	I.P.C.	60,686	-
Accounts payable to subsidiaries long-term	U.F.	(16,043,402)	(55,763)
Due to banks and financial institutions short-term	I.P.C.	(2,209,726)	-
Due to banks and financial institutions long-term	I.P.C.	(11,297,311)	(5,107,139)
Bonds payable long-term	I.P.C.	(5,500,995)	(14,857,900)
Non monetary liabilities	U.F.	(1,375,810)	-
Charge to income accounts	I.P.C.	637,956	(352,902)
Net charge-liabilities and shareholders' equity		(42,825,978)	(95,812,535)
Net credits (charges) to income		(4,536,852)	(2,131,915)

NOTE 20. EXCHANGE DIFFERENCES

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

Assets	Currency	As of December 31 ,		Liabilities	Currency	As of December 31 ,	
		2003 ThCh\$	2004 ThCh\$			2003 ThCh\$	2004 ThCh\$
Current assets				Current liabilities			
Cash	US\$	101,719	425,827	Due banks and financial institutions	US\$	683,497	-
Time deposits	US\$	(17,050,586)	(1,329,942)	Amount payable to related companies	US\$	316,234	2,065,808
Other current assets	US\$	(162,567)	(97,199)	Forward	US\$	(10,754,914)	3,870,965
Amounts due from related companies	US\$	(157,456)	607,795	Other liabilities	US\$	(65,769)	28,554
Non-current assets				Long-term liabilities			
Amounts due from related companies	US\$	(99,375,631)	(25,123,690)	Due banks and financial institutions	US\$	65,679,669	22,551,689
Forward	US\$	22,423,766	-	Bonds payable	US\$	(37,997)	4,292,202
Investment in other companies	US\$	-	(2,195,183)	Amount payable to related companies	US\$	69,696,510	-
Total gain (loss)		(94,220,755)	(27,712,392)	Total gain (loss)		125,517,230	32,809,218
				Exchange difference- net income (loss)		31,296,475	5,096,826

NOTE 21. CASH FLOW STATEMENT

a) Other financing receipts:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Forward contract payments	18,153,248	12,644,430
Total	18,153,248	12,644,430

b) Other financing disbursements:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Commissions on debt refinancing	40,958,730	1,629,494
Forward contract payments	15,108,962	-
Collar and collateral derivative contracts premiums	5,595,666	-
Payments by bond issue	-	1,082,933
Others	148,759	-
Total	61,812,117	2,712,427

NOTE 22. SHARE ISSUANCE COSTS

Expenses incurred at the close of these financial statements for issuing and placing the shares, outstanding at December 30, 2003, were recorded as described in Note 2 v) and break down as follows:

	As of December 31	
	2003 ThCh\$	2004 ThCh\$
Appraisal services	77,209	77,209
Printing costs	14,303	14,303
Legal cost	204,989	204,989
Financial adviser	10,637,039	10,734,121
DCV commissions	3,065	3,065
Bank commissions	1,485,095	1,968,639
Risk classification services	143,103	143,103
Total	12,564,803	13,145,429

During the current fiscal year expenses for bank commissions have been acknowledged for M\$ 469,460, and expenses for financial consulting for M\$ 94,254 regarding capital increase.

NOTE 23. FINANCIAL DERIVATIVES

As of December 31, 2004 the Company and held the following financial derivative contracts with financial institutions with the object of decreasing exposure to interest rate and foreign currency risk, as follows:

Type	Contract	Nominal Amount US\$	Date of Maturity	Item	Sales/ Purchase	Hedged Item	Amount ThCh\$	Amount Hedged item ThCh\$	Accounts			
									Assets / Liabilities		Income	
									Account	Amount ThCh\$	Realized ThCh\$	Unrealized ThCh\$
OE	CCTE	350,000,000	II-2006	Interest rate	P	Bank obligations	195,090,000	195,090,000	Other liabilities long-term	(1,802,583)	(3,811,376)	(544,059)
S	CCPE	350,000,000	I-2014	Exchange rate	P	Other current assets	195,090,000	195,090,000	Other liabilities long-term	(15,541,547)	859,202	(15,541,547)
S	CCPE	100,000,000	IV-2006	Exchange rate	P	Other current assets	55,740,000	55,740,000	Other liabilities long-term	(7,238,283)	341,449	(7,238,283)
S	CCPE	250,000,000	IV-2016	Exchange rate	P	Other current assets	139,350,000	139,350,000	Other liabilities long-term	(522,520)	785,315	(522,520)

(1) Fr = Forward, S = Swap

NOTE 24. COMMITMENTS AND CONTINGENCIES

a) Litigation and other legal actions:

Plaintiff : **Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A., Elesur S.A.**
Defendant : **The Republic of Argentina**
Court : **CIADI Arbitration Panel**
Case/Identification : **(CIADI Case # ARB/03/21)**

Compensation for losses caused to the Plaintiff is investment in the Republic of Argentina is requested in connection with the participation in the power distribution concessionaire Edesur S.A. on the grounds of violation of the Investment Protection and Promotion Agreement entered into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Granting Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Granting Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$ 1 = \$ 1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Granting Contract, being therefore harmful for the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested. Lack of jurisdiction of the

Arbitration Court had been processed on the request of the Republic of Argentina.

Amount involved: US\$ 574,739,500.

b) Restrictions:

- The Company's loan agreements establish an obligation to comply with the following financial ratios, on a consolidated level:
- Enersis's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 7.0x;
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 5.0x;
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.6x;
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 80%;
- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets.
- Minimum shareholders' equity at least equal to ThCh\$456.840.000 (U.F.27 million)

As of December 31, 2004 all these obligations have been met.

As a common and habitual practice for some bank loan debts and also in capital markets, a substantial portion of Enersis S.A.'s financial indebtedness is subject to cross-failure provisions. Some failures of relevant subsidiaries, if not corrected in time (as to those specific provisions allowing a year of time to correct the problem),

might result in the cross-failure at the Endesa-Chile and Enersis S.A. level., and, in this case, significant percent of Enersis S.A.'s consolidated liabilities might eventually become on demand.

Non-payment, after any applicable grace period, of these companies' debts or of those corresponding to some of their most relevant subsidiaries for an individual amount exceeding the equivalent of 30 million dollars, would cause advanced payment of syndicated credits contracted in 2004. Also, non-payment, after any applicable grace period, of these companies' debts or of those corresponding to any of their subsidiaries for individual amounts exceeding the equivalent of 30 million dollars, would cause advanced payment of Yankee bonds. In addition, some credit agreements

contain provisions according to which certain events different from non-payment in these companies or in any of their most relevant subsidiaries, such as bankruptcy, insolvency, adverse executed legal sentences for amounts larger than US\$ 50 million, and expropriation of assets, may cause those credits acceleration declaration.

There are no clauses in the credit agreements through which changes in these companies corporate or debt classification by risk classification agencies may cause an obligation to make debt prepayments. However, according to the Standard & Poor (S&P) risk classification agency, a variation in the foreign currency debt risk classification produces a change in the applicable margin of syndicated credits contracted in 2004.

NOTE 25. SURETIES OBTAINED FROM THIRD PARTIES

As of December 31, 2004, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	CIA. DE TELECOMUNICACIONES DE CHILE	Third	51,085
Support contract	METROPOLIS INTERCOM S.A.	Third	53,943
Seriousness of supply	COMPLEJO MANUFACTURERO DE EQUIPOS TELEFONICOS	Third	34,634
Support contract	AT & T CHILE NETWORKS S.A.	Third	17,317
Support contract	GTD TELEDUCTOS	Third	17,317
Supplies Enersis	SMARTCOM S.A.	Third	17,317
Support contract	EMPRESA NACIONAL DE TELECOMUNICACIONES	Third	15,759
Support contract	AGUAS ANDINA	Third	8,658
Support contract	BELLSOUTH COMUNICACIONES	Third	8,658
Others			18,306
Total			242,994

As of December 31, 2003, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	METROPOLIS INTERCOM	Third	54,024
Support contract	CIA. DE TELECOMUNICACIONES DE CHILE	Third	51,162
Support contract	VTR GLOBAL COM	Third	22,754
Support contract	GTD TELESAT S.A.	Third	17,343
Support contract	AT & T CHILE NETWORKS S.A.	Third	17,343
Support contract	EMPRESA NACIONAL DE COMUNICACIONES	Third	15,782
Others		Third	55,377
Total			233,785

NOTE 26. FOREIGN CURRENCIES

As of December 31, 2003 and 2004, foreign currency denominated assets and liabilities are as follows:

a) Current assets

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Cash	Ch\$	184,108	(52,007)
	US\$	157,133	134,274
Time deposits	US\$	1,181,114	9,176,155
Notes receivables	Ch\$	755	737
Other receivables	Ch\$	1,774,192	2,227,626
Amounts due from related companies	Ch\$	116,268,976	-
	US\$	11,810,607	13,503,823
	U.F.	482,975	13,222,266
Income taxes recoverable	Ch\$	14,843,891	148,196
Prepaid expenses	Ch\$	55,432	-
Deferred income taxes	Ch\$	28,516,072	-
Other current asset	Ch\$	8,672,345	42,802,273
	US\$	8,631,079	18,136,958
Total current assets		192,578,679	99,300,301

b) Property, plant and equipment

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Buildings and infrastructure	Ch\$	21,318,189	21,318,134
Machinery and equipment	Ch\$	2,359,443	2,196,587
Other fixed assets	Ch\$	818,188	1,158,196
Technical appraisal	Ch\$	34,005	33,988
Depretiation	Ch\$	(11,919,198)	(12,530,600)
Total property, plant and equipment		12,610,627	12,176,305

c) Other assets

Account	Currency	As of December 31,	
		2003 ThCh\$	2004 ThCh\$
Investment in related companies	Ch\$	1,730,514,818	1,825,816,192
	US\$	496,366,852	424,407,018
Investment in other companies	US\$	-	15,508,173
Goodwill, net	Ch\$	750,232,740	699,330,602
	US\$	2,873,795	7,025,288
Negative goodwill, net	Ch\$	(130,805)	(114,952)
	US\$	(491,129)	(520,473)
Other receivables	Ch\$	487,265	-
Amount due from related companies	US\$	451,554,968	344,094,100
	U.F.	-	89,953,435
Intangibles	Ch\$	1,473,876	1,473,876
Less: Accumulated amortization	Ch\$	(434,208)	(508,041)
Other assets	Ch\$	19,038,412	12,327,667
	US\$	8,356,762	-
Total other assets		3,459,843,346	3,418,792,885
Total assets by currency	Ch\$	2,684,108,496	2,627,121,059
	US\$	980,441,181	813,046,801
	U.F.	482,975	90,101,631
Total		3,665,032,652	3,530,269,491

d) Current liabilities

Account	Currency	Within 90 days				91 days to 1 year			
		As of December 31, 2003		As of December 31, 2004		As of December 31, 2003		As of December 31, 2004	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Due to banks and financial institutions	US\$	-	-	31,837	-	809,498	3.35	-	-
Bonds payable	U.F.	235,854	5.06	151,779	-	-	-	-	-
	US\$	3,937,509	-	8,910,676	-	-	-	-	-
Dividends payable	Ch\$	114,402	-	53,507	-	-	-	-	-
Accounts payable	Ch\$	177,329	-	187,258	-	-	-	-	-
	US\$	-	-	-	-	-	-	-	-
Miscellaneous payables	Ch\$	247,085	-	94,604	-	-	-	-	-
Amounts payables to related companies	U.F.	-	-	-	-	2,406,565	5.16	-	-
	Ch\$	30,983,207	4.92	74,817,636	-	-	-	-	-
	US\$	52,779	-	53,471	-	1,366,894	-	1,251,809	-
Accrued expenses	Ch\$	2,088,763	-	3,637,538	-	20,094,587	-	14,374,557	-
Withholdings	Ch\$	136,704	-	193,498	-	-	-	-	-
Income tax payable	Ch\$	16,691,677	-	-	-	-	-	-	-
Deferred income	Ch\$	139,111	-	31,379	-	-	-	-	-
	\$ no Reaj.	-	-	-	-	-	-	-	-
Other current liabilities	US\$	8,680,005	-	98,023	-	-	-	-	-
	\$ no Reaj.	-	-	446,036	-	-	-	-	-
Total current liabilities	U.F.	235,854	-	151,779	-	2,406,565	-	-	-
	Ch\$	50,578,278	-	79,461,456	-	20,094,587	-	14,374,557	-
	US\$	12,670,293	-	9,094,007	-	2,176,392	-	1,251,809	-
Total current liabilities		63,484,425		88,707,242		24,677,544		15,626,366	

e) Long-term liabilities, December 31, 2004

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Due to banks and financial institutions	US\$	-	-	195,090,000	2.84	-	-	-	-
Bonds payable	U.F.	2,411,939	-	3,238,023	-	9,088,115	-	19,412,424	-
	US\$	-	-	-	-	-	-	557,878,249	7.39
Accrued expenses	Ch\$	-	-	-	-	767,329	6.50	1,797,742	6.50
Deferred income taxes	Ch\$	3,520,749	-	-	-	-	-	-	-
Other liabilities	US\$	73,178,171	-	-	-	-	-	-	-
Total long-term liabilities	U.F.	2,411,939	-	3,238,023	-	9,088,115	-	19,412,424	-
by currency	Ch\$	76,698,920	-	-	-	767,329	-	1,797,742	-
	US\$	-	-	195,090,000	-	-	-	557,878,249	-
Total current liabilities		79,110,859		198,328,023		9,855,444		579,088,415	

f) Long-term liabilities, December 31, 2003

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Due to banks and financial institutions	US\$	-	-	304,322,500	3	-	-	-	-
Bonds payable	U.F.	954,080	6	3,152,900	0.0554	8,694,941	0.0563	21,452,837	0.0575
	US\$	-	-	182,593,500	0.069	-	-	426,573,717	0.0738
Amounts payables to related companies	Ch\$	-	-	-	-	566,869	0.095	1,998,543	0.095
	US\$	-	-	-	-	-	-	-	-
	Ch\$	4,818,080	-	-	-	-	-	-	-
Deferred income taxes	US\$	-	-	-	-	-	-	-	-
Other liabilities	U.F.	9,641,028	-	-	-	8,694,941	-	21,452,837	-
Total long-term liabilities	Ch\$	954,080	-	3,152,900	-	566,869	-	1,998,543	-
by currency	US\$	4,818,080	-	486,916,000	-	-	-	426,573,717	-
Total long-term liabilities		15,413,188		490,068,900		9,261,810		450,025,097	

NOTE 27. SANCTIONS

The Company and its directors has not been the subject to sanctions by the SVS nor by any other administrative authorities.

NOTE 28. SUBSEQUENT EVENTS

No significant events that might affect these financial statements have occurred in the period from January 1, 2005 to their date of issue.

NOTE 29. ENVIRONMENT

As of December 31, 2004, the Company has not incurred in environmental expenses.

UNCONSOLIDATED MATERIAL INFORMATION

CERJ CAPITAL INCREASE

The company informed the regulatory authority on March 1 and 25, 2004 about progress and the conclusion of the capital increase of the Brazilian electricity distribution subsidiary, Cerj, as follows:

1. The Brazilian subsidiary of Enersis S.A., Companhia de Eletricidade do Rio de Janeiro S.A. (Cerj) has made and concluded a capital increase amounting to BR\$710,000,000 (approximately US\$243 million) through the issue of 1,339,622,641,509 new common shares at BR\$0.53 for every 1,000 shares.
2. On February 27, 2004, and within the financial strengthening plan for its subsidiary Cerj, Enersis subscribed, through its subsidiary Enersis Internacional, for a total of 1,335,849,056,604 shares in the new issue of Cerj, corresponding to the whole of the rights of the Controlling Group (99.3% approximately) in this company. Endesa Spain, Electricidade de Portugal S.A. and Chilectra S.A. (the members of the Controlling Group) had previously ceded their preemptive rights to Enersis which therefore subscribed for its own rights and those thus ceded to it. In addition, Enersis, acting as above, subscribed during the offer of the remaining portion of this capital increase that was not acquired by the minority shareholders in Cerj, i.e. a further 3,771,390,630 common shares. Enersis, through its subsidiary Enersis Internacional, therefore subscribed for a total of 1,339,620,447,234 new Cerj common shares.
3. Enersis has paid for the shares subscribed for through the capitalization of various loans that had made indirectly to Cerj.
4. Enersis will transfer to its subsidiary Chilectra, operating directly or through its agency and 10 subsidiaries, 760,255,861,477 shares issued by Cerj that were recently subscribed by Enersis in the above capital increase. This transfer will be made at BR\$0.53 for every 1,000 shares of Cerj. As a result of this share sale, the shareholdings in Cerj will be as follows: Electricidade de Portugal 7.70%, Endesa Spain 10.71%, Enersis 35.13%, Chilectra 46.10% and others 0.36%.
5. As a result of the above subscription by Enersis of the capital increase in Cerj and the share transfer to Chilectra, the subsidiary Cerj has reduced its debt substantially, without causing any effects to the results of Enersis.

Registration of International Bonds with the Securities and Exchange Commission, SEC.

1. In November 2003, Enersis, acting through its Agency in Cayman Islands (hereinafter Enersis), placed bonds, not registered with the SEC, with institutional investors on the American and European markets under Rules 144A and S for a total of US\$350 million, as was informed at the time. These bonds were later listed on the Luxembourg Stock Exchange.
2. In accordance with the respective Offering Memorandum dated November 19, 2003, Enersis has obtained, on August 6, 2004, the registration with the SEC of a new bond issue through the approval of the document called F-4/A. This registration will enable, within a sole period of at least 20 business days, the holders of the issue mentioned in 1. above to exchange these for the new bonds as described below.
3. The new bonds will also be issued by Enersis, in the same way as described in 1. above, for a total amount of up to US\$ 350 million repayable in full on January 15, 2014 and with an interest coupon of 7.375% p.a. The new bonds will have the same financial characteristics as the bonds issued November 2003, except that their registration with the SEC will give these securities greater potential liquidity to the benefit of their bond-holders. Once the exchange period is concluded, these will be issues by Enersis and listed on the Luxembourg Stock Exchange.

Interim Dividends

The board of Enersis, on January 28, 2004, agreed unanimously not to distribute an interim dividend in February 2004 against the results of 2003, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

The board of Enersis, on April 28, 2004, agreed unanimously not to distribute an interim dividend in May 2004 against the results to March 2004, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

The board of Enersis, on July 28, 2004, agreed unanimously not to distribute an interim dividend in August 2004 against the results to June 2004, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

The board of Enersis, on October 27, 2004, agreed unanimously not to distribute an interim dividend in November 2004 against the results to September 2004, in accordance with the current dividend policy, because the conditions for doing so, as set out in that dividend policy, were not met.

MANAGEMENT'S ANALYSIS OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended december 31, 2004

1. ANALYSIS OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

1. Analysis of the Statement of Income

The company's net income for 2004 amounted to Ch\$44,408 million, signifying an increase of Ch\$31,528 million over the Ch\$12,780 million earned in 2003.

The following provides a comparison of each item in the statement of income:

Statement of Income (millions of Ch\$)	dec-03	dec-04	Change Dec 04-03	% Change Dec 04-03
Sales	4.440	4.433	(7)	(0,2%)
Cost of sales	(1.158)	(1.101)	57	(4,9%)
Operating margin	3.282	3.332	50	1,5%
Admin. & selling expenses	(17.444)	(17.315)	129	(0,7%)
Operating income	(14.162)	(13.983)	179	(1,3%)
Income (loss) on investments in related companies	43.138	136.678	93.540	216,8%
Non-operating income & expenses, net	78.539	(5.965)	(84.504)	(107,6%)
Financial margin, net	(105.512)	(41.108)	64.404	(61,0%)
Amortization goodwill	(51.110)	(51.265)	(155)	0,3%
Price-level restatements	(4.537)	(2.132)	2.405	(53,0%)
Exchange differences	31.296	5.097	(26.199)	(83,7%)
Non-operating result	(8.186)	41.305	49.491	(604,6%)
Income before taxes	12.952	16.946	3.994	30,8%
Amortization negative goodwill	22.176	40	(22.136)	(99,8%)
Net income for the year	12.780	44.308	31.528	246,7%
EBITDA (*)	97.540	157.303	59.763	61,3%
Earnings per share	0,39	1,36	0,97	248,7%

(*) Income before taxes, interest, depreciation, amortization & extraordinary items.

The operating income showed no important changes over 2003.

The non-operating result showed an improvement of 604.6% (Ch\$49,491 million), passing from a loss of Ch\$8,186 million in 2003 to a profit of Ch\$41,305 million in 2004.

The following are explanations for this:

The net financial margin showed a positive change of Ch\$64,404 million compared to the previous year, mainly due to reduced third-party financing expenses of Ch\$63,860 million and lower net financial income and expenses with related companies of Ch\$544 million.

Investments in related companies show a net income in 2004 of Ch\$136,678 million compared to Ch\$43,138 million in 2003, an

increase of Ch\$93,540 million. This was mainly due to improved results on investments in Chilectra, Endesa, Inmobiliaria Manso de Velasco, Enerjis Internacional, Edesur, Distrilec, Codensa, CGTF, Cerj and Investluz of Ch\$100,531 million, offset by the weaker results of Elesur, Synapsis IT, Cam and Distrilima of Ch\$6,991 million.

The amortization of goodwill shows no important changes compared to the year before.

Other non-operating income and expenses produced a net loss of Ch\$5,965 million in 2004, compared to net income of Ch\$78,539 million in 2003, resulting in a negative change of Ch\$84,504 million. This is explained by:

- a) A reduction in the gain of sale of shares of Cía. Eléctrica del Río Maipo of Ch\$90,023 million.

- b) Increase in the net loss for the fair value of bonds and US\$-UF swap derivative contracts of Ch\$13,327 million.
- c) A net gain in the adjustment of investments in related companies of Ch\$2,582 million.
- d) Reduction in the loss for negative equity provision of Ch\$11,342 million.

Price-level restatements and exchange differences produced a net negative change of Ch\$23,794 million, passing from a gain of Ch\$26,759 million in 2003 to one of Ch\$2,965 million in 2004. This mainly arose from the effects of the nominal appreciation of the Chilean peso against the dollar of 6.13% in 2003 compared to an appreciation of 17.4% in 2003.

Income tax and deferred taxes show a positive change of Ch\$3,994 million due to the increase in tax losses in 2004. In 2003, this item was offset by the charge for income tax on the sale of Río Maipo S.A.

Amortization of negative goodwill showed a negative change of Ch\$22,136 million due to the accelerated depreciation applied to the negative goodwill in Cerj.

2. Balance Sheet Analysis

Comparative balance sheets figures are as follows:

Assets (millions of Ch\$)	dec-03	dec-04	Change 04-03	% Change 04-03
Current assets	192,579	99,300	(93,279)	(48.4%)
Fixed assets	12,611	12,176	(435)	(3.4%)
Other assets	3,459,843	3,418,793	(41,050)	(1.2%)
Total assets	3,665,033	3,530,269	(134,764)	(3.7%)

The company's total assets reduced by Ch\$134,764 million compared to December 2003, mainly due:

- a) Reduction in accounts receivable from related companies at short and long term of Ch\$119,196 million, mainly in the trading current accounts with Chilectra and Endesa of Ch\$99,552 million.
- b) Reduction in goodwill of Ch\$46,751 million.
- c) Reduction in the determination of un-realized income on derivative contracts of Ch\$7,324 million and a fall in accounts receivable on derivative contracts due to adjustment to fair value of Ch\$1,434 million.
- d) Reduction in capitalized expenses related to bank debt refinancing of Ch\$4,875 million and to collar contracts of Ch\$7,161 million.
- e) Reduction in recoverable taxes of Ch\$14,844 million.
- f) Reduction through the liquidation of forward contracts of Ch\$8,631 million.
- g) Increase in the investment in related companies of Ch\$23,341 million, mainly due to recognition of the result of Ch\$136,678 million, net increase in the incorporation of investments of Ch\$14,284 million, compensated by recognition in reserves of Ch\$66,470 million and dividends received of Ch\$64,275 million.

Exchange and Interest Rate Risk Analysis

The company has a high proportion of its loans denominated in US dollars as, under Chilean electricity legislation, the tariffs have a high degree of indexation to that currency. Despite this natural cover of an economic nature, the company, in a scenario of high dollar volatility, has continued with its policy of partially hedging its dollar liabilities in order to attenuate the fluctuations caused to the results by changes in the exchange rate.

In view of the important reduction in the accounting mismatch in recent years, which have reached prudent levels, the company has amended its dollar-peso hedging policy and established a cash-flow hedging policy together with a maximum accounting mismatch limit over which hedging transactions should be carried out. At December 31, 2004, the company in unconsolidated terms has dollar-UF swaps for an amount of US\$700 million. This compares with US\$219 million in forward cover contracts (for the sale of US\$) at the end of 2003. The change is mainly due to the amendment to the hedging policy mentioned above.

With respect to interest rate risk, the company has, in consolidated terms, a rate of fixed to floating rate debt of approximately 98% / 2%. The fixed-rate percentage has declined slightly compared to the year before when it was 100%.

- h) Increase in investment in other companies of Ch\$15,508 million for the liquidation in April 2004 of Luz de Bogotá.
- i) Increase in sales under repurchase agreements of Ch\$14,592 million.
- j) Increase in deferred taxes of Ch\$14,286 million.
- k) Increase in time deposits of Ch\$7,736 million.

Liabilities

Comparative balance sheets figures are as follows:

Liabilities (millions of Ch\$)	dec-03	dec-04	Change 04-03	% change 04-03
Current liabilities	88,162	104,334	16,172	18.3%
Long-term liabilities	964,769	866,382	(98,387)	(10.2%)
Shareholders' equity	2,612,102	2,559,553	(52,549)	(2.0%)
Total liabilities & shareholders' equity	3,665,033	3,530,269	(134,764)	(3.7%)

Liabilities declined by 7.81% (Ch\$82,215 million) compared to the year before due to:

- a. Reduction in long-term bank borrowings of Ch\$109,233 million due to the repayment of the syndicated loan for Ch\$89,492 million and exchange differences of Ch\$19,741 million.
- b. Reduction in long-term bonds payable of Ch\$51,393 million principally due the effect of the exchange rate.
- c. Increase in other short and long-term liabilities of Ch\$55,401 million due to the spot accounting of swap and collar contracts of Ch\$56,419 million compensated by a reduction in the determination of fair value of the derivative contracts of Ch\$1,018 million.
- d. Reduction in income tax payable of Ch\$16,692 million and in long-term deferred taxes of Ch\$1,297 million.
- e. Increase in short-term accounts payable to related companies of Ch\$41,314 million.
- f. Increase in negative equity of investments of Ch\$3,210 million.

With respect to shareholders' equity, this reduced by Ch\$52,549 compared to December 31, 2003. This is mainly explained by a reduction in reserves of Ch\$96,276 million, a reduction in share premium by Ch\$581 million, compensated by net income for the year of Ch\$44,308 million.

Principal indicators

Indicator	Unit	dec-03	dec-04	Change 04-03	% Change 04-03	
Liquidity	Current ratio	times	2,18	0,95	(1,23)	(56,4%)
	Acid test (1)	times	2,18	0,95	(1,23)	(56,4%)
	Working capital	Ch\$ millions	104.417	(5.034)	(109.451)	(104,8%)
Debt	Debt ratio	times	0,40	0,38	(0,02)	(5,0%)
	Short-term debt	%	0,08	0,11	0,03	37,5%
	Long-term debt	%	0,92	0,89	(0,03)	(3,3%)
	Financial expense coverage (2)	times	0,67	2,20	1,53	228,4%
Profitability	Return on equity	%	0,49	1,73	1,24	253,1%
	Return on assets	%	0,35	1,26	0,91	260,0%

- (1) Current assets less inventories and prepaid expenses
(2) EBITDA divided by financial expenses.

The liquidity ratio at December 2004 was 0.95:1, a reduction of 1.23 points compared to a year before, mainly due to the reduction in accounts receivable from related companies.

The debt ratio was 0.38:1, a reduction by 0.02 points compared to December 2003, mainly due to reductions in reserves and in bank borrowings.

The return on equity reached 1.73%, compared to 0.49% the year before, reflecting the company's improved results for 2004.

3. Principal Cash Flows

The company generated a net positive cash flow in 2004 of Ch\$22,642 million, composed as follows:

Principal Cash Flows

Flujo de Efectivo (millones de \$)	dec-03	dec-04	Change 04-03	% Change 04-03
Operating	(90,444)	7,324	97,768	(108.1%)
Financing	(128,317)	(93,888)	34,429	(26.8%)
Investment	215,606	109,206	(106,400)	(49.3%)
Net cash flow for the year	(3,155)	22,642	25,797	(817.7%)

Operating activities generated a net positive flow of Ch\$7,324 million, mainly comprising increases in assets and liabilities affecting operating cash flows for Ch\$22,177 million and net income for the year of Ch\$44,308 million, compensated by a credit to income not representing cash flows of Ch\$59,161 million.

Financing activities generated a net negative flow of Ch\$93,888 million, arising mainly from loan repayments of Ch\$166,967 million, loans repaid to related companies of Ch\$85,249

million and other financing disbursements of Ch\$2,712 million, offset by loans to related companies of Ch\$73,327 million, financing of Ch\$75,263 and other source of financing of Ch\$12,644 million.

Investment activities generated a net positive cash flow of Ch\$109,206 million, mainly explained by the collection of loans to related companies of Ch\$206,915 million and other investment income of Ch\$1,222 million, offset by documented loans to related companies of Ch\$99,394 million.

II. BOOK VALUE AND ECONOMIC VALUE OF THE ASSETS

The following should be mentioned with respect to the more important assets:

The values of the fixed assets are adjusted according to the accounting principles set by the Superintendency of Securities and Insurance (SVS) in its Circulars 550 and 566 of 1985. In the case of the foreign company Inversiones Distrilima S.A., the fixed assets were adjusted according to the exception criteria contained in Technical Bulletin No.45 of the Chilean Institute of Accountants, which was in force at the time the investment was made and was not modified by Technical Bulletin No.51 that replaced it.

Depreciation is calculated on the restated value of the assets depending on the remaining useful lives of each asset.

Investments in related companies are shown at their equity-method value. In the case of foreign companies, the application of this method has been made on the financial statements prepared in accordance with the terms of Technical Bulletins Nos.72 and 64 of the Chilean Institute of Accountants and the intangible values are restated and amortized in accordance with Technical Bulletin No.55 of the Chilean Institute of Accountants.

In accordance with SVS Circular 150 of January 31, 2003, the company has evaluated at the close of the financial statements for 2002 the recoverability of assets related to its investments, applying accounting principles generally accepted in Chile (Technical Bulletin No.33 for fixed assets and NIC 36 for the hierarchy defined in Technical Bulletin No.56 for the increased or decreased values related to such investments.

Assets expressed in foreign currencies are shown at the exchange rate current on the closing date.

Investments in financial instruments under resale agreements are shown at their cost plus the proportion of the corresponding interest according to the rate implied in each transaction.

Accounts and notes receivable from related companies are classified according to their short or long-term maturities. The operations meet conditions of equity similar to those normally prevailing in the market.

In summary, the assets are shown in accordance with generally accepted accounting principles and standards, and the respective instructions issued by the SVS, as mentioned in Note 2 to the financial statements.

FINANCIAL STATEMENTS OF THE SUBSIDIARY COMPANIES

298	SUMMARIZED BALANCE SHEETS BY SUBSIDIARY
298	SUMMARIZED STATEMENTS OF INCOME BY SUBSIDIARY
298	SUMMARIZED STATEMENTS OF CASH FLOWS BY SUBSIDIARY

SUMMARIZED BALANCE SHEETS BY SUBSIDIARY

As of December 31, 2004 and 2003 in thousands of Chilean Pesos

ASSETS	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO	
	2004	2003	2004	2003	2004	2003
Current Assets	103,642,237	147,585,606	16,628,423	22,449,354	31,865,484	44,083,897
Fixed Assets	365,378,293	337,649,976	5,337,209	2,834,074	41,075,931	39,225,459
Other Assets	607,978,774	604,536,119	1,782,292	14,819	5,340,445	6,787,199
TOTAL ASSETS	1,076,999,304	1,089,771,701	23,747,924	25,298,247	78,281,860	90,096,555
LIABILITIES AND EQUITY						
Current Liabilities	76,109,513	155,082,797	10,038,705	14,103,188	1,503,196	18,456,955
Long Term Liabilities	544,781,471	492,082,621	1,153,786	714,479	526,429	339,406
Minority Interests	(1,267,798)	5,448,400	7,987	3,825	30,203,865	28,257,862
Capital and Reserves	265,293,014	287,081,847	4,273,180	4,385,507	26,485,905	26,485,905
Retained Earnings (Losses)	137,312,120	97,319,742	4,071,248	-	16,556,475	15,328,591
Profit (Loss) for the Period	77,321,577	52,756,294	4,203,018	6,091,248	3,005,990	1,339,422
Provisional Dividends	(22,550,593)	-	-	-	-	-
Surplus (Deficit) during Development Period Subsidiary					-	(111,586)
TOTAL LIABILITIES AND EQUITY	1,076,999,304	1,089,771,701	23,747,924	25,298,247	78,281,860	90,096,555

SUMMARIZED INCOME STATEMENTS BY SUBSIDIARY

As of December 31, 2004 and 2003 in thousands of Chilean Pesos

OPERATING INCOME	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO	
	2004	2003	2004	2003	2004	2003
Operating Incomes	483,006,118	444,803,542	45,447,152	46,415,169	10,354,398	11,616,920
Operating Costs	(342,986,479)	(314,129,073)	(33,363,292)	(31,089,616)	(8,432,052)	(10,763,819)
Administrative and Selling Expenses	(42,408,032)	(35,298,554)	(6,083,735)	(6,369,117)	(2,007,697)	(1,732,943)
NET OPERATING INCOME	97,611,607	95,375,915	6,000,125	8,956,436	(85,351)	(879,842)
NON OPERATING INCOME						
Non Operating Incomes	31,683,287	30,623,360	894,587	682,393	4,085,869	4,157,921
Non Operating Expenses	(65,241,275)	(105,487,380)	(572,591)	(907,427)	(463,031)	(2,134,701)
Price-Level Restatement and Exchange Difference	5,655,022	8,920,003	(126,238)	(74,004)	152,828	103,931
NET NON OPERATING INCOME	(27,902,966)	(65,944,017)	195,758	(299,038)	3,775,666	2,127,151
Income Tax	6,592,074	(424,039)	(1,987,537)	(2,562,534)	(520,461)	1,877
Extraordinary Items	-	-	-	-	-	-
Minority Interests	1,020,862	10,502,181	(5,328)	(3,616)	(163,864)	90,236
Negative Goodwill Amortizations	-	13,246,254	-	-	-	-
Profit (Loss) for the Period	77,321,577	52,756,294	4,203,018	6,091,248	3,005,990	1,339,422

SUMMARIZED CASH FLOW STATEMENTS BY SUBSIDIARY

As of December 31, 2004 and 2003 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO	
	2004	2003	2004	2003	2004	2003
Net Positive (Negative) Cash Flow from Operating Activities	110,455,638	93,668,563	967,614	3,648,462	8,560,506	11,549,995
Net Positive (Negative) Cash Flow from Financing Activities	(116,054,800)	9,554,406	(2,020,000)	(4,599,651)	(17,672,407)	(714,572)
Net Positive (Negative) Cash Flow from Investment Activities	(26,773,395)	(67,039,218)	762,005	899,962	9,063,106	(10,894,771)
NET POSITIVE (NEGATIVE) CASH FLOW FOR THE PERIOD	(32,372,557)	36,183,751	(290,381)	(51,227)	(48,795)	(59,348)
Effect of inflation on cash and cash equivalent	(1,084,860)	(799,134)	(57,731)	(12,164)	2,270	(5,177)
NET VARIATION OF CASH AND CASH EQUIVALENT	(33,457,417)	35,384,617	(348,112)	(63,391)	(46,525)	(64,525)
INITIAL BALANCE OF CASH AND CASH EQUIVALENT	42,662,737	7,278,120	2,353,351	2,416,742	77,145	131,069
FINAL BALANCE OF CASH AND CASH EQUIVALENT	9,205,320	42,662,737	2,005,239	2,353,351	30,620	66,544

CAM		ENERGIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA	CHILE
2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
50,575,823	45,528,804	128,082,990	202,185,409	38,612,783	36,008,657	67,952,874	64,418,986	544,726,295	402,683,609
15,518,341	15,150,202	-	-	299,896,018	332,676,227	615,845,170	700,636,823	4,474,564,659	4,784,640,348
402,602	337,838	275,341,735	102,777,777	4,447,473	4,132,091	10,014,171	16,757,215	298,368,412	414,645,281
66,496,766	61,016,844	403,424,725	304,963,186	342,956,274	372,816,975	693,812,215	781,813,024	5,317,659,366	5,601,969,238
19,009,109	22,952,810	6,852,522	1,857,007	41,782,844	62,568,097	93,371,493	157,889,817	429,759,856	476,921,242
4,495,083	2,094,349	111,714,714	4,991,516	123,136,198	84,073,352	76,916,996	33,563,729	2,191,610,228	2,346,875,645
511	558	-	-	71,239,870	90,871,307	-	-	1,127,391,301	1,248,186,585
2,277,062	2,816,233	217,410,272	209,389,293	94,826,926	113,736,273	542,714,200	592,554,861	1,310,844,523	1,336,291,105
32,102,875	22,062,749	88,725,371	135,871,139	17,228,428	19,371,345	(2,060,651)	25,583,784	174,264,702	111,880,086
8,612,126	11,090,145	(8,248,250)	(37,606,620)	523,706	9,079,158	(17,129,823)	(27,779,167)	83,788,756	80,084,185
-	-	(13,029,904)	(9,539,149)	(5,781,698)	(6,882,557)	-	-	-	-
-	-	-	-	-	-	-	-	-	1,730,390
66,496,766	61,016,844	403,424,725	304,963,186	342,956,274	372,816,975	693,812,215	781,813,024	5,317,659,366	5,601,969,238

CAM		ENERGIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA	CHILE
2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
100,424,019	94,011,350	-	-	182,362,526	180,345,166	208,982,945	188,540,571	1,032,662,084	943,288,433
(84,077,346)	(73,623,454)	-	-	(137,720,298)	(135,622,540)	(181,425,050)	(165,194,774)	(629,191,426)	(564,207,863)
(7,113,464)	(6,305,180)	-	-	(16,818,262)	(17,526,542)	(27,811,175)	(28,723,783)	(34,445,488)	(32,106,900)
9,233,209	14,082,716	0	0	27,823,966	27,196,084	(253,280)	(5,377,986)	369,025,170	346,973,670
2,257,838	815,489	14,454,972	19,785,391	5,950,608	5,483,891	12,993,242	13,837,544	85,443,322	79,518,140
(1,020,268)	(982,019)	(6,622,499)	(1,224,070)	(15,677,620)	(8,642,149)	(21,800,843)	(23,418,836)	(273,393,890)	(272,767,441)
(488,633)	(128,317)	(16,080,723)	(56,167,941)	-	-	-	-	22,841,650	9,769,166
748,937	(294,847)	(8,248,250)	(37,606,620)	(9,727,012)	(3,158,258)	(8,807,601)	(9,581,292)	(165,108,918)	(183,480,135)
(1,370,073)	(2,697,648)	-	-	(18,747,439)	(10,650,679)	(8,068,942)	(12,819,889)	(93,426,794)	(28,062,535)
-	-	-	-	-	-	-	-	-	-
53	(76)	-	-	209,141	(5,361,554)	-	-	(42,802,276)	(71,326,105)
-	-	-	-	965,050	1,053,565	-	-	16,101,574	15,979,290
8,612,126	11,090,145	(8,248,250)	(37,606,620)	523,706	9,079,158	(17,129,823)	(27,779,167)	83,788,756	80,084,185

CAM		ENERGIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA	CHILE
2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
1,135,797	12,366,699	9,597,205	10,011,304	34,676,260	52,107,924	53,865,494	51,978,892	252,265,438	287,074,115
(3,137,928)	(1,372,882)	(13,026,534)	(11,083,408)	(33,365,359)	(42,578,370)	(17,854,589)	(14,541,747)	(110,099,198)	(328,937,554)
2,514,322	(10,616,065)	1,387,077	4,490,363	(1,750,392)	(9,449,822)	(32,144,426)	(31,324,524)	(70,924,168)	114,407,462
512,191	377,752	(2,042,252)	3,418,259	(439,491)	79,732	3,866,479	6,112,621	71,242,072	72,544,023
478,274	(157,643)	(189)	15,879	-	-	-	-	(9,101,852)	(32,002,152)
990,465	220,109	(2,042,441)	3,434,138	(439,491)	79,732	3,866,479	6,112,621	62,140,220	40,541,871
1,866,703	1,646,594	3,480,297	46,159	1,048,650	968,918	18,695,560	12,582,939	167,737,846	127,195,975
2,857,168	1,866,703	1,437,856	3,480,297	609,159	1,048,650	22,562,039	18,695,560	229,878,066	167,737,846

CODENSA		CERJ		ELESUR		INVESTLUZ	
2004	2003	2004	2003	2004	2003	2004	2003
332,427,878	220,285,057	167,526,111	151,711,462	56,526,097	1,558,782,752	130,662,615	145,467,981
733,898,792	837,231,368	582,607,926	634,273,823	268,626	34,920	550,505,055	612,064,367
16,231,641	15,625,135	407,411,721	316,940,320	-	-	71,102,795	67,225,449
1,082,558,311	1,073,141,560	1,157,545,758	1,102,925,605	56,794,723	1,558,817,672	752,270,465	824,757,797
105,280,377	173,356,703	312,414,723	374,234,508	106,205	16,490,806	82,253,018	143,780,817
171,775,467	51,846,207	321,240,714	271,126,393	-	76,748	199,189,412	149,674,935
-	-	-	-	-	-	208,131,503	237,363,029
803,208,666	873,687,986	657,369,077	569,509,127	1,063,104,389	2,521,277,192	475,611,846	521,183,931
(54,381,330)	(44,220,494)	(102,519,561)	(10,701,805)	(974,776,703)	(14,605,833)	(206,421,157)	(218,345,916)
56,675,131	18,471,158	(30,959,195)	(101,242,618)	(27,388,798)	(960,170,870)	(6,494,157)	(8,898,999)
-	-	-	-	-	-	-	-
-	-	-	-	(4,250,370)	(4,250,371)	-	-
1,082,558,311	1,073,141,560	1,157,545,758	1,102,925,605	56,794,723	1,558,817,672	752,270,465	824,757,797

CODENSA		CERJ		ELESUR		INVESTLUZ	
2004	2003	2004	2003	2004	2003	2004	2003
365,513,238	299,458,818	354,637,649	325,532,561	-	-	264,357,881	212,571,701
(273,374,753)	(250,770,261)	(293,145,285)	(289,209,236)	-	-	(229,673,867)	(162,021,299)
(7,689,382)	(14,113,869)	(14,600,068)	(11,198,459)	(711,378)	(1,381,430)	(29,793,957)	(30,374,429)
84,449,103	34,574,688	46,892,296	25,124,866	(711,378)	(1,381,430)	4,890,057	20,175,973
25,606,686	12,903,274	46,588,740	21,123,634	5,369,436	72,718,762	21,275,890	27,153,479
(22,224,319)	(6,401,120)	(121,962,153)	(176,042,655)	(106,989)	(1,032,111,663)	(36,618,226)	(56,008,122)
-	-	-	-	(31,937,095)	(52,717,238)	-	-
3,382,367	6,502,154	(75,373,413)	(154,919,021)	(26,674,648)	(1,012,110,139)	(15,342,336)	(28,854,643)
(31,156,339)	(22,605,684)	(2,478,078)	28,551,537	(2,772)	53,320,699	(3,018,774)	(4,753,517)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,976,896	4,533,188
-	-	-	-	-	-	-	-
56,675,131	18,471,158	(30,959,195)	(101,242,618)	(27,388,798)	(960,170,870)	(6,494,157)	(8,898,999)

CODENSA		CERJ		ELESUR		INVESTLUZ	
2004	2003	2004	2003	2004	2003	2004	2003
154,742,137	41,483,418	17,862,679	87,710,005	(7,650,024)	25,542,843	36,368,966	90,743,492
10,380,649	3,351,200	40,109,960	(12,189,334)	(1,458,173,178)	52	(19,244,251)	1,646,994
1,513,390	(16,239,866)	(46,243,063)	(23,660,466)	1,462,215,720	(23,434,187)	(27,394,111)	(30,216,181)
166,636,176	28,594,752	11,729,576	51,860,205	(3,607,482)	2,108,708	(10,269,396)	62,174,305
(4,286,688)	(3,143,203)	(1,127,018)	(61,655,572)	(1,523)	(176,390)	7,069,111	(45,333,514)
162,349,488	25,451,549	10,602,558	(9,795,367)	(3,609,005)	1,932,318	(3,200,285)	16,840,791
55,779,721	30,328,172	3,760,983	13,556,350	3,661,486	1,729,168	25,279,045	8,438,254
218,129,209	55,779,721	14,363,541	3,760,983	52,481	3,661,486	22,078,760	25,279,045



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