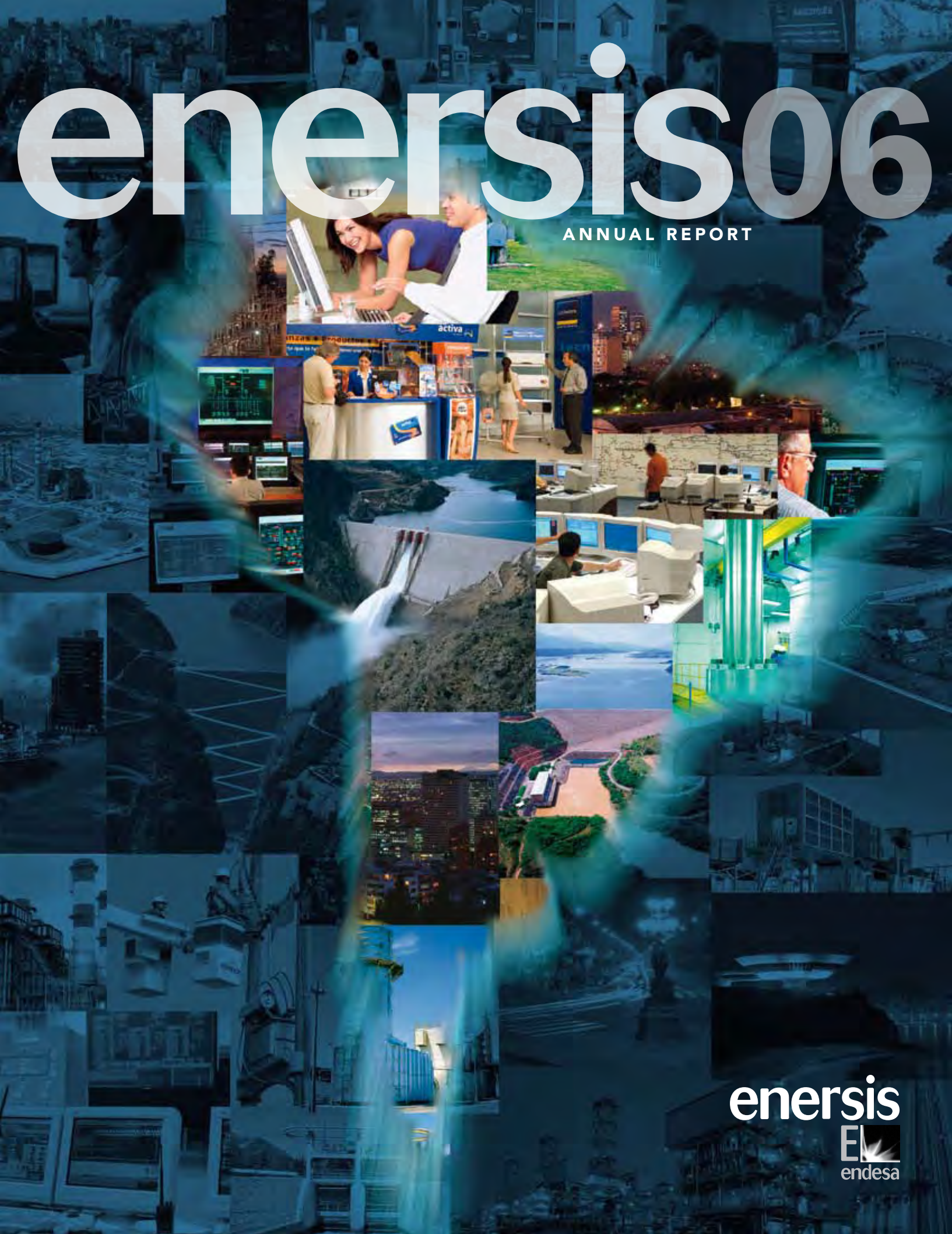


# enersis06

ANNUAL REPORT



SANTIAGO STOCK EXCHANGE ENERSIS

NEW YORK STOCK EXCHANGE ENI

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

ENERSIS S.A. WAS CONSTITUTED WITH THE NAME OF COMPAÑÍA CHILENA METROPOLITANA DE DISTRIBUCIÓN ELÉCTRICA S.A., AND ON AUGUST 1, 1988, THE COMPANY BECAME KNOWN AS ENERSIS S.A.. THE CAPITAL OF THE COMPANY AMOUNT TO TH.CH\$2,415,284,412, DIVIDED INTO 32,651,166,465 SHARES. ENERSIS SHARES ARE TRADED IN CHILEAN STOCK EXCHANGES, NEW YORK STOCK EXCHANGE IN THE FORM OF AMERICAN DEPOSITARY RECEIPTS (ADR) AND IN THE LATIN AMERICAN STOCK EXCHANGE OF MADRID STOCK EXCHANGE (LATIBEX). THE OBJECTS OF THE COMPANY ARE TO EXPLORE, DEVELOP, OPERATE, GENERATE, DISTRIBUTE, TRANSMIT, TRANSFORM AND/OR SELL ENERGY IN ANY OF ITS FORMS OR NATURE, IN CHILE OR ABROAD, EITHER DIRECTLY OR THROUGH OTHER COMPANIES, AND ACTIVITIES IN TELECOMMUNICATIONS AND THE PROVISION OF ENGINEERING IN CHILE OR ABROAD, AND ALSO HAS THE OBJECT OF INVESTING AND MANAGING ITS INVESTMENTS IN SUBSIDIARY AND ASSOCIATE COMPANIES. ITS TOTAL ASSETS WERE TH.CH\$11,062,409,283 AT DECEMBER 31, 2006. ENERSIS CONTROL A GROUP WHO OPERATE IN THE ELECTRICITY MARKET ON FIVE COUNTRIES IN LATIN AMERICA. IN THE YEAR 2006 OBTAINED A NET INCOME OF TH.CH\$285,960,366 AND AN OPERATING INCOME OF TH.CH\$805,366,156. EMPLOYEES: AT THE END OF 2006 IT GAVE DIRECT OCCUPATION TO 11,784 PEOPLE, THROUGH ITS SUBSIDIARIES COMPANIES OVER LATIN AMERICA.



# enersis06

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# CHAIRMANS' LETTER TO SHAREHOLDERS

Dear shareholder,

I have pleasure in presenting you the Annual Report of Enersis for the year 2006.

As the chairman of Enersis, head of ENDESA's business in Latin America, I like to give a special welcome to all our shareholders. As an energy holding company with headquarters in Chile, heading a group that is leader in the Latin American region, we strive to improve our processes and management day by day in order to grow and continue recompensing in the best possible way all those that support our business endeavors.

We are very satisfied with respect to Enersis's performance during 2006, as the results show a net income after tax of 285,960 million Chilean pesos, more than 300% higher than the year before.

This result reflects an important improvement in the operating income of Enersis, which increased by 29% to 1,068,042 million pesos.

It is also remarkable the positive effect, of 107,000 million pesos, on the Company's results of the merger between Chilectra and Elesur, plus the better non-operating result which improved by 10,932 million pesos.

These figures reflect the positive performance in 2006 in the Group's two main businesses, electricity generation and distribution, as consequence of the favourable economic conditions in the countries where we operate: Argentina, Brasil, Colombia, Peru and, of course, Chile. This economic factor strongly stimulated the consumption of electricity and therefore sales rose by approximately 20% in generation and transmission and 6% in distribution.

## SUCCESSFUL ECONOMIC AND FINANCIAL INDICATORS

The strong operating improvement has led the Enersis' EBITDA, one of the main indicators of the Company's progress, to increase by 23% to 1,490,519 million pesos during the year.

It is also worth mentioning the increase in the return on equity, which reached approximately 10% at the end of 2006, positively compared with the 2.6% recorded a year ago.

The good news are that these excellent results have been translated into a recognition by the financial markets, clearly visible in the Enersis' share price which rose by 53%, at the same pace with the ADR price rising by 45.6%, during the year. The market capitalization of Enersis has therefore increased enormously in the last twelve months to over 10,000 million dollars by the end of 2006.

This solid financial, operational and commercial position, has also been recognized by the international credit-rating agencies. On December 14, Moody's increased its rating for Enersis and our subsidiary Endesa Chile to investment grade, from Ba1 to Baa3, with stable outlook. This improvement reflects the higher financial flexibility achieved by both companies. Enersis and Endesa Chile are rated unanimously as investment grade companies by Fitch, Standard & Poor's and Moody's.

#### ELECTRICITY BUSINESS

In the operating area, our electricity distribution companies in the region continued presenting significant improvements in their results as of December 31, 2006. The number of customers served increased by over 350 thousand, which implies provide electricity service to 11.6 million customers, the equivalent of some 45 million inhabitants of Latin America.

Regarding energy losses, an important indicator in the distribution business, these figures continued on a decline trend, recording approximately 11% at the consolidated level, reflecting the efforts made in applying medium and long-term plans and programs in order to reduce losses in all the subsidiaries, with special emphasis on Brazil where the indicators are substantially higher than in other countries.

Electricity generation and transmission business recorded a 34% increase in operating income, mainly due to improvements in Chile and Argentina.

Consolidated energy production was approximately 12% more than in the previous year, whereas installed capacity reached 13,299 MW following the incorporation of 142 MW of the Cartagena plant (Colombia), 387 MW from the merger of Etevensa and Edegel (Peru), and 70 MW from the second combined cycle of the Ventanilla plant (Peru).



Pablo Yrarrázaval Valdés  
President

## INVESTMENTS

The Enersis Group considers that an essential part of its strategy is to deliver a service in line with the highest quality standards in electricity distribution. Meeting this objective requires permanent investments in different consumer segments, such as industrial, street lighting, commerce and homes, in order to keep their daily lives not impaired.

Investments planned for the distribution business during the period 2007-2011 exceed 500 million dollars annually, which are fully financed by our respective subsidiaries and contribute to meet reliable and on time the electricity supplies for all the customers incorporated each year.

In addition to this plan, the Enersis Group intends to invest in new generating projects that contribute to the development of the different countries in which it has a presence. In the case of Chile, our subsidiary Endesa Chile is carrying out various projects that exceed 2,800 MW of capacity, where a special emphasis has been placed on using our natural resources. In the area of renewable energies, the first wind-turbine generating farm will be introduced to the Central Electricity Grid in the district of Canela, as well as the Ojos de Agua project which is a mini hydroelectric plant located on a tributary of the Maule river. The Palmucho plant is also under construction and will use the constant flow from the Ralco plant, and the San Isidro II plant is under construction to use liquefied natural gas. Lastly, studies are being carried out for the important Aysén hydroelectric project that could meet a large part of the growing electricity demand.

## SOCIETY

Conscious of our actions in a society that, as ourselves as an organization, works to improve and grow, we have participated in a wide range of activities, involving both the public and the private sectors, for making life in our cities and countries more dignified and developed.

Enersis, together with its subsidiaries Endesa Chile and Chilectra, and the Fundación Endesa, Spain, have continued to develop their 'Illuminating Monuments in the South of the World' program, an idea that allows to provide ornamental lighting for religious buildings and monuments in order to add value to the buildings and collaborate with the conservation of the cultural heritage.

During 2006, we illuminated eight buildings in Chile including the Moneda Palace Cultural Center, the Santiago Cathedral crypt, the Evangelical Cathedral of Santiago, the Military Cathedral, Los Angeles Cathedral and the Naval Museum in Valparaiso.

And to reaffirm our commitment, we recently in 2007, renewed an agreement with the Chilean Episcopal Conference to continue with this program until the year 2011.

As Enersis, we have focused our contributions in Chile mainly on the cultural area. The most notable actions were donations of libraries for children and young people in remote areas of the country, and the publication of two books: 'The last paths of the Huemul' together with the Fundación San Ignacio del Huinay, and 'Monumental Light' that gathers together the work carried out in illumination in Chile, Colombia and Peru.

## AWARDS

Proof of our good corporate actions, knowing how to do our work well, is that we can proudly show off three prizes won by Enersis during 2006: "Best Companies for Working Mother and Fathers" awarded by Fundación Chile Unido together with the Ya magazine of the El Mercurio newspaper; the 'City' prize awarded by Fundación Futuro to the Enersis Group for its program for Illuminating Churches in the South of the World; and the 'Joint Action Prize' by the Chilean Safety Association, thanks to the innovative contributions made by Enersis's Joint Committee on Hygiene and Safety.

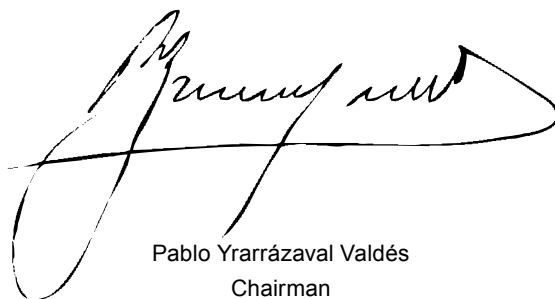
In additions to these awards, there were also those received by our main businesses. In the case of Endesa Chile, the company won the Sofofa 2006 prize for Corporate Social Responsibility, and in the case of Chilectra, won the Energy Efficiency Prize awarded by CIGRE, the Chilean Committee of the International Council of Large Electricity Networks.

These prizes are a solid proof that our group of companies is acting correctly, being clear that as well as obtaining good financial results, with the consequent returns for you, our shareholders, we are facing the respective businesses with the society in which they operate.

All that I have mentioned was possible thanks to the great human team our Company has. I should therefore like to thank all the personnel for the valuable collaboration and constant dedication.

The task that lies ahead is to continue working, giving the best personal and professional contributions, and continuing to re-invent ourselves in our business so that our companies continue along the road to continuous success that has characterized us in recent times.

Yours sincerely,



Pablo Yrarrázaval Valdés  
Chairman

# HIGHLIGHTS

OF 2006



In March the General Shareholders Meeting of Enersis appointed on a new Board, which is renewed every three years.



In August, Enersis organized the Second International Conference for the Chilean Issuers, which was attended by over 200 people linked to the national and the international financial markets.



In October the Board of Enersis appointed Mr. Ignacio Antofañanzas Alvear as new CEO who assumed his position as on October 26th, 2006.



The clients served by the distribution companies of electrical energy of the Group increased by 3.2% to 11.6 million.



The sales of energy in the generation and transmission business increased by 19.2%, and in the distribution business grew by 5.5%.



The Enersis Group is developing various generation projects which surpass 2,800 MW, which includes the significant Project of Aysen.





During the year, the International Finance Corporation (IFC) was incorporated into the participation of the electrical holding Endesa Brasil.



During the year, regarding Fitch, Moody's y Standard & Poor's upgraded the classification and risk tendency in Enersis, unanimously all reaching the investment grade.



Enersis obtained three awards: 'Best Company for Working Parents'; the prize "Ciudad", for their program Lighting Churches in the South of the World; and the "Premio Acción Paritaria", of the Chilean Association of Security.



The consolidated operational result of Enersis increased 28.9% reaching 1,068,042 million pesos.



The profits for the fiscal year greatly increased to by 311.8%, reaching 285,960 million pesos.



The share value increased by 52.6% during this year, to 169.68 pesos, whereas the value of the ADS Grew by 45.6%, to 16.00 dollars.



# THE COMPANY

NAME	ENERSIS S.A.
LOCATION	SANTIAGO, BEING ABLE TO ESTABLISH AGENCIES OR BRANCHES IN OTHER PARTS OF THE COUNTRY OR ABROAD
KIND OF COMPANY :	PUBLICLY HELD LIMITED
TAX N°	94,271,000 - 3
ADDRESS	SANTA ROSA N° 76, SANTIAGO, CHILE
TELEPHONES	(56-2) 353 4400 - (56-2) 378 4400
FAX	(56-2) 378 4788
PO BOX	1557, SANTIAGO
WEB SITE	WWW.ENERSIS.CL
ELECTRONIC MAIL	INFORMACIONES@E.ENERSIS.CL
SECURITIES REGISTRY NO	N° 175
EXTERNAL AUDITORS	DELOITTE & TOUCHE
SUBSCRIBED AND PAID CAPITAL (THCH\$)	2,415,284,412
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 AND FITCH
INTERNATIONAL CREDIT RATING AGENCIES	FITCH, MOODY 'S AND STANDARD & POOR 'S

## 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 registered 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 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 public deed dated April 13, 2006 signed before the Santiago notary Patricio Zaldívar Mackenna, whose extract was inscribed in the Santiago Trade Register (folio 15,343 No. 10,611) for 2006, and was published in the Official Gazette on April 22, 2006.

## CORPORATE PURPOSES

The corporate purposes 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 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 investment, financing and commercial policies to the subsidiary companies as well as accounting systems and criteria which they should follow; c) supervise the performance of its subsidiaries; d) provide its subsidiaries 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 corporate purposes 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.



Power Plant Rapel, Chile



# 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. As of December 31, 2006, the total number of shares were subscribed and paid, whose property was distributed as follows:

SHAREHOLDER	NUMBER OF SHARES	%
Endesa Internacional S.A.	19,794,583,473	60.62%
Pension Funds Administrators (AFPs)	6,088,088,095	18.65%
ADR's (Citibank N.A. Per Circular N° 1375)	2,791,284,650	8.55%
Stockbrokers, Mutual Funds & Insurance Companies	2,110,306,154	6.46%
Citibank Chile (Chapter XIV)	611,256,799	1.87%
Foreign Investments Funds	274,628,613	0.84%
Others	981,018,681	3.00%
<b>Total</b>	<b>32,651,166,465</b>	<b>100%</b>

## 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.

Endesa Internacional, S.A. on the other hand, is controlled in a 100% by Endesa S.A., Spanish society whose main shareholders as of December 31, 2006, and in accordance with the publishes in the CNMV (National Commission of the Market of Values of Spain, are: Grupo Entrecanales S.A. with 20.00%, Caja Madrid with 9.94% and AXA, S.A. with 5.35%.

## THE TWELVE LARGEST SHAREHOLDERS OF THE COMPANY

As of December 31, 2006, Enersis was owned by 8,728 shareholders. The twelve largest were:

NAME	TAX N°	NUMBER OF SHARES	(%)
Endesa Internacional, S.A.	59,072,610-9	19,794,583,473	60.62%
Citibank N.A. (Per circular 1375)	97,008,000-7	2,791,284,650	8.55%
AFP Provida S.A.	98,000,400-7	1,952,198,706	5.98%
AFP Habitat S.A.	98,000,100-8	1,518,357,657	4.65%
AFP Cuprum S.A.	98,001,000-7	863,954,735	2.65%
AFP Bansander S.A.	98,000,600-K	848,566,411	2.60%
AFP Santa María S.A.	98,000,000-1	690,445,050	2.11%
Citibank Chile Chapter XIV	97,008,000-7	611,256,799	1.87%
Banchile Corredores de Bolsa S.A.	96,571,220-8	429,730,676	1.32%
AFP Planvital S.A.	98,001,200-K	214,565,536	0.66%
Larraín Vial S.A. Corredora de Bolsa	80,537,000-9	185,024,008	0.57%
Ultra Fondo de Inversión	96,966,250-7	133,903,238	0.41%
<b>SUBTOTAL 12 SHAREHOLDERS</b>		<b>30,033,870,939</b>	<b>91.98%</b>
<b>Other 8.716 shareholders</b>		<b>2,617,295,526</b>	<b>8.02%</b>
<b>TOTAL 8.728 SHAREHOLDERS</b>		<b>32,651,166,465</b>	<b>100.00%</b>

## MORE IMPORTANT CHANGES IN SHAREHOLDINGS

The more important changes in shareholdings in Enersis during 2006 were:

NAME	TAX N°	SHARES AT 31/12/2006	SHARES AT 31/12/2005	% CHANGE
Citibank N.A. (Per circular 1375)	97,008,000-7	2,791,284,650	3,068,642,900	(9.04)
AFP Provida S.A.	98,000,400-7	1,952,198,706	1,802,617,868	8.30
AFP Habitat S.A.	98,000,100-8	1,518,357,657	1,324,577,958	14.63
AFP Cuprum S.A.	98,001,000-7	863,954,735	919,861,776	(6.08)
AFP Bansander S.A.	98,000,600-K	848,566,411	663,086,985	27.97
AFP Santa María S.A.	98,000,000-1	690,445,050	667,574,861	3.43
Citibank Chapter XIV	97,008,000-7	611,256,799	572,445,448	6.78
Banchile Corredores de Bolsa S.A.	96,571,220-8	429,730,676	476,723,543	(9.86)
AFP Planvital S.A.	98,001,200-K	214,565,536	214,039,681	0.25
Larraín Vial S.A. Corredora de Bolsa	80,537,000-9	185,024,008	157,932,687	17.15
Ultra Fondo de Inversión	96,966,250-7	133,903,238	-	-
BCI Corredor de Bolsa S.A.	96,519,800-8	127,297,628	132,995,256	(4.28)



SHARE  
**TRANSACTIONS**



## SHARES TRANSACTIONS IN STOCK EXCHANGES

The quarterly transactions during the last 3 years on the stock exchanges where Enersis shares are traded, in Chile, through the Santiago Stock Exchange, as in 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:

### SANTIAGO STOCK EXCHANGE

During 2006, 7,715 million shares were traded on the Santiago Stock Exchange, equivalent to Ch\$1,069,304 million. The closing share price at December was Ch\$169.68.

SANTIAGO STOCK EXCHANGE		UNITS	AMOUNT (CH\$)	AVERAGE PRICE
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
1st	Quarter 2005	1,348,339,507	129,184,082,805	95.81
2nd	Quarter 2005	2,112,530,098	229,190,716,985	108.49
3rd	Quarter 2005	1,840,936,792	215,658,892,589	117.15
4th	Quarter 2005	2,212,992,708	265,485,390,022	119.97
1st	Quarter 2006	1,963,504,194	241,782,332,100	123.14
2nd	Quarter 2006	1,391,561,107	170,737,146,206	122.69
3rd	Quarter 2006	1,424,604,249	185,750,114,705	130.39
4th	Quarter 2006	2,935,194,633	471,034,884,328	160.48

### CHILEAN ELECTRONIC STOCK EXCHANGE

During the year, 1,474 million shares were traded on the Chilean Electronic Stock Exchange, equivalent to Ch\$203,251 million. The closing share price at December was Ch\$169.75.

CHILEAN ELECTRONIC STOCK EXCHANGE		UNITS	AMOUNT (CH\$)	AVERAGE PRICE
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
1st	Quarter 2005	254,172,086	24,362,432,413	95.85
2nd	Quarter 2005	476,168,653	51,910,060,501	109.02
3rd	Quarter 2005	498,204,288	58,397,117,390	117.22
4th	Quarter 2005	569,457,331	68,028,424,373	119.46
1st	Quarter 2006	363,061,858	44,427,922,583	122.37
2nd	Quarter 2006	280,361,371	34,161,027,229	121.85
3rd	Quarter 2006	278,723,806	36,216,066,265	129.94
4th	Quarter 2006	551,462,369	88,445,858,217	160.38

### VALPARAISO STOCK EXCHANGE

During the year, 44 million shares were traded on the Valparaiso Stock Exchange, equivalent to Ch\$5,936 million. The closing share price at December was Ch\$167.70.

VALPARAISO STOCK EXCHANGE		UNITS	AMOUNT (CH\$)	AVERAGE PRICE
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
1st	Quarter 2005	21,367,282	2,057,215,407	96.28
2nd	Quarter 2005	12,853,040	1,427,487,132	111.06
3rd	Quarter 2005	9,405,452	1,107,429,833	117.74
4th	Quarter 2005	21,499,005	2,591,673,759	120.55
1st	Quarter 2006	11,090,794	1,365,417,295	123.11
2nd	Quarter 2006	7,727,889	938,354,614	121.42
3rd	Quarter 2006	8,279,320	1,049,392,923	126.75
4th	Quarter 2006	16,427,067	2,582,363,519	157.20

## NEW YORK STOCK EXCHANGE (NYSE)

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

During 2006, 79 million ADRs were traded in the United States of America, equivalent to US\$994 million. The closing ADR price was US\$16.00.

NEW YORK STOCK EXCHANGE		ADS	AMOUNT (US\$)	AVERAGE PRICE
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
1st Quarter 2005		19,729,400	162,167,776	8.22
2nd Quarter 2005		24,619,700	232,313,951	9.44
3rd Quarter 2005		28,894,300	307,507,588	10.64
4th Quarter 2005		27,267,100	309,549,753	11.35
1st Quarter 2006		24,652,200	290,316,633	11.78
2nd Quarter 2006		20,778,900	242,325,610	11.66
3rd Quarter 2006		13,510,900	161,661,972	11.97
4th Quarter 2006		20,414,300	299,702,338	14.68

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

During 2006, 1.9 million blocks were traded on Latibex, equivalent to €18 million. The closing price was €12.08.

LATIBEX		BLOCKS	AMOUNT(€\$)	AVERAGE PRICE
1ro Quarter 2004		599,507	3,288,305	5.49
2do Quarter 2004		665,930	3,377,061	5.07
3er Quarter 2004		713,812	3,688,468	5.17
4to Quarter 2004		589,448	3,455,069	5.86
1ro Quarter 2005		590,534	3,711,369	6.28
2do Quarter 2005		559,731	4,172,973	7.46
3er Quarter 2005		449,276	3,916,131	8.72
4to Quarter 2005		499,837	4,829,056	9.66
1ro Quarter 2006		472,690	4,652,963	9.84
2do Quarter 2006		479,532	4,411,956	9.20
3er Quarter 2006		433,281	4,059,131	9.37
4to Quarter 2006		475,391	5,367,646	11.29

## SHARES TRANSACTIONS CONDUCTED BY DIRECTORS AND MAIN EXECUTIVES

SHAREHOLDER	TAX N°	BUYER/SELLER	TRANSACTION DATE	NUMBER OF SHARES TRADED	TRANSACTION UNIT PRICE	TRANSACTION TOTAL AMOUNT	PURPOSE OF THE TRANSACTION	RELATIONSHIP WITH THE COMPANY
Francisco Silva B. y Cía. Ltda.	78.134.200-9	Vendedor	27/9/06	1.070.738	146,00	156.327.748	Financial Investment	Relationship with Francisco Silva, Ejecutivo
Inversiones Santa Verónica Ltda.	79.880.230-5	Vendedor	27/9/06	2.000.000	145,50	291.000.000	Financial Investment	Relationship with Hernán Somerville, Director

# DIVIDEND POLICY 2007

## DISTRIBUTABLE EARNINGS

The following shows the distributable earnings for the year 2006:

	THOUSAND CH\$
Net income for the year	285,960,366
Amortization of negative goodwill	(6,077,557)
<b>Net income</b>	<b>279,882,809</b>

## DIVIDEND POLICY

The Board is willing to propose to the Ordinary Shareholders Meeting of Enersis, which be celebrated within the first four months of 2008, a distribution of an amount equivalent to 70% of the net income for 2007.

In addition, the Board has the intention of distribute interim dividends against net income for the year 2007 of till 15% of net income as of September 30, 2007, according to the financial statements at that date, being payable as of December, 2007.

The definitive dividend will correspond to the approved by the General Ordinary Shareholders Meeting that will take place on first four months of 2008.

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

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

DIVIDEND N°	KIND OF DIVIDEND	DATE OF CLOSING	PAID DATE	Ch\$ PER SHARE	YEAR CHARGED TO
69	Interim	20.11.98	26.11.98	1.600000	1998
70	Definitive	11.05.99	17.05.99	4.000000	1998
71	Definitive	19.04.01	25.04.01	1.806391	2000
72	Definitive	14.04.05	20.04.05	0.416540	2004
73	Definitive	28.03.06	03.04.06	1.000000	2005
74	Interim	19.12.06	26.12.06	1.110000	2006

## SUMMARY OF SHAREHOLDERS' COMMENTS AND PROPOSALS

No comments were received in Enersis with respect to the business between January 1 and December 31, 2006 from the majority shareholders or groups of shareholders representing 10% or more of the issued shares with voting rights, in accordance with provisions of clause 74 of Law 18,046 and clauses 82 and 83 of the regulations of the Corporations Law.



# INVESTMENT AND FINANCE POLICY 2006

The General Ordinary Shareholders Meeting held on March 21, 2006 approved the Investment and Finance Policy which is detailed below:

## 1. INVESTMENTS

### A) AREAS OF INVESTMENT

Enersis S.A. will make investments accordingly authorized by its by-laws, in the following areas:

- Contributions for investment or formation of affiliates or related companies whose activities coincides with, or are related or linked to energy in any of its forms or states or the supply of public services which use energy as a main resource.
- Investments consistent with the acquisition, exploitation, construction, rental, administration, commercialization and sale or transfer of all types of real estate, directly or through affiliates.
- Other investments in all types of financial assets, valuables and bearer securities.

### B) MAXIMUM INVESTMENT LIMITS

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

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

### C) PARTICIPATION IN THE CONTROL OF THE AREAS OF INVESTMENT.

For the control of the areas of investment and according to that established in the social objective of Enersis S.A., as is possible, the procedure will be as far as possible, the following:

- In the General Shareholders Meetings of the affiliate companies, the proposed designation of directors to participate in Enersis S.A., preferably should be drawn from among the directors or executives of the Company and its affiliate companies.
- Investment, financial, and commercial policies will be proposed to the affiliate companies; likewise the systems and accounting criteria which must be followed.
- Affiliate and related companies will be supervised.
- A permanent control will be maintained regarding debt limits, so that investments or contributions made or planned do not vary from the norms and limits defined as maximum investments.

## 2. FINANCING

### A) MAXIMUM DEBT LEVEL

The maximum level of debt for Enersis S.A. will be given by a ratio of total debt/assets plus minority interest equal to 1.75 times the consolidated balance.

#### **B) THE ADMINISTRATION'S POWERS TO AGREE WITH CREDITORS TO RESTRICT THE DISTRIBUTION OF DIVIDENDS.**

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

#### **C) THE ADMINISTRATION'S POWER TO AGREE WITH CREDITORS ON THE GRANTING OF PLEDGES.**

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

#### **D) ASSETS ESSENTIAL FOR THE FUNCTIONING OF THE COMPANY**

The assets essential for the functioning of Enersis S.A. are the shares represented by the contributions the former makes to its affiliate Chilectra S.A.

In the event of the affiliate Elesur S.A. absorbs Chilectra S.A. through a corporate merger and as a consequence Chilectra S.A. is dissolved, for the effects of Law 3,500 it will be declared that the shares issued by Elesur S.A. and that Enersis S.A. may receive as a result of the merger will be essential assets, and that from the date the General Shareholders Meeting of Elesur S.A. and Chilectra S.A. approve such merger. In any case, those General Shareholders Meetings will take place within six months from the date of approval of Investment and Financing Policy. If that period of six months has passed and the General Shareholders Meetings have not taken place to approve the merger, the shares represented by the contributions that Enersis S.A. makes to its affiliate Chilectra S.A. will continue as essential assets.





MANAGEMENT AND  
**HUMAN RESOURCES**



## BOARD OF DIRECTORS



### CHAIRMAN

**Pablo Yrarrázaval**  
Chairman of the Santiago  
Stock Exchange  
Tax N°: 5,710,967-K



### VICE CHAIRMAN

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



### DIRECTOR

**Patricio Claro**  
Industrial Engineer  
Universidad de Chile  
Tax N°: 5,206,994-7



### DIRECTOR

**Juan Ignacio de la Mata**  
Degree in Law  
Universidad de Madrid  
Tax N°: 48,101,910-9



### DIRECTOR

**Rafael Español**  
Degree in Law  
Universidad de Barcelona  
Tax N°: 48,101,912-5



### DIRECTOR

**Hernán Somerville**  
Degree in Law  
Universidad de Chile  
Tax N°: 4,132,185-7



### DIRECTOR

**Eugenio Tironi**  
Ph.D. in Sociology  
L'Ecole des Hautes Etudes en  
Sciences Sociales, Paris,  
France  
Tax N°: 5,715,860-3

### SECRETARY

**Domingo Valdés**  
Degree in Law  
Universidad de Chile  
Tax N°: 6,973,465-0

Enersis 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 11, 2006. In the board session on March 29, 2006, were designed the Chairman, Vice-Chairman and Secretary of the Board Directors.

### DIRECTORS' REMUNERATION

As required by clause 33 of the Corporations Law 18,046, and the XVI Article of By-Laws the ordinary shareholders' meeting held on March 21, 2006, agreed the remuneration of the board of Enersis for the year 2006.

The amounts paid to Enersis directors as such, to members of the committee and to those that performed as directors of subsidiaries during 2006 are as:

AS OF DECEMBER 31, 2006, IN PESOS *						
DIRECTOR	TITLE	EXERCISE PERIOD	ENERSIS BOARD	SUBSIDIARIES BOARD	BOARD COMMITTEE	AUDITING COMMITTEE
		SINCE-TILL	GROSS Ch\$	GROSS Ch\$	GROSS Ch\$	GROSS Ch\$
Pablo Yrarrázaval Valdés	Chairman	01.01.06 - 31.12.06	49,506,410	-	7,932,541	-
Rafael Miranda Robredo	Vice Chairman	01.01.06 - 31.12.07	34,675,548	-	-	-
Rafael Español Navarro	Director	01.01.06 - 31.12.08	24,426,313	-	-	2,638,813
Juan Ignacio de la Mata Gorostizaga	Director	01.01.06 - 31.12.09	24,426,313	-	-	2,638,813
Hernán Somerville Senn	Director	01.01.06 - 31.12.10	25,080,099	-	7,932,541	1,986,461
Ernesto Silva Bafalluy	Director	01.01.06 - 31.12.11	6,526,647	-	1,304,198	652,352
Patricio Claro Grez	Director	21.03.06 - 31.12.12	19,016,069	-	6,628,343	-
Eugenio Tironi Barrios	Director	01.01.06 - 31.12.13	24,426,315	-	-	-
<b>TOTAL</b>			<b>208,083,714</b>	<b>-</b>	<b>23,797,623</b>	<b>7,916,439</b>

\* Gross amounts

### BOARD ASSESSMENT EXPENSES

There were no assessment expenses during 2006.

### 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 or by-laws, 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 immediately succeeding Ordinary Shareholders' Meeting. The current Board of Directors was elected in March 2006 and their terms expire in March 2009. 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 by-laws and the stockholders' resolutions. In addition to the by-laws, 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, defines the rules of conduct that must be followed by members of the Board of Directors, senior management and other executives 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, provide the rules governing dealings with customers and suppliers, and establish the principles that should be followed by employees, including ethical conduct, professionalism and confidentiality. They also impose limitations on the activities that our senior executives and other employees may undertake outside the scope of their employment with us.

The regulations and rules mentioned above 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

The 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 are subject to this requirement as of July 31, 2005.

Under the NYSE corporate governance rules, the audit committee of a U.S. company must perform the functions detailed in, and otherwise comply with the requirements of NYSE Listed Company Manual Rules 303A.06 and 303A.07. Non-U.S. companies have been required to comply with Rule 303A.06 beginning July 31, 2005, but are not required to comply with Rule 303A.07. We do not currently comply with Rule 303A.07, but as of July 31, 2005, we do comply with the independence and the functional requirements of Rule 303A.06. As required by the Sarbanes-Oxley Act and the NYSE corporate governance rules, on June 29, 2005, the Board of Directors of Enersis created an Audit Committee. The Audit Committee is currently composed of three directors meeting the applicable independence requirements of the NYSE: Mr. Juan Ignacio de la Mata (Chairman), Mr. Rafael Español and Mr. Hernán Somerville. Mr. Español is relying on the exemption provided by Rule 10A-3(b)(1)(iv)(B), but otherwise meets such independence requirements.

As required by Chilean Law, Enersis also has a Directors’ Committee composed of three directors. Although Chilean Law requires that a majority of the Directors’ Committee (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 Directors’ Committee 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 Directors’ Committee is composed of one non-control director and of two directors appointed by the controlling shareholder.

## CORPORATE GOVERNANCE GUIDELINES

The NYSE’s corporate governance rules require U.S.-listed companies to adopt and disclose corporate governance guidelines. Although Chilean law does not contemplate this practice, the Company has adopted the codes of conduct described above, and its Special Shareholders’ Meeting held on March 2006, approved the inclusion of articles in its bylaws that govern the creation, composition, attributions, functions and retribution of the Directors’ Committee and the Audit Committee.

## COMMITTEES AND OTHER ADVISORY BODIES

### Directors’ Committee (Comité de Directores)

The Directors’ Committee 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 compensation framework and plans for managers and executive officers; and
- any other function mandated to the committee by the by-laws, the board of directors or the shareholders of the company.

Pablo Yrarrázaval, Chairman of the Board, has also served as chairman of this committee since July 31, 2002. The other members are Hernán Somerville and Patricio Claro.

### The Audit Committee (Comité de Auditoría)

The Audit Committee is composed of three independent members who also serve as directors of the Company. It performs the following functions:

- submits a proposal for the appointment and compensation of independent auditors at the Shareholders' Meeting;
- oversees the work of independent auditors;
- pre-approves audit and non-audit services provided by the independent auditors;
- establishes procedures for receiving and dealing with complaints regarding accounting, internal control and auditing matters.

## DIRECTORS' COMMITTEE

In accordance with the provisions of clause 50 bis of the Corporations Law 18,046, Enersis S.A. has a Directors' Committee consisting of three members who have the powers and duties set out in that clause.

On March 29, 2006, the Company's board appointed as the members of the Directors' Committee Pablo Yrarrázaval Valdés (related to the controller), Hernán Somerville Senn (related to the controller) and Patricio Claro Grez (independent of the controller). The Committee, at its meeting held on March 29, 2006, agreed to appoint Pablo Yrarrázaval Valdés as its chairman and Domingo Valdés Prieto as the secretary.

### ACTIVITIES OF THE DIRECTOR'S COMMITTEE

The Directors' Committee met twelve times during 2006. It examined and approved information related to the transactions referred in clause 89 of Law 18,046, and reported on such transactions. The following specific matters were also dealt with at its meetings:

At its first meeting in the year, held on January 25, 2006, the Directors' Committee examined the unconsolidated and consolidated financial statements of the Company as of December 31, 2005 and their notes and material information, as well as the reports of the external auditors and inspectors of accounts. It also examined the terms of the services contracted for Datacenter, Support and Maintenance systems between Enersis S.A. and the subsidiary Synapsis

Soluciones y Servicios IT Limitada ("Synapsis"), declaring that meets the conditions of equality similar to those normally prevailing in the market. The Committee also examined the loan between Enersis S.A. and Elesur S.A. for an amount of 200 million pesos and agreed that this transaction meets conditions of equality similar to those normally prevailing in the market. The Directors' Committee was also formally informed of the report of the external auditors on banking business and money brokerage, as established in Circular 960 of the Superintendence of Banks and Financial Institutions and of Securities and Insurance. In addition, the Directors' Committee proposed to the board the appointment of the external audit firm Deloitte & Touche for the year 2006 and agreed to propose to the board the appointment of the firms Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada as the private credit-rating agencies for domestic risk and the firms Fitch Ratings, Moody's Investors Service and Standard & Poor's International Ratings Services as the private credit-rating agencies for international risk of Enersis S.A. for the year 2006. Finally, the Directors' Committee approved the text of the report to be presented to the Company's ordinary shareholders meeting about the activities carried out by the Committee during 2005, and the expenses it has incurred, including of advisers, during that year.

At the second meeting held on February 28, 2006, the Directors' Committee examined the expert reports published by Elesur S.A. and Chilectra S.A., the respective exchange equation and the financial statements of these subsidiaries, with respect to the merger of these companies, and agreed to propose their approval to the board of Enersis S.A., in order be voted favourably at the extraordinary shareholders meetings to be held for this purpose.

The Committee, at its third meeting held on March 29, 2006, agreed to appoint Pablo Yrarrázaval Valdés as its chairman and Domingo Valdés Prieto as the secretary.

At its fourth meeting on April 26, 2006, the unconsolidated and consolidated financial statements of the Company as of March 31, 2006 were examined, including notes, Income Statement and Essential Facts.

At its fifth meeting on May 31, 2006, the Directors' Committee examined a joint and several guarantee agreement to be signed by Enersis S.A. with its Brazilian subsidiary Luz de

Río Limitada (Luz de Río) covering the subsidiary's future obligations with the International Financial Corporation (IFC), part of the World Bank group, in the context of the entry of IFC as a shareholder in Endesa Brasil S.A. The Committee also agreed to report that the extension of the terms for certain loans granted by Enersis S.A. and Enersis Internacional to the subsidiary Chilectra S.A. meets conditions of equality similar to those normally prevailing in the markets. It also examined the merger transaction of Endesa Brasil S.A. (absorber company) and Endesa Internacional Energía Limitada (absorbed company), making the respective capital increase in Endesa Brasil S.A. and then immediately making a capital reduction in the same company, and declared that this transaction met conditions of equality similar to those normally prevailing in the market.

At its sixth meeting on June 28, 2006, the president of the Committee explained the strategic alliance signed between Enersis S.A. and Endesa, S.A. and its main contents. The Directors' Committee agreed to report that, based on the information received, it was reasonable to agree to the modifications proposed in order to preserve the strategic alliance. Consequently, the Directors' Committee of Enersis S.A. considered it appropriate to qualify the modifications requested as convenient for the best corporate interests of Enersis S.A., and that meet conditions of equality similar to those normally prevailing in the market. These modifications consisted of replacing the prior notice foreseen in the fourth clause, No.1, of the strategic alliance, which is currently six months, by one of three months, and replacing the term of the automatic renewal foreseen in the same clause, which is currently three years, to a period of one year. The Directors' Committee agreed to declare having examined the renewal of the insurance policies of the Enersis Group through a captive reinsurance company scheme called Compostilla Re, formed in Luxembourg by Endesa, S.A., as the market quotes and methodology used in the tender and division of the premiums enabled it to state that the contracting met conditions of equality similar to those normally prevailing in the market.

At its seventh meeting, held on July 26, 2006, the Directors' Committee examined the unconsolidated and consolidated financial statements of the Company as of June 30, 2006 and the report of the external auditors. It also examined the terms of a contract for the sale of Site 29 and "Hijuela Oriente", that form part of the Buín electricity substation, by Enersis S.A. to

its subsidiary Chilectra S.A., and agreed that this agreement met conditions of equality similar to those normally prevailing in the market. The Committee also examined the terms of the rental agreement regarding an offices property at Marcoleta street number 634, Santiago, that Enersis S.A. will sign with its subsidiary Endesa Inversiones Generales S.A., as these terms meet conditions of equality similar to those normally prevailing in the market.

At its eight meeting on August 30, 2006, the Directors' Committee examined the remuneration systems and compensation plans of the managers and senior executives of Enersis S.A.

At its ninth meeting, held on September 27, 2006, the Directors' Committee examined information relating to the transactions referred to in clause 89 of Law 18,046 made by Enersis S.A. during the month of August 2006.

At its tenth meeting on October 25, 2006, the unconsolidated and consolidated financial statements of the Company as of September 30, 2006 were examined, together with the notes and material information. The Committee also examined the information related to a real-estate services contract to be provided to Enersis S.A. by its real-estate subsidiary Inmobiliaria Manso de Velasco Limitada (IMV), and the signing of a money desk and treasury, accounting and taxation services contract to be provided by Enersis S.A. to its subsidiary IMV, and declared that this contract meet conditions of equality similar to those normally prevailing in the market. The Committee examined information related to the amendment of the rental agreement, signed in January 2000 between Enersis S.A. and IMV, whereby the Enersis Group stadium located at Carlos Medina street 858, Independencia, Santiago was rented to Enersis S.A. by IMV, as this contract meet conditions of equality similar to those normally prevailing in the markets. The Committee also examined information relating to the amendment of two service contracts for the use of the Enersis Group stadium signed between Enersis S.A. and IMV in January 2000, and between Enersis S.A. and its subsidiary Chilectra S.A. in December 2002, and approved the signing of the contractual amendments as these met conditions of equality similar to those normally prevailing in the markets.

At its eleventh meeting on November 29, 2006, the Directors' Committee agreed to take formal and express note of the

internal control letter of Enersis S.A., dated November 27, 2006, prepared by the Company's external auditors, Deloitte, as referred to in Circular 980 of the Superintendence of Securities and Insurance. It also examined and approved the terms of the services contract for the implementation of the "Identities Management (IM) and Unique Connection LogOn (SSO)" project to be signed between Enersis S.A. and its subsidiary Synapsis, and approved its signing, as the contract met conditions of equality similar to those normally prevailing in the markets.

At its twelfth meeting held on December 14, 2006, the Directors' Committee examined the terms of the service contract for creating an information technology solution for configuring "Control Tables" especially designed for the corporate finance and treasury management of Enersis S.A., including the assignment of the right of use of the SAP BW software licences required for the operation of the solution, to be signed between Enersis S.A. and its subsidiary Synapsis, as this contract met conditions of equality similar to those normally prevailing in the markets. The Committee examined the contract for services and assignment of rights to use the respective software licences that Enersis S.A. will sign with Synapsis in order to implement a documents-entering solution for the corporate treasury sub-management of Enersis S.A., as the terms of the contract met conditions of equality similar to those normally prevailing in the markets. The Committee examined the terms of a services contract for the implementation of a new cash budget system for the Company's treasury sub-management, to be signed between Enersis and Synapsis, as the contract met conditions of equality similar to those normally prevailing in the markets. Finally, the Committee agreed to approve the calendar for its ordinary meetings for 2007.

In conclusion, the Directors' Committee of Enersis S.A. during 2006 has been fully committed to comply with the issues set out in clause 50 bis of the Corporations Law 18,046 and has analyzed and contributed to the best outcome of the above analyzed transactions.

#### DIRECTOR'S COMMITTEE EXPENSES

The Directors' Committee in 2006 made no use of the functioning expenses approved by the ordinary shareholders meeting held on March 21, 2006. The Committee has not needed to contract professional advisers for carrying out its duties.

## AUDIT COMMITTEE

The constitution of the Audit Committee was agreed by the board of Enersis S.A. at its meeting on June 29, 2005. The Audit Committee is different compared to the Board and the Directors' Committee, required by the Corporations Law 18,046. The Audit Committee is required by the United States Sarbanes Oxley Act and the complementary regulations issued by the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE), considering that Enersis S.A. is an issuer of American Depositary Receipts (ADRs) which are duly registered with the NYSE, and an issuer of bonds registered in the United States of America. Its functions include: i) to be one of the proponents of the appointment of the external auditors to the ordinary shareholders meeting; ii) to be responsible for checking the work of the company's external auditors; iii) to pre-approve the external audit services and other services provided by the external auditors; and iv) to set procedures for reception and processing of claims in accounting, internal control or auditing areas. The extraordinary shareholders meeting of Enersis S.A. held on March 21, 2006 amended the bylaws of the Audit Committee, regulating the generation, membership, functioning and powers of this committee.

On March 29, 2006, the Company's board appointed as members of the Audit Committee of Enersis Juan Ignacio de la Mata Gorostizaga, Rafael Español Navarro and Hernán Somerville Senn, who satisfied and declared satisfying the requirements of independence required to the members of the Audit Committee by the United States Sarbanes Oxley Act, the Securities and Exchange Commission and the New York Stock Exchange, according to the applicable rules to Enersis S.A.. The board also appointed Rafael Español Navarro as the Committee's financial expert. Enersis's Audit Committee, at its meeting held on April 26, 2006, also unanimously appoint Juan Ignacio de la Mata Gorostizaga as chairman of this committee and Domingo Valdés Prieto as the secretary.

#### ACTIVITIES OF THE AUDIT COMMITTEE

At its first meeting held on January 24, 2006, the Audit Committee examined the unconsolidated and consolidated financials statements of Enersis S.A. as of December 31, 2005, with their notes and material information, as well as the reports of the external auditors of Enersis S.A. The chairman

of the Audit Committee explained that Enersis S.A. has been preparing for more than a year a group of internal control procedures in order to comply with the Sarbanes Oxley Act, giving a presentation of the work carried out by Enersis S.A. on this subject. The Committee took formal and express note of the internal control letter of Enersis S.A., dated November 30, 2005, prepared by the Company's external auditors, Deloitte & Touche, as referred to in Circular 980 of the Superintendence of Securities and Insurance dated December 24, 1990. The Committee also took formal note of the report of Deloitte & Touche on banking business and money brokerage for the year 2005, issued on January 20, 2006. The Committee agreed that it should be informed of the result of each and every one of the investigations made following complaints received since October 25, 2005 and that the Ethics Channel should contemplate direct information to the chairman of the Audit Committee. In addition, and in accordance with Section 202 of the Sarbanes Oxley Act, the Audit Committee agreed unanimously to pre-approve to contract external audit services and those un-related to the external audit to be provided by the external auditors and which were presented in that meeting for their pre-approval. Likewise, and in accordance with Section 201(a) of the Sarbanes Oxley Act, the Audit Committee of Enersis S.A. agreed to establish a procedure for the pre-approval of professional services by the external auditors and submit them for the final approval of the board. At the same meeting, the Audit Committee agreed to propose the appointment of the firm of independent external auditors Deloitte & Touche for the year 2006. The Committee also approved the text of the report that should be presented to the Company's ordinary shareholders meeting concerning the activities of the Committee during 2005, and the expenses it has incurred that year, including those of its advisers, introduced in the Annual Report of Enersis S.A. Finally, the Committee approved the proposed Audit Committee expense budget for 2006, and agreed to submit it to the board and the ordinary shareholders meeting of Enersis S.A. for a final resolution of this matter. It also approved the calendar of its ordinary meetings for 2006.

In its second meeting, held on April 26, 2006, the Audit Committee elected Juan Ignacio de la Mata Gorostizaga as its chairman and Domingo Valdés Prieto as secretary. It also examined the unconsolidated and consolidated financials statements of Enersis S.A. as of March 31, 2006, with their notes and material information. At the same time,

and in accordance with the procedure for the Ethic Channel and the Treatment of Claims approved in accordance with the Sarbanes Oxley Act, the Committee issued its opinion on each of the claims presented and gave the directions to be followed in each case. Also in accordance with the Sarbanes Oxley Act, the Committee agreed to pre-approve the contracting of certain auditing services and others un-related to auditing services to be provided by the external auditors.

At its third meeting on July 25, 2006, the Audit Committee examined the unconsolidated and consolidated financials statements of Enersis S.A. as of June 30, 2006, with their notes and material information and the report of the external auditors. At the same time, and in accordance with the procedure for the Ethics Channel and Treatment of Claims approved in accordance with the Sarbanes Oxley Act, the Committee issued its opinion on each of the claims presented and gave the directions to be followed in each case. Also in accordance with the Sarbanes Oxley Act, the Committee agreed to pre-approve the contracting of certain auditing services and others un-related to auditing services to be provided by the external auditors

At its fourth meeting on October 24, 2006, the Audit Committee examined the unconsolidated and consolidated financials statements of Enersis S.A. as of September 30, 2006, with their notes and material information. At the same time, and in accordance with the procedure for the Ethics Channel and Treatment of Claims approved in accordance with that set out in the Sarbanes Oxley Act, the Committee issued its opinion on each of the claims presented and gave the directions to be followed in each case. Also in accordance with the Sarbanes Oxley Act, the Committee agreed to pre-approve the contracting of certain auditing services and others un-related to auditing services to be provided by the external auditors

#### EXPENSES OF THE AUDIT COMMITTEE

During 2006, the Audit Committee made no use of the budget for its functioning expenses approved by the ordinary shareholders meeting held on March 21, 2006. The Committee has not required the services of professional advisers for carrying out its duties.

## SENIOR EXECUTIVES



### CHIEF EXECUTIVE OFFICER

**Ignacio Antoñanzas**  
Mines Engineer Universidad  
Politécnica de Madrid  
Tax N°: 22,298,662-1

### CHIEF REGIONAL FINANCE OFFICER

**Alfredo Ergas**  
Business Administration Graduate  
Universidad de Chile  
Tax N°: 9,574,296-3

### CHIEF REGIONAL PLANNING AND CONTROL OFFICER

**Macarena Lama**  
Tax N°: 21,495,901-1  
Agronomist  
Escuela Técnica Superior de  
Ingenieros Agrónomos de Madrid

### CHIEF REGIONAL ACCOUNTING OFFICER

**Fernando Isac**  
Economist  
Universidad de Zaragoza  
Tax N°: 14,733,649-7

### LEGAL COUNSEL

**Domingo Valdés**  
Lawyer  
Universidad de Chile  
Tax N°: 6,973,465-0

### CHIEF COMMUNICATIONS OFFICER

**José Luis Domínguez**  
Civil Engineer  
Pontificia Universidad Católica  
de Chile  
Tax N°: 6,372,293-6

### CHIEF AUDITING OFFICER

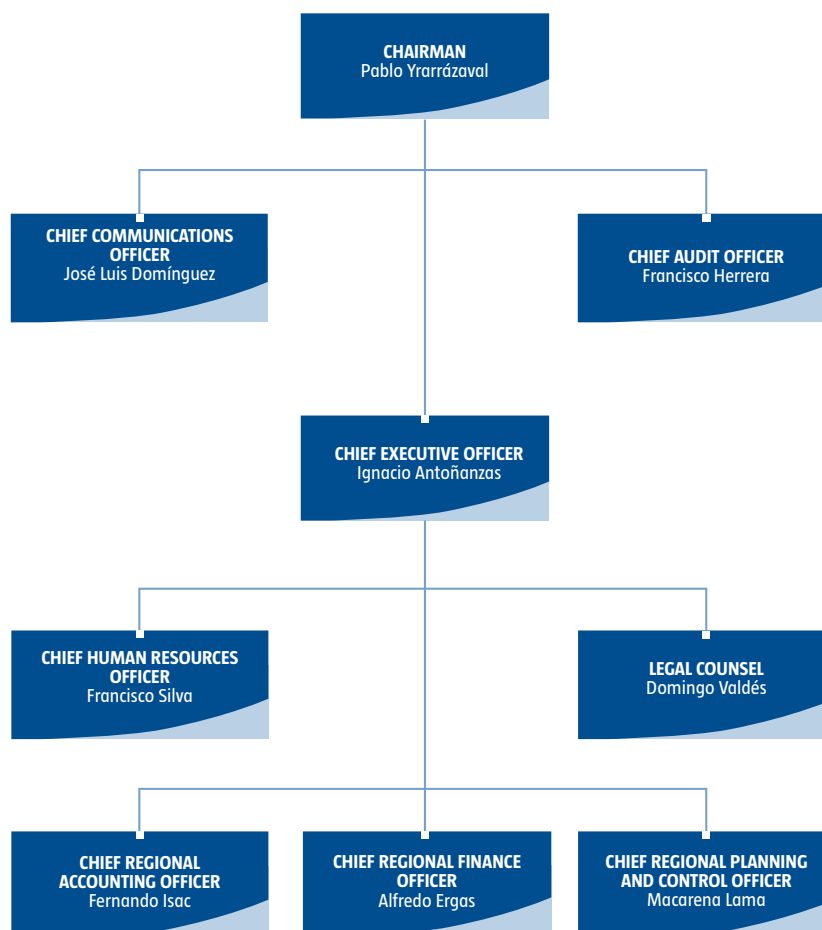
**Francisco Herrera**  
Civil Engineer  
Pontificia Universidad Católica de Chile  
Tax N°: 7,035,775-5

### CHIEF HUMAN RESOURCES OFFICER

**Francisco Silva**  
Public Administration  
Universidad de Chile  
Tax N°: 7,006,337-9



## ORGANIZATION STRUCTURE



### REMUNERATIONS OF SENIOR EXECUTIVES AND MANAGERS

The total gross remunerations received by the above mentioned senior executives and the rest of the managers of Enersis, that do not report directly neither Chairman nor Chief Executive Officer, for the exercise 2006, amounted to Ch\$ 2,581 million.

### INDEMNIFICATIONS PAID TO SENIOR EXECUTIVES AND MANAGERS

During 2006, there was not indemnification payment made by the company.

### INCENTIVE PLANS FOR SENIOR EXECUTIVES AND MANAGERS

Enersis has an annual bonus plan for its executives based on compliance of objectives and on the individual contribution towards the Company's results. This plan includes a definition of the range of bonuses according to the level of seniority of the executives. The bonuses paid to the executives consist of a determined number of gross monthly remunerations.

## DISTRIBUTION OF HUMAN RESOURCES

Energis' personnel distribution, including information regarding to subsidiaries within the five countries the Group operates, as of December 31, 2006, was the following:

COMPANY	SENIOR EXECUTIVES	PROFESSIONALS AND TECHNICIANS	WORKERS	TOTAL
Energis	24	102	94	220
Endesa Brasil (1)	62	1,997	879	2,938
Endesa Chile (2)	58	1,777	193	2,028
Chilectra (3)	12	514	182	708
Edesur	30	1,664	713	2,407
Edelnor	14	328	206	548
Codensa	19	872	43	934
Synapsis (4)	14	640	204	858
Cam (5)	10	820	283	1,113
Manso de Velasco (6)	5	13	12	30
<b>Total</b>	<b>248</b>	<b>8,727</b>	<b>2,809</b>	<b>11,784</b>

(1) Includes: Ampla Energía, Coelce, CIEN, Cachoeira Dourada, Fortaleza, CTM and TESA.

(2) Includes: Ingendesa, Pangué, Pehuenche, Celta, San Isidro, Central Costanera, El Chocón, Edegel, Emgesa, Betania, Enigesa and Túnel El Melón.

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

(4) Includes: Synapsis Chile, Synapsis Argentina, Synapsis Colombia, Synapsis Brasil and Synapsis Peru.

(5) Includes: Cam Chile, Cam Argentina, Cam Brasil, Cam Colombia and Cam Peru.

(6) Includes: Soc. Agrícola de Cameros Ltda., Aguas Santiago Poniente S.A., Agrícola e Inmobiliaria Pastos Verdes Ltda., Const. and Proyectos los Maitenes S.A.





# BUSINESS ACTIVITIES

## HISTORIC OVERVIEW

On June 19, 1981 Compañía Chilena de Electricidad S.A. created a new corporate structure, giving rise to a Holding Company with three subsidiaries. One of these was Compañía Chilena Metropolitana de Distribución Eléctrica S.A. In 1985, as a result of the privatization policy enacted for state-owned companies by the Government of Chile, the transfer of the capital stock of Compañía Chilena Metropolitana de Distribución Eléctrica S.A. to the private sector began. This process concluded on August 10, 1987. Through this process, private pension funds (A.F.P.), the company's workers, institutional investors and thousands of small investors became stockholders of the Company. The organization structure was based upon operating activities or functions in which the achievements were evaluated on functions and its profitability was limited by a scheme of tariffs, due to the fact that the company was devoted exclusively to the distribution of electricity.

In 1987, the Board of Directors proposed a division of the various activities of the parent company. Thus, four subsidiaries were formed enabling them to be run as separate business units, each with its own objectives, and in this way expanding the activities of the company into other non-regulated businesses, though still related to the core business. This proposed division was approved by the Extraordinary Shareholders' Meeting held on November 25, 1987, which determined its new corporate purpose. As a result of the above, Compañía Chilena Metropolitana de Distribución Eléctrica S.A. became an investment company.

On August 1, 1988, under a resolution adopted by the Shareholders' Meeting held on April 12, 1988, one of the companies born out of the division changed its corporate name to **Enersis S.A.** The Extraordinary General Meeting of Shareholders held on April 12, 2002 modified the corporate purpose of the Company, introducing the activities in telecommunications and the investment and management of companies involved in telecommunications and information technology and brokerage via Internet.

Today, Enersis is one of the largest private electricity groups in Latin America, in terms of consolidated assets and operating income, achieved through stable and balanced growth in its electricity generating and distribution businesses, as well as in other businesses related to these activities.

The electricity distribution business abroad has been developed jointly with its subsidiary **Chilectra**, a company involved in the distribution of electricity in the Metropolitan Region of Santiago, Chile.

Enersis has developed its investments in the generation of electricity in the country and abroad mainly through its subsidiary **Empresa Nacional de Electricidad S.A.** (Endesa Chile).

In addition, the Company is present in businesses that complement its principal activities through majority equity holdings in the following companies:

**Synopsis Soluciones y Servicios IT Ltda.**, involved in supplying services and equipment related to information technology and data processing.

**Inmobiliaria Manso de Velasco Ltda.**, involved in the real estate business, through the integral development of real estate projects and in the management, rental, purchase and sale of the real estate holdings of Enersis and its subsidiaries in Chile.

**Compañía Americana de Multiservicios Ltda. (CAM)**, which activities are related to business and other operations in networks for public service companies, preferably in the service of measuring systems for public utilities and as a purchasing agent, importer and exporter, and also seller and supplier of materials for Enersis' subsidiaries and third parties.

## INTERNATIONALIZATION

Enersis started its international expansion process during 1992 through its participation in various privatizations in the neighboring countries in the continent, in this way establishing a significant presence in the electricity sectors of Argentina, Peru, Colombia and Brazil.

In July 1992, **Distrilec Inversora S.A.**, a company in which Enersis holds a participation, was adjudicated **Empresa Distribuidora Sur S.A.**, **Edesur**, a company that distributes electricity in the city of Buenos Aires, Argentina. Subsequently, in December 1995, Enersis acquired a further 39% of this company and became its controlling shareholder.

Between July **1994** and December 1995 and through Inversiones Distrilima S.A., Enersis purchased 60% of the capital stock of Empresa de Distribución Eléctrica de Lima Norte S.A., **Edelnor**, in Peru. Also that year, it acquired Edechancay, another Peruvian distribution company.

During **1996**, Enersis ventured for the first time into the Brazilian market, acquiring jointly with other partners an important part of the shares in Companhia de Eletricidade do Rio de Janeiro S.A., Cerj, that distributed electricity in the city of Rio de Janeiro, Brazil. This company changed its name to **Ampla Energía e Serviços S.A.**

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

At the beginning of **1998**, Enersis ventured once again into the Brazilian market. This time, through a consortium, which was awarded the control of Companhia Energética de Ceará S.A., **Coelce**, a company that distributes electricity in the State of Ceará in the north east of Brazil.

During **1999**, **Endesa S.A.** (Spain) became the controlling shareholder of Enersis. Through a share purchase offer, in

which it offered a price of 320 Chilean Pesos per share, the multinational company bought a further 32% of Enersis, which, added to the 32% acquired in August 1997, increased its final shareholding to 64%. The transaction, concluded on April 7, 1999, involved an investment of US\$ 1,450 million.

On May 11, 1999, Enersis acquired an additional 35% of **Endesa Chile**, in which it already held 25%. Consequently, Enersis attained approximately 60% of the ownership of the generating company, becoming its parent company and consolidating Enersis' position as one of the leading private electricity groups in Latin America.

Important operations were carried out during **2000** that are **summarized** as follows: the Company's capital was increased by US\$ 520 million. Furthermore, US\$ 1,400 million were incorporated as a result of the sale of the subsidiarie, Transelec, Esval, Aguas Cordillera and the real estate divestments, within the strategic framework of the Genesis Plan.

**Significant investments** were made during **2001**: US\$ 364 million to increase the company's shareholding in Chilectra; US\$ 150 million in the purchase of a 10% holding in Edesur, Argentina, which was owned by the company employees; US\$ 132 million to increase the participation in the Brazilian company Cerj (Ampla) and US\$ 23 million to increase by 15% the shareholding of Enersis in Río Maipo.



Power Plant Ralco, Chile

During the year 2002, progress continued in Chile on the construction of the Ralco hydroelectric plant located in the VIII Region and in Brazil, of the Fortaleza Thermolectric Plant in the State of Ceará. Furthermore, the second phase of the electricity interconnection between Argentina and Brazil commenced commercial operations, CIEN, achieving a transmission capacity of 2,100 MW between the two countries.

Also, Enersis strengthened the financial position of Ampla with the conversion of US\$ 100 million of convertible bonds into equity and with a capital increase of US\$ 100 million. Furthermore, Enersis invested US\$ 1.6 million to increase by 1.73% its shareholding in Distilima, the company through which it controls Edelnor.

During the year 2003, Enersis carried out a capital increase that permitted a rise in the Company's equity base by more than US\$ 2,104 million. With this operation, the shareholding of Endesa (Spain) in Enersis fell to 60.62%.

In addition, the Company refinanced US\$ 4,018 million with various financial transactions such as new syndicated loans, bond issues on the local and international markets, prepayment of the "Jumbo II" loan and other minor operations. Finally, Enersis sold assets worth US\$ 757 million, which included the Canutillar generating plant and the electricity distribution company, Río Maipo.

In 2004, the Company refinanced debts of US\$ 2,100 million with various financial transactions such as new syndicated loans, bond issues on the local and international markets, prepayment of the "Jumbo III" loan and other minor operations.

Also, the Ralco generating plant, a subsidiary of Endesa Chile, came on stream with a contribution of 690 MW of power.

In 2005, a Holding Company domiciled in Brazil was created, a subsidiary of Enersis S.A., by the name of Endesa Brasil S.A. This new company was incorporated with all the assets that the Enersis Group and Endesa Internacional had in Brazil: CIEN, Fortaleza, Cachoeira Dourada, Ampla, Investluz and Coelce.

Also during 2005, Endesa Chile, with the participation of Ingendesa, started drawing up the feasibility study of the projects on the Baker and Pascua rivers that will imply more than 2,400 MW of new installed capacity for Chile. In March, Endesa Chile created the company, Endesa ECO S.A. whose corporate purpose is to develop renewable energy in Latin America.

Furthermore, in August, Endesa initiated the construction of the San Isidro II combined cycle thermoelectric plant, which will have an installed capacity of 377 MW. Also, in October, it commenced the construction of the Palmucho hydroelectric plant with 32 MW of power.

During February 2006, Endesa Chile bought for approximately US\$17 million, the Termocartagena Plant (142 MW) in Colombia, which operates with either fuel oil or gas, and which has the ability of being converted into coal.

On March, Enersis informed to the Superintendency of Securities and Insurance about the merger between Elesur and Chilectra, through the absorption of the former by the first one. The legal effects started to be valid on April 1, 2006.

On May, Endesa Chile started environmental base studies for Hydro Aysén Project, located on XI Region of Chile which will finish on 2007 and in August constituted the company Centrales Hidroeléctricas de Aysén S.A. as of June, in Peru the merger between Edegel and Etevensa, was accomplished, the latter is subsidiary of Endesa Internacional. And as of September, Endesa Chile, jointly with ENAP, Metrogas and GNL Chile signed the agreement which defines the structure of Proyecto Gas Natural Licuado (GNL), which is expected to solve the lack of gas from Argentina.

Another relevant operation during 2006 was the new shareholder incorporation into Endesa Brasil, the IFC (International Finance Corporation), which contributed with US\$50 million to the Brazilian Holding.

Finally, as of October 2006, the auction of electricity supply for the period 2009-2020 was closed and Chilectra made contracts for 49,720 GWh, which amounts the energy enough in order to fulfill its contracts until year 2009, whereby Endesa Chile and subsidiaries achieved approximately 6,400 GWh per year, corresponding to the 100% of its bids and 59% of the total bids, under a price close to US\$65 per MWh.

## GROWTH, RESEARCH AND DEVELOPMENT

The principal objective of Enersis is to maximize the economic value of its equity through stable growth based on rigorously evaluated and managed electrical businesses. The compliance with this objective is supported by an investment strategy focused on increasing the economic value of the subsidiaries and affiliate companies, as well as the acquisition of new companies.

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

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

Regarding the **first pillar** for development, our Company in 2006 continued to improve the returns of the main subsidiaries, both in electricity generation and in distribution. For example, the returns on sales in both lines of business showed important progress as a result of the permanent application of improvements in production processes and the constant research carried out.

Regarding the **second pillar**, to increase the value of the investment for shareholders, remarkable was the more than 50% growth in the Company's market capitalization. This was the result of the better and more informed perception that the market has internalized with respect to the prudent diversification of the businesses managed by Enersis. In fact, our Group capitalized well the growth shown by the economies of the five countries in which we operate, which impacted favorably on the demand for energy, an essential element in the sustainability of development.

Regarding the **third pillar**, to have a better and healthier financial structure, the unanimous consensus should be noted from the international credit-rating agencies, which in 2006 issued favorable reports on the financial position of our Group. For example, Moody's restored Enersis' investment grade category, based on the financial improvements shown by the Company, its improved liquidity, and the recognition of a better business environment in the region. For its part, Fitch also raised its rating of Enersis based on its greater financial strength and better predictability of cash flows from its principal businesses. Lastly, Standard & Poor's raised the outlook of Enersis by placing the present rating under revision with positive implications, based on the Company's improved performance.

Finally, with respect to the **fourth pillar**, investment opportunities, Enersis is constantly evaluating the best options for growth in both lines of business, in the countries where it is currently operating. The Company rigorously evaluates the different options, bearing in mind the contribution they might have on the previously-commented three pillars.

A key factor in this matter involves performing investments that require significant amounts of experience, management skills and operating capacities of Enersis and its subsidiaries. This requirement means investing in companies in which its management and operation have a full involvement and the power to approve or reject its investment projects.



Baker River, Chile



# ELECTRICITY BUSINESS

BY COUNTRY



## ELECTRICITY GENERATION

Electricity generation is mainly carried out through our subsidiary Endesa Chile. In this business, the Group has subsidiaries operating in Chile, Argentina, Brazil, Colombia and Peru.

In all, the installed capacity amounted to 13,299 MW as of December 2006 and our consolidated electricity production was 57,439 GWh in 2006, 12% more than the 51,116 GWh produced in 2005.

In the electricity industry, the segmentation of the business between hydroelectric and thermal generation is common as the variable costs of generation are different for each form. Thermal generation requires the purchase of fossil fuels and hydroelectric generation needs water from reservoirs and rivers.

64% of our consolidated generating capacity comes from hydroelectric sources while the remaining 36% is thermal.

## ELECTRICITY TRANSMISSION

For the Enersis Group, the electricity transmission business is concentrated on the interconnection line between Argentina and Brazil, through CIEN, a subsidiary of Endesa Brasil.

## ELECTRICITY DISTRIBUTION

Our electricity distribution business is carried on through Chilectra in Chile, Edesur in Argentina, Ampla and Coelce (owned by Endesa Brasil) in Brazil, Codensa in Colombia and Edelnor in Peru. Our principal subsidiaries and related distribution companies sold 58,280 GWh during 2006.

Chilectra, Edesur, Edelnor, Ampla, Coelce and Codensa serve the principal cities of Latin America and provide an electricity service to over 11.6 million customers. These companies face demand that is growing by around 6% annually. This obliges them to invest constantly both in expansion and in the maintenance of their facilities.

# ARGENTINA



## INDUSTRY STRUCTURE

Law 24,065 of January 1992, the Argentine Electricity Law, divides the electricity industry into three sectors. The generation sector is organized on the basis of independent producers which compete in selling their production on the Wholesale Electricity Market (MEM) or under private contracts with other parties in the MEM. The transmission sector is organized on a regulated basis which requires transmission companies to operate, maintain and provide to third parties access to their transmission systems and are authorized to charge a toll for the transmission services. Transmission companies are forbidden from generating or distributing electricity.

Distribution covers the transfer of electricity from the transmitters' supply points to the users. Distribution companies operate as geographic monopolies, providing the service to almost all users within a specific region. Distributors' tariffs therefore are regulated and the companies are subject to specified quality service. While distribution companies can acquire from the MEM at seasonal prices or under contracts with generating companies the electricity they need to meet their demand, all prefer to buy electricity in the MEM as they are only allowed to transfer to final customers the seasonal prices that reflect the average energy spot price.

The Argentine electricity dispatch system, like that in Chile, is designed to ensure that the least expensive electricity reaches the consumer. The National Interconnected System (NIS) coordinates the generation, transmission and distribution of electricity. Generating companies sell their electricity to distribution companies, energy traders and large users in the competitive MEM under freely negotiated contracts or on the spot market at prices set by the Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA) which is responsible for the operation of the MEM.

All the generating companies that are in the common NIS fund operate in the MEM. Distribution companies, energy traders and large users that have supply contracts with the generating companies pay the contractual price. The large users that contract directly with the generating companies also pay to the distribution companies a toll for the use of their distribution network. The seasonal price is that paid by distributors for the electricity obtained in the common fund and is a fixed price that CAMMESA updates every six months and adjusts every three months, and that the Secretary for Energy approves according to supply, demand, available capacity and other factors. The spot price is that paid to generating companies, or paid by the energy traders that sell generating capacity, for the energy dispatched under the administration of CAMMESA and for the capacity that CAMMESA requires for maintaining adequate reserves. The hourly spot price paid for energy reflects the marginal cost of generation.

 GENERATION

**Plant Costanera**

Type	Thermal
Installed Capacity	2,319 MW

**Plant Arroyito**

Type	Hydro
Installed Capacity	120 MW

**Plant El Chocón**

Type	Hydro
Installed Capacity	1,200 MW



 DISTRIBUTION

**Edesur**

Energy Sales	14,837 GWh
Clients	2,195,914
Energy Losses	10.5%

## ELECTRICITY GENERATION

Enerdis participates in electricity generation in **Argentina** through Endesa Chile and its subsidiaries **Endesa Costanera and El Chocón**, with a total installed capacity of **3,639 MW**. It has five plants, two of which are hydroelectric and three thermal.

Enerdis indirectly holds 38.5% of the share capital of Costanera and 28.5% of El Chocón.

In 2006, the Group's Argentine generating plants represented 15% of the installed generating capacity of the Argentine electricity grid.

Total electricity generation in Argentina was 104,341 GWh in 2006, 11% more than in 2005, and our market share in terms of generation was approximately 13%.

Of our total generation, hydroelectric represented almost 37%, higher than in 2005 as this year was relatively wet.

**Physical energy sales of the Group in Argentina were 13,926 GWh in 2006**, of which 98% was generated by our facilities.

As of December 2005, Endesa Costanera and El Chocón have shareholdings in two new companies, Termoeléctrica Manuel Belgrano S.A. and Termoeléctrica José de San Martín S.A., created to construct new generating facilities in connection with FONINVEMEM.

Enerdis and Endesa Chile also participate in the transmission and sale of electricity in Argentina through their related companies, Compañía de Transmisión del Mercosur S.A. (CTM), the owner of the Argentine side of the interconnection line with Brazil, CIEN, and CEMSA, a trading company that has signed contracts with generators in Argentina for exporting electricity from Argentina to Brazil and Uruguay.

In Argentina, other generators connected to the NIS include Piedra del Águila, Puerto, San Nicolás, Paraná, Alicura, Genelba, Pichi Picún Leufú and TermoAndes.

### ENDESA COSTANERA

Located in the city of Buenos Aires, its installed capacity of **2,319 MW** is steam-gas thermal and uses natural gas, fuel oil and diesel oil as fuel for generating.

Its capacity represented around 10% of the total installed capacity on the MEM as of December 2006.

The combined cycle II plant of 859 MW of Endesa Costanera is the largest of its kind in Argentina, and can operate with natural gas and diesel. Its **1,138 MW** steam plant can operate with natural gas or fuel oil.

The net generation of Endesa Costanera was **8,709 GWh**, 3.7% more than the year before.

### CHOCÓN

Located in the provinces of Neuquén and Río Negro, its installed capacity of **1,320 MW** is hydroelectric from an artificial reservoir that uses the waters of the Limay and Collón Curá rivers.

Its capacity represented around 5% of the total installed capacity on the MEM as of December 2006.

The continued favourable hydrological conditions of last year enabled the company to break its generation record established in 2001 (4,502 GWh), with a total of **5,041 GWh** in 2006, 28% higher than the previous year.

## ELECTRIC DISTRIBUTION

Energis participates in electricity distribution in **Argentina** through its subsidiary **Edesur**.

Energis directly and indirectly holds 65.4% of the share capital of Edesur.

Edesur has an exclusive concession for the distribution of electricity within a concession area for a period of 95 years from August 31, 1992. The concession consists of an initial period of 15 years and eight additional periods of 10 years each.

The concession contract obliges Edesur to supply electricity at the request of the owners or inhabitants of properties within its concession area, meet certain quality standards regarding the electricity supplied, meet certain operational requirements regarding the maintenance of the distribution assets, and bill customers on the basis of effective metering.

The market share of Edesur in terms of physical sales was 17% in 2006.

Other distributors participating in the Argentine electricity system include Empresa Jujena de Energía (EJESA), Empresa de Distribución de Energía de Tucumán (EDET), Empresa Distribuidora de Energía de Santiago del Estero (EDESE), Empresa Distribuidora y Comercializadora Norte (EDENOR) and Empresa de Distribución de la Plata (EDELAP).

### EDESUR

The principal objective of Edesur is to distribute and commercialize electricity in the southern part of the city of Buenos Aires, comprising two-thirds of the Federal Capital region and twelve districts of the province of Buenos Aires. Its concession area covers 3,309 km<sup>2</sup>.

It provides an electricity service to **2,195,914** customers, 1.4% more than the year before. Of the total, 86.8% are residential customers, 11.6% commercial, 1.2% industrial and 0.4% other customers.

During 2006, **energy sales** amounted to **14,837 GWh** to its end customers, representing a 5.8% increase over 2005. This was distributed 38.2% to the residential sector, 26.5% to the commercial sector, 10.3% to industry and 25.0% to others.

**Energy losses** declined by **10.5%** in 2006.

Regarding the **tariff situation**, with the publication in the Argentine Official Gazette of Decree 1959/06 of the National Executive Power, the renegotiation agreement minutes that Edesur and the Public Utilities Contracts Renegotiation Unit signed on February 15, 2006 were ratified.

Edesur will therefore receive an increase in its remuneration for the first time since the devaluation of 2001, amounting to 28% and applicable to all tariff categories except for Tariff 1 Residential.

The coming into Effect of this Agreement is an important event in the process of re-composition of the Company's economic-financial equation as it not only permits the first increase in the remuneration of Edesur but establishes the realization of a later Integral Tariff Revision that will enable the Company to achieve a successful renegotiation of its Contract.

# BRAZIL

## INDUSTRY STRUCTURE

The Brazilian electricity industry is organized in a large interconnected electricity system called the National Interconnected System (Brazilian NIS), which is comprised of electricity companies in most of the regions and a small, isolated system in the northern region.

Generation, transmission, distribution and supply businesses are separated by law.

Under the present regulatory framework, the principal regulatory authority in the Brazilian electricity industry is the União, acting through the Ministry of Mines and Energy, which has exclusive authority over the electricity sector through its concessionary and regulatory powers. The regulatory policies for the sector are implemented by the National Electricity Agency (ANEEL), established in accordance with Law 9,427/96.

During recent years, the Brazilian electricity industry has suffered many changes and transformations. In March 2004, federal laws 10,847 and 10,848 established a new model for the electricity sector in Brazil. The new model intends to offer reduced tariffs to the customer and ensure the expansion of the system, within EPE (Energy Inquiry Company), a state entity responsible for the planning of generation and transmission activities, which defines two spheres of contracting: the free and the regulated environments.

As part of the regulations of the new model, the contracting of energy by distributors for supplying their regulated customers should be done through a centralized bidding process.

Another important change imposed on the sector is the separation of the bidding process for “existing energy” and “energy from new projects”. The plants in existence prior to 2000 are considered as “existing energy” plants and those completed after 2000 are “energy from new projects” plants.

The new model also established the separation of sector activities to prevent distributors from participating in generation, transmission and in other companies.

The first tender took place in December 2004 in which the energy that the existing generating plants were going to produce was contracted with the distributors for periods of five to eight years, and the first tender for energy to be produced at future plants was held in December 2005.

The concessions law establishes three kinds of modifications regarding the tariff in the supply of energy to end customers: the annual tariff setting, the ordinary tariff correction and the extraordinary tariff correction.

**GENERATION**

**Plant Fortaleza**

Type	Thermal
Installed Capacity	322 MW

**Plant Cachoeira Dourada**

Type	Hydro
Installed Capacity	658 MW

**DISTRIBUTION**

**Ampla**

Energy Sales	8,668 GWh
Clients	2,316,251
Energy Losses	21.9%

**Coelce**

Energy Sales	6,769 GWh
Clients	2,543,257
Energy Losses	13.0%



**TRANSMISSION**

**CIEN**

Installed Capacity	2,100 MW
Energy Sales	6,394 GWh

## ENDESA BRASIL

Enersis participates in **Brazil** through Endesa Brasil. Enersis began to consolidate Endesa Brasil in October 2005, with a direct and indirect shareholding of 53.6%.

The objective of the reorganization of all the assets in Brazil was to simplify the organizational structure, thus permitting greater efficiency, transparency in the flows and stability of local cash flows by being managed centrally, and thus reduce financing costs. In addition, to improve the financing by third parties and lastly to strengthen the Group's positioning in considering new investment opportunities.

## ELECTRIC GENERATION

Enersis participates in electricity generation in **Brazil** through Endesa Brasil and its subsidiaries **Cachoeira Dourada and Endesa Fortaleza**, with two plants, one hydroelectric and one thermal, with a total installed capacity of **980 MW**.

In 2006, the hydroelectric generation plant contributed approximately 1% of the installed capacity of the NIS.

Enersis directly and indirectly holds 53.4% of the share capital of Cachoeira Dourada and 53.6% of Endesa Fortaleza.

Total electricity generation in Brazil was **416,343 GWh in 2006**, 4% more than in 2005, and our market share in generation was approximately 1%.

The Group's hydroelectric generation represented almost 94% of total generation in 2006.

The Group's physical sales of energy in Brazil were **13,276 GWh in 2006**, of which 33% was own generation.

Other generators connected to the NIS include CHESF, Furnas, Cemig, Electronorte, Cesp, Copel, Eletrobras and Eletropaulo.

Enersis also participates in the transmission and commercialization of electricity through an interconnection line between Argentina and Brazil, through CIEN.

## CACHOEIRA DOURADA

Located in the state of Goias, 240 km. south of Goiania, its installed capacity of **658 MW** is pass-through hydroelectric and uses the waters of the Paranaiba river for generation.

Its capacity represented approximately 0.7% of the total installed capacity on the NIS as of December 2006.

The net generation of Cachoeira was **4,241 GWh**, 19% more than in the previous year.

## FORTALEZA POWER PLANT

Located in the district of Caucaia, 50 km. from the capital of the state of Ceará, it is a combined-cycle thermal plant of **322 MW** that uses natural gas and diesel-oil for generation.

Its capacity represented around 0.3% of the total installed capacity on the NIS as of December 2006.

The gross generation was **248 GWh**, 28% below the level of 2005.

## CIEN

This company permits the export and import of electricity between Argentina and Brazil, in either direction. It has two transmission lines with a total installed capacity of **2,100 MW** which cover a distance of approximately 500 km., from Rincón Santa María in Argentina to Itá in the state of Santa Catarina in Brazil.

CIEN's **energy sales** in 2006 were **6,394 GWh**.



## ELECTRIC DISTRIBUTION

Eneris participates in electricity distribution in Brazil through Endesa Brasil and its subsidiaries Ampla and Coelce.

Eneris directly and indirectly holds 69.9% of the share capital of Ampla and 34.9% of Coelce.

The market share of our subsidiaries in Brazil, in terms of physical sales, was approximately 4%.

The other electricity distributors in Brazil include CPFL, Brasileira de Energia, AES Elpa, Cemig, Light, Coelba, and Copel.

### AMPLA

This is an electricity distribution company that covers 73.3% of the area (32,054 km<sup>2</sup>) of the state of Rio de Janeiro. The population of the area is around eight million living in 66 districts, the principal ones being Niteroi, São Gonçalo, Petrópolis, Campos and the coastal area of Los Lagos.

It provides an electricity service to **2,316,251 customers**, 4.5% more than the previous year. Of these, 89.7% are residential, 7.1% commercial, 0.3% industrial and 3.0% other customers.

During 2006, the company sold **8,668 GWh** to its end customers, representing a 6.0% increase over 2005. Of this, 38.2% was sold to residential customers, 10.6% to industrial, 18.5% to commercial and 32.7% to other customers.

The fight against energy losses obtained positive results in 2006, reaching the objective of containing the natural increase in the loss ratio due to the aggressiveness of the market. In terms of **energy losses**, these have fallen by 2.5%, from 22.4% in December 2005 to **21.9%** in December 2006.

The DAT network was introduced to 112,092 customers this year. At December, 361,952 customers were connected, the objective being to reach 500,000 in the next few years.

Regarding the **tariff situation**, the average tariff adjustment for Ampla was defined on March 13, with an increase of 2.9%.

### COELCE

This is the electricity distribution company of the state of Ceará, in north-east Brazil, and covers a concession zone of 148,825 km<sup>2</sup>. The company serves a population of more than seven million people.

The customers of **Coelce** number **2,543,257**, of which 79.4% are residential, 5.6% commercial, 0.3% industrial and 14.7% other sectors.

**Energy sales** to December 2006 were **6,769 GWh**, 2.9% higher than in 2005. Of this total, 32.1% was to residential customers, 18.5% to commercial, 17.3% to industrial and 32.1% to other customers.

Total **energy losses** showed a significant improvement, reducing from 14.0% in 2005 to **13.0%** in 2006.

Regarding the **tariff situation** and as defined in the concession contract, supply tariffs were adjusted by 10.0% on April 22, 2006. In April 2007, Coelce will be subject to the second tariff revision cycle as foreseen in the distribution services concession contract.

# CHILE

## INDUSTRY STRUCTURE

The Chilean electricity sector is regulated by three government entities that are responsible for the application of and compliance with the law: the National Energy Commission (CNE), which has the authority to propose the regulated tariffs (node prices) and to prepare indicative plans for the construction of new generating units; the Superintendency of Electricity and Fuels (SEC), which regulates and checks compliance with the laws, regulations and technical standards for electricity generation, transmission and distribution, liquid fuels and gas; and the Ministry of the Economy which revises and approves the tariffs proposed by the CNE and regulates the granting of concessions to electricity generating, transmission and distribution companies, following a report from the SEC.

According to the Chilean electricity law, generating companies have to coordinate their operations through the Economic Load Dispatch Center (CDEC) in order to operate each electricity grid at the lowest cost while preserving service security. The CDEC therefore plans and carries out the grid's operation, including the calculation of the marginal cost, the price of energy transfers between generators.

From a physical point of view, the Chilean electricity sector is divided into four electrical systems: SIC (the Central Electricity System), SING (the Northern Electricity System), and two minor isolated systems in Aysén and Magallanes.

The SIC, the principal electricity grid, is 2,400 km long, from Taltal in the north to Quellón, on the island of Chiloé, in the south. With an installed capacity of 8,561 MW as of December 2006, the system is mainly hydroelectric, with 58% of the total, while thermal generation contributes 42%. Peak demand on the SIC in 2006 was 6,064 MW and sales were 38,259 GWh, representing an increase of 7%.

The SING covers the north of the country, from Arica to Coloso in the south, covering some 700 km. This system, with an installed capacity of 3,611 MW as of December 2006, is predominantly thermal. Peak gross generation on the SING in 2006 was 1,774 MW and energy sales were 12,027 GWh, representing an annual increase of 4%.

Regarding the tenders for long-term supplies carried out in 2006, Endesa Chile and Chilectra were able to successfully carry out their commercial commitments. It is expected that during 2007, the energy tender processes imposed by the authority will continue.

**GENERATION**

Plant Tarapacá	
Type	Thermal
Installed Capacity	182 MW

Plant Atacama	
Type	Thermal
Installed Capacity	751 MW

Plant Tal - Tal	
Type	Thermal
Installed Capacity	245 MW

Plant Diego de Almagro	
Type	Thermal
Installed Capacity	47 MW

Plant Huasco	
Type	Thermal
Installed Capacity	80 MW

Plant Los Molles	
Type	Hydro
Installed Capacity	18 MW

Plant San Isidro	
Type	Thermal
Installed Capacity	379 MW

Plant Rapel	
Type	Hydro
Installed Capacity	377 MW

Plant Sauzal	
Type	Hydro
Installed Capacity	77 MW

Plant Sauzalito	
Type	Hydro
Installed Capacity	12 MW

Plant Cipreses	
Type	Hydro
Installed Capacity	106 MW

Plant Isla	
Type	Hydro
Installed Capacity	68 MW

Plant Curillinque	
Type	Hydro
Installed Capacity	89 MW

Plant Loma Alta	
Type	Hydro
Installed Capacity	40 MW

Plant Pehuenche	
Type	Hydro
Installed Capacity	566 MW

Plant Bocamina	
Type	Thermal
Installed Capacity	128 MW

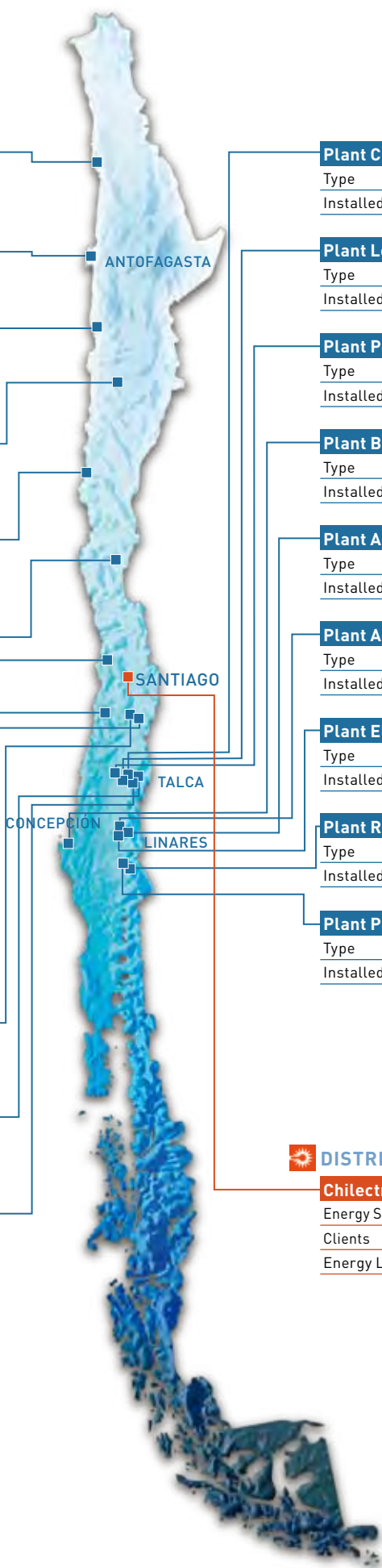
Plant Abanico	
Type	Hydro
Installed Capacity	136 MW

Plant Antuco	
Type	Hydro
Installed Capacity	320 MW

Plant El Toro	
Type	Hydro
Installed Capacity	450 MW

Plant Ralco	
Type	Hydro
Installed Capacity	690 MW

Plant Pangue	
Type	Hydro
Installed Capacity	467 MW



**DISTRIBUTION**

Chilectra	
Energy Sales	12,377 GWh
Clients	1,437,381
Energy Losses	5.4%

## ELECTRIC GENERATION

Enerjis participates in electricity generation in Chile through Endesa Chile and its subsidiaries, the largest electricity company in the country in terms of installed capacity. It is also involved in engineering services.

Enerjis directly holds 60% of the share capital of Endesa Chile.

Endesa Chile and its subsidiaries Pehuenche, Pangué, San Isidro and Celta, own and operate a total of 22 generating plants in Chile, 14 of them hydroelectric and 8 thermal plants using coal, oil or natural gas, with a total installed capacity of approximately **4,477 MW**, representing 37% of Chile's total installed capacity.

The **total electricity generation in Chile was 53,595 GWh in 2006**, 6% more than in 2005, and our market share in terms of generation was around 37%.

The Group's hydroelectric generation represented 86% of total generation in 2006.

The **Group's physical energy sales in Chile were 20,923 GWh in 2006**, of which 94% were own generation.

Endesa Chile supplies electricity to the principal regulated distributors, large unregulated industrial companies (mainly in the mining, wood-pulp and steel-making sectors) and on the spot market.

The most important supply contracts of Endesa Chile with regulated customers refer to its contracts with Chilectra and CGE, the two largest distributors in Chile, and with unregulated customers like Codelco and Inforsa, among others.

Other generators connected to the Chilean electricity grid include AESGener, Colbún, Electroandina, Edelnor and Norgener, among others.

### PEHUENCHE

Located in Chile's 7th Region, 60 km to the east of Talca, its installed capacity of **695 MW** is hydroelectric, with a reservoir that uses the waters of the Melado river and waters from the discharge of the Loma Alta plant, for its generation.

The net **generation** of Pehuenche was **4,346 GWh**, 7% more than the year before.

### PANGUE

Located in Chile's 8th Region, 100 km to the east of Los Angeles, its installed capacity of **467 MW** is hydroelectric, with an artificial reservoir that uses the waters of the Bío-Bío river for generation.

The net generation of Pangué was **2,432 GWh**, 9% more than the previous year.

### SAN ISIDRO

Located in Chile's 5th Region, 8 km from Quillota, its installed capacity of **379 MW** is thermal in combined cycle, using natural gas and fuel oil for generation.

The net generation of San Isidro was **802 GWh**, 32% more than the previous year.

### CELTA

Located in Chile's 1st Region, 65 km from Iquique, its installed capacity of **182 MW** is steam-gas thermal, using coal and oil for generation.

The net generation of Celta was **751 GWh**, 96% more than the previous year.

## ELECTRIC DISTRIBUTION

Energis participates in electricity distribution in Chile through its subsidiary Chilectra.

Energis directly holds 99% of the share capital of Chilectra.

According to Chile's tariff regulations covering the activities of electricity distributors, the service area of Chilectra is mainly defined as one of high density and includes all the residential, commercial, industrial, state customers and those that pay tolls, plus Compañía Eléctrica del Río Maipo S.A.. The Santiago Metropolitan Region is a densely-populated area and has the largest concentration of industries, industrial parks and commercial installations in Chile.

The market share of Chilectra, in terms of physical sales, was 44%.

Other distributors participating in the Chilean electricity system include Empresa Eléctrica de Arica S.A., Empresa Eléctrica de Aysén S.A., Empresa Eléctrica EMEL S.A., Compañía Eléctrica del Río Maipo S.A., Sociedad Austral de Electricidad S.A., Empresa Eléctrica de la Frontera S.A., Compañía General de Electricidad S.A. and Luz Andes Ltda., among others.

### CHILECTRA

Chilectra is the largest electricity distribution company in Chile in terms of energy sales. It covers 33 districts of the Metropolitan Region and its concession zone covers an area of 2,118 km<sup>2</sup>, including those of Empresa Eléctrica Colina Ltda. and Luz Andes Ltda.

It provides an electricity service to **1,437,381 customers**, 2.4% more than the year before. Of the total, 89.6% corresponds to residential customers, 8.0% to commercial, 0.8% to industrial and 1.5% to other customers.

During 2006, the company sold **12,377 GWh** to its end customers, representing a 4.4% increase over 2005. This was distributed 27.3% to the residential sector, 24.8% to commercial, 25.7% to industrial and 22.0% to other sectors.

Chilectra **bought 13,088 GWh** of energy during 2006 from various generators which included AES Gener, 31.8%, Endesa Chile, 32%, Colbún, 31.1% and others, 5%.

Chilectra continued with its efforts to control **energy losses** in 2006, these being **5.4%** at the end of 2006.

Regarding the **tariff situation**, Chilectra does not foresee any changes until 2008.

As a result of the "Short Law II", Chilectra periodically makes open tenders for energy purchases in order to cover its customers' long-term energy needs.

On April 18, 2006, Chilectra together with Empresa Eléctrica de Puente Alto Ltda., Empresa Eléctrica de Colina Ltda., Luz Andes Ltda. and Empresa Eléctrica Municipal de Til Til, began a tender process for the supply of energy and capacity for supplying their regulated customers for the period 2009 - 2020. The tender contemplated a total of 4,500 GWh annually, which contracts were awarded on November 10, 2006.

On September 27, Chilectra, together with the companies mentioned in the previous paragraph, began a second tender process for the supply of energy and capacity for supplying their regulated customers for the period 2011 - 2025. The tender contemplated a total of 6,000 GWh annually, which contracts are expected to be awarded in August 2007.

With the tenders mentioned, Chilectra has covered its contracted demand until 2010.

# COLOMBIA

## INDUSTRY STRUCTURE

The Colombia Electricity Law establishes certain principles for the industry which are implemented by resolutions published by the Electricity and Gas Regulation Committee (CREG) and other electricity regulatory entities.

Prior to the publication of that law, the Colombian electricity sector was heavily vertically integrated. The law separately regulates the generation, transmission, commercialization and distribution (the "Activities"). Any Colombian or international company can participate in any of the Activities, but their participation has to be exclusively limited to one of the Activities, although commercialization may be combined with generation or distribution. The companies that were vertically integrated when the law came into effect can continue to participate in all the Activities in which they participated prior to the effective date of the law, but have to keep separate accounting for each activity.

The Ministry of Mines and Energy defines government policies for the energy sector. Other entities that also play an important role in the electricity industry are the Superintendence of Public and Residential Services (SSPD), the CREG and the Mining and Energy Planning Unit.

The only interconnected electricity system in Colombia is the National Electricity Grid (Colombian NIS), formed by the generating plants, interconnection network, regional and inter-regional transmission lines, distribution lines and the electricity loads of the users.

The generating sector is organized on a competitive basis in which generating companies sell their production on the spot market in a common energy fund known as the Energy Exchange at the spot price or through private long-term contracts with certain market participants and unregulated users at freely-negotiated prices.

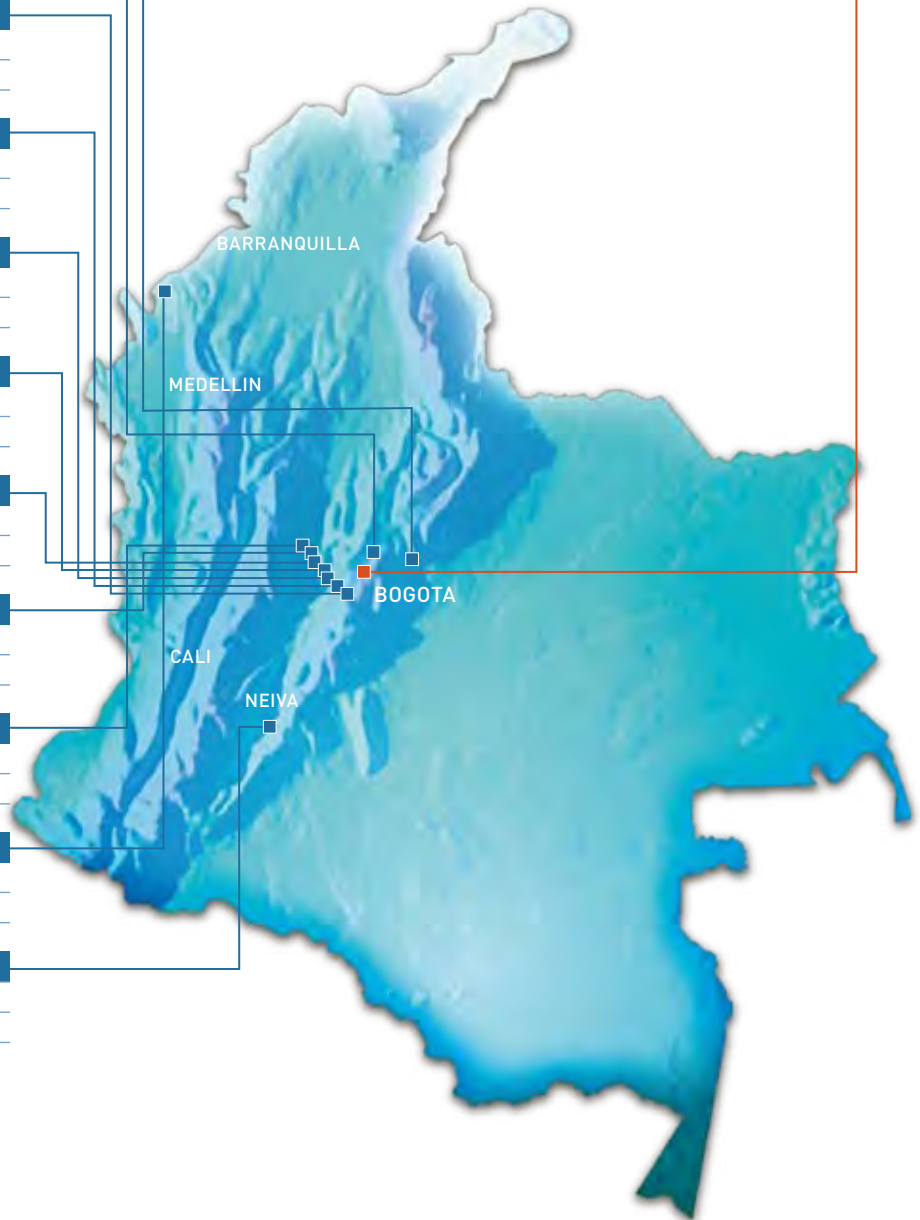
Purchases and sales of electricity are carried out through bilateral transactions which can be made between generators, distributors, traders and unregulated customers. However, the CREG has been working since 2004 on a proposal to modify contracting procedures in the Colombian market, to becoming an Electronic Contracting System.

**GENERATION**

<b>Plant El Guavio</b>	
Type	Hydro
Installed Capacity	1,163 MW
<b>Plant Termozipa</b>	
Type	Thermal
Installed Capacity	236 MW
<b>Plant La Guaca</b>	
Type	Hydro
Installed Capacity	325 MW
<b>Plant Charquito</b>	
Type	Hydro
Installed Capacity	20 MW
<b>Plant La Junca</b>	
Type	Hydro
Installed Capacity	20 MW
<b>Plant Tequendama</b>	
Type	Hydro
Installed Capacity	20 MW
<b>Plant Limonar</b>	
Type	Hydro
Installed Capacity	18 MW
<b>Plant Paraiso</b>	
Type	Hydro
Installed Capacity	277 MW
<b>Plant La Tinta</b>	
Type	Hydro
Installed Capacity	20 MW
<b>Plant Cartagena</b>	
Type	Thermal
Installed Capacity	142 MW
<b>Plant Betania</b>	
Type	Hydro
Installed Capacity	541 MW

**DISTRIBUTION**

<b>Codensa</b>	
Energy Sales	10,755 GWh
Clients	2,138,497
Energy Losses	8.9%



## ELECTRIC GENERATION

Eneris participates in electricity generation in Colombia through Endesa Chile and its subsidiaries **Emgesa** and **Betania**, with a total of eleven plants, nine of them hydroelectric and two thermal, with a total installed capacity of **2,779 MW**.

Eneris indirectly holds 14.1% of the share capital of Emgesa and 60.0% of Betania.

In 2006, the generating plants accounted for 21% of the country's total installed capacity.

**Total electricity generation in Colombia was 52,340 GWh** in 2006, 4% more than in 2005 and our market share, in terms of generation, was approximately 24%.

The Group's hydroelectric generation represented 97% of the total generation in 2006. Our physical generation depends on the reservoir water levels and annual rainfall.

Apart from the hydrology conditions, generation depends on our commercial strategy. The Colombian electricity market is less regulated than the markets of the other countries in which we operate. Companies are free to offer their electricity at the price determined by market conditions, instead of being obliged by a centralized operator entity to generate electricity according to the system's minimum marginal costs.

**The Group's physical energy sales in Colombia** were **15,327 GWh** in 2006, of which 81% was from own generation.

Other generators connected to the Colombian electricity grid include Empresa Pública de Medellín, Isagen, Corelca, EPSA and Chivor, among others.

### EMGESA

This is the largest electricity generating company in Colombia, located close to the city of Bogotá. It has ten plants with a total capacity of 2,238 MW, among which is the El Guavio 1,163 MW plant, the largest hydroelectric plant in Colombia. It has just one steam-coal thermal plant which uses coal for generation.

Its capacity represented around 17% of the total installed capacity of the Colombian grid at December 2006.

The net generation of Emgesa was 10,360 GWh, 6% more than the year before.

### BETANIA

Located 340 km south of Bogotá, its installed capacity of **541 MW** is hydroelectric, with an artificial reservoir fed by the waters of the Magdalena, Páez, Yaguará and other rivers, for generation.

Its capacity represented around 4% of the total installed capacity of the Colombian grid at December 2006.

**The net generation was 2,204 GWh**, 5% more than the year before.



## ELECTRIC DISTRIBUTION

Eneris participates in electricity distribution in Colombia through its subsidiary Codensa.

Eneris directly and indirectly holds 21.7% of the share capital of Codensa.

Since 2001 Codensa has provided services to regulated customers only. More than 9.5 million people, or around 20.7% of the Colombian population, live in the service area of Codensa.

Codensa's market share, in terms of physical sales, was 23%.

Other distributors participating in the Colombian electricity system include Empresa de Energía Cundinamarca, EEP Medellín, Electrificadora de la Costa Atlántica and Electrificadora del Caribe, among others.

### CODENSA

The company contributes and sells electricity in Bogotá and in 96 districts of the departments of Cundinamarca, Boyacá and Tolima, comprising an area of 14,087 km<sup>2</sup>.

Provides electricity services to **2,138,497 customers**, 3% more than in 2005. Of the total, 88.6% are residential, 9.6% commercial, 1.7% industrial and 0.2% other customers.

During 2006, **energy sales** were 10,755 GWh to its end customers, representing an increase of 6.6% over 2005. These were distributed 35.9% to residential, 14.6% commercial, 6.0% industrial and 43.5% to other sectors.

Codensa acquired 41% of its energy in 2006 from Emgesa, a generator controlled by Endesa Chile, and 59% from other suppliers.

**Energy losses** were reduced from 9.4% in 2005 to **8.9%** in 2006. Loss management is focused on metering, seeking greater effectiveness from loss inspections. Suburb electricity networks were also standardized through 'micropimt' programs.

Regarding the **tariff situation**, Codensa began to obtain remuneration for its high-tension assets associated with the Chía substation, whose additional revenues were received by the company from January 1, 2006.



Bogota City, Colombia

# PERU

## INDUSTRY STRUCTURE

The regulatory framework of the Peruvian electricity industry is similar to the Chilean one. In Peru, the Ministry of Energy and Mines defines the policies of the energy sector and regulates matters related to the environment. It is also responsible for the granting, supervision and expiry and termination of licenses, permits and concessions for generating, transmission and distribution activities. Other entities that play an important role in the electricity industry are the Energy Investment Supervisory Organism (OSINERG) and the System Economic Operation Committee (COES).

Some of the most relevant features of the regulatory framework applicable to the Peruvian electricity sector are: (i) the vertical disintegration or separation of the three principal activities: generation, transmission and distribution; (ii) freedom of prices for the supply of energy on competitive markets and a regulated price system based on efficiency principles, and (iii) the private operation of the electricity interconnection systems subject to principles of efficiency and service quality.

The Peruvian electricity sector consists of just one main grid system, the National Electricity Grid (SEIN), plus many isolated and smaller regional systems that provide electricity to rural areas.

Some technical standards were introduced in October 1997 to compare service quality and conditions provided by electricity companies. Effective October 1999, those companies not complying with the minimum quality standards are subject to fines and tax surcharges by the OSINERG, apart from the compensation mechanisms for customers whose service did not meet the standards.

The Tariff Regulation Management is the executive arm of Osinerg, responsible for proposing to its directive council the electricity tariffs, and tariffs for the transportation of liquid hydrocarbons and natural gas by pipeline, according to the criteria set out in the Electricity Concessions Law and the regulations applicable to the Hydrocarbons sub-sector.

The methodology used for dispatch and price setting for generators in Peru is practically the same as that used in Chile. At the transmission level, lines are divided into two systems, the principal and the secondary, and electricity distribution tariffs are set on the basis of voltage levels.

**GENERATION**

**Plant Huinco**

Type	Hydro
Installed Capacity	247 MW

**Plant Matucana**

Type	Hydro
Installed Capacity	129 MW

**Plant Callahuanca**

Type	Hydro
Installed Capacity	75 MW

**Plant Moyopampa**

Type	Hydro
Installed Capacity	65 MW

**Plant Huampani**

Type	Hydro
Installed Capacity	30 MW

**Plant Santa Rosa**

Type	Thermal
Installed Capacity	229 MW

**Plant Ventanilla**

Type	Thermal
Installed Capacity	457 MW

**Plant Yanango**

Type	Hydro
Installed Capacity	43 MW

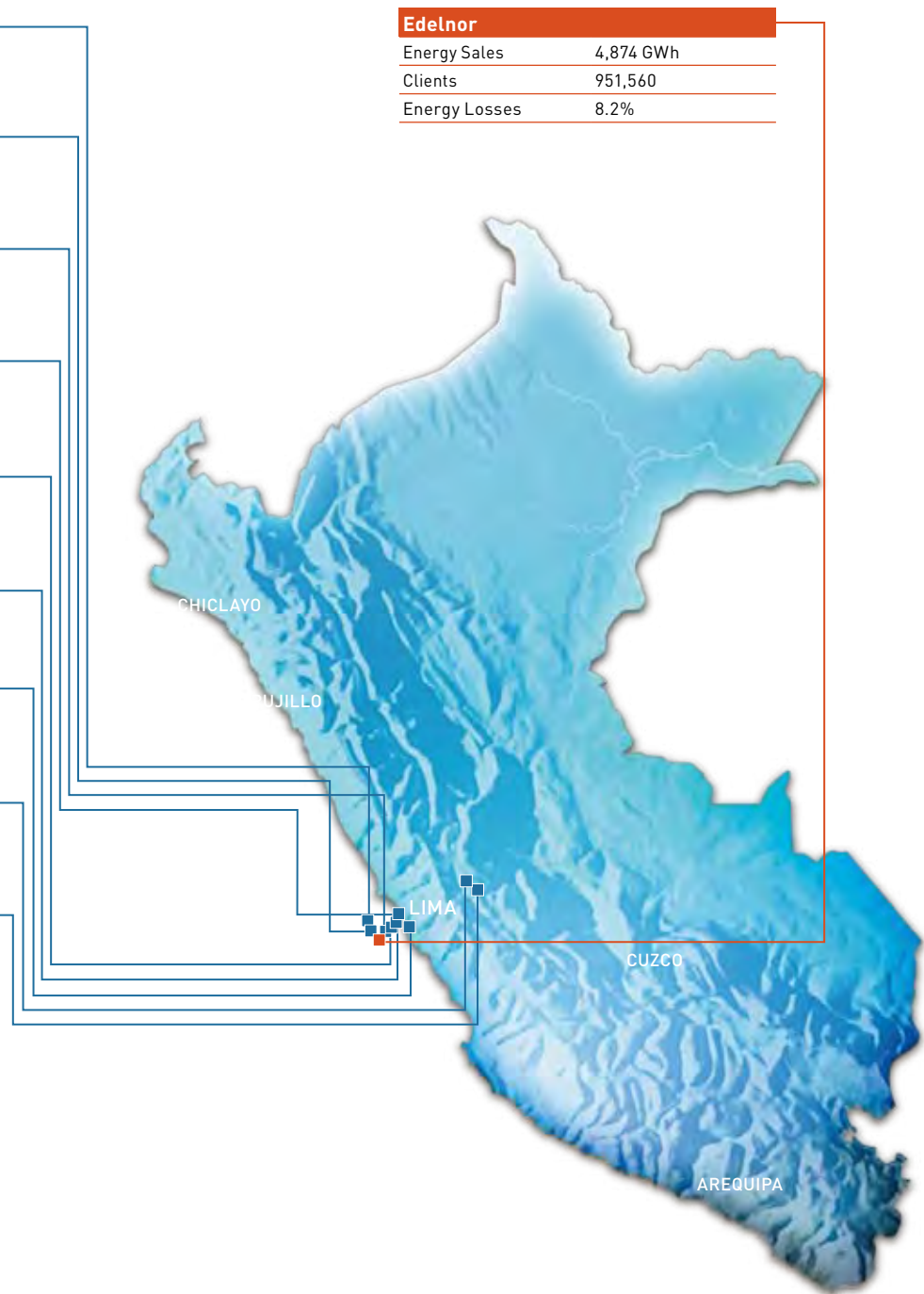
**Plant Chimay**

Type	Hydro
Installed Capacity	151 MW

**DISTRIBUTION**

**Edelnor**

Energy Sales	4,874 GWh
Clients	951,560
Energy Losses	8.2%





Power Plant Ventanilla, Peru

## ELECTRIC GENERATION

Eneris participates in electricity generation in Peru through Endesa Chile and its subsidiary **Edegel**, with a total of nine plants with a installed capacity of 1,426 MW.

Eneris indirectly holds 19.8% of the share capital of Edegel.

In 2006, our hydroelectric and thermal generating plants accounted for 30% of the country's total installed capacity.

**Total electricity generation in Peru was 24,763 GWh in 2006**, and our market share, in terms of generation, was approximately 27%.

The Group's hydroelectric generation represented 63% of the total generation in 2006.

**The Group's physical energy sales in Peru were 6,766 GWh in 2006**, of which 96% was from own generation. The growing demand in Peru is partly due to the mining sector, whose increased electricity requirements reflect the growing

copper and gold production, which in turn reflect the higher prices of those metals on the international markets.

As the SEIN is the only interconnected transmission system in Peru, the competition can be considered to be all the generators connected to this system.

Other generators connected to the Peruvian electricity grid include Electroperú and Egenor, among others.

The market share of Edegel in terms of physical sales was 30% in 2006 and contracted sales represented 91% of total physical sales and spot market sales the remaining 9%.

### EDEGEL

This company is located close to the city of Lima. It has nine plants with a total capacity of 1,426 MW, two of which are thermal plants that use gas as their generating fuel.

The net **generation** of Edegel was **6,662 GWh**, 48% higher than in the previous year.

## ELECTRIC DISTRIBUTION

Energis participates in electricity distribution in Peru through its subsidiary **Edelnor**.

Energis directly and indirectly holds 33.5% of the share capital of Edelnor.

Edelnor is the electricity service concession holder for the northern part of Metropolitan Lima and the province of Callao, as well as the provinces of Huaura, Huaral, Barranca and Oyón. It serves 52 districts exclusively and shares in another 5 districts with the distribution company for the southern part of the zone. Edelnor's concession mainly includes Lima's industrial zone and some densely-populated parts of the city.

Edelnor's market share, in terms of physical sales, was approximately 30%.

Other participants in Peru's electricity distribution system include Luz del Sur, Electro Sur, ENOSA, ENSA and Hidrandina, among others.

### EDELNOR

The concession zone granted to Edelnor covers a total area of 2,440 km<sup>2</sup>, of which 1,838 km<sup>2</sup> relate to northern Lima and Callao.

Edelnor provides electricity services to **951,560 customers**, of which 93.7% are residential, 4.3% commercial, 0.1% industrial and 1.9% other customers. The number of customers increased by 27,000 in 2006.

**Physical energy sales** in 2006 were **4,874 GWh**, representing a 7.6% increase over 2005 as a result of increased demand in the country. Of the total energy sold, 36.3% relates to residential, 25.9% industrial, 18.9% commercial and 18.9% other customers.

Edelnor in 2006 bought energy mainly from Electroperú (52.4%), Edegel (19.9%), Egenor (14.5%), Cahua (5.9%) and Eepsa (4.0%).

**Energy losses** at December 2006 were 8.2%.

Regarding the **tariff situation**, Congress approved in 2006 an amendment to the Electricity Concessions Law, seeking to ensure the efficient development of electricity generation. The regulation thus accepts practically all the proposals of the Ministry of Energy and Mines and of Osinerg concerning tenders for long-term energy contracts with distributors, the planning of energy transmission and the restructuring of the COES with the participation of independent and fully-dedicated directors.





OTHER  
**BUSINESSES**

## SYNAPSIS

Synapsis Soluciones y Servicios IT Ltda. is an information technology (IT) professional services company. With more than 19 years' experience, it has positioned itself as a Latin American leader in the field of IT solutions, mainly in the services, energy, telecommunications and government markets.

Located in Santiago, Chile, it has offices in the principal cities of the region: Buenos Aires in Argentina; Rio de Janeiro, Fortaleza and a commercial office in Sao Paulo, in Brazil; Bogotá in Colombia and Lima in Peru, thus providing coverage of a large part of the Latin America.

The most important areas of the business of Synapsis relate to outsourcing and infrastructure services, data centers, contact centers, mass printing, remote services applications (ASP), and advice and implementation of solutions in telemetries, remote control, security and location of vehicles and telecommunications; consultancy in the search for and implementation of technological solutions for

supporting business processes; the integration of services and products, and services of development, implementation and maintenance of information systems; construction and development of IT solutions for highly-available and complex business processes.

The company has developed a policy of growth in recent years toward companies that are un-related to Enersis, this source last year providing a third of the company's revenues.

Synapsis continued with its growth strategy in 2006, obtaining important new contracts and outsourcing renewals, in the areas of consulting and in the development of software solutions, and made significant investments like the completion of the construction of the company's data-processing center in Fortaleza, Brazil, and the renovation of data-storage infrastructure in the processing centers in Chile, plus investment in the development of Synapsis's human resources.



## MANSO DE VELASCO

Inmobiliaria Manso de Velasco Ltda. focuses its business on real-estate development projects. During 2006, it made important progress in the urbanization and sale of its principal project in the industrial sector (ENEA) and completed the Puerto Pacífico residential project.

In addition, there is the Tapihue Project which contemplates plots corresponding to land associated with the Tapihue, Amancay (Plot B) and La Petaca farms.

The business of Manso de Velasco also includes managing a total of 33,985 m<sup>2</sup> of construction corresponding to office buildings and commercial offices which are mainly rented to related companies and other parties.

## CAM

Compañía Americana de Multiservicios Ltda. (CAM) focuses its business on providing integral, mass and multi-service solutions, mainly in operations related to the field of measurement, large works, market discipline, distribution and commercialization network works and materials and equipment logistics.

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

CAM obtained its ISO 9001:2000 certification for all its subsidiaries, thus complying with the corporate objective of cultivating a culture oriented to quality, based on the commitment to achieve organizational efficiency and continuous improvement.

CAM was awarded contracts for US\$77 million in 2006, of which US\$45 million is business with third party customers and US\$32 million with related companies.





## DIRECT AND INDIRECT ECONOMIC INTEREST (\*)

ARGENTINA		
	Business	Ownership
Costanera	Gx	38.5%
El Chocón	Gx	28.5%
Edesur	Dx	65.4%
Cam Argentina	Ox	100.0%
Gasoducto Atacama Argentina	Ox	30.0%
Synapsis Argentina	Ox	100.0%
CTM	Tx	53.6%
TESA	Tx	53.6%
CEMSA	Tx	27.0%

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

CHILE		
	Business	Ownership
Endesa Chile	Gx	60.0%
Celta	Gx	60.0%
Pangue	Gx	57.0%
Pehuenche	Gx	55.6%
San Isidro	Gx	60.0%
Chilectra	Dx	99.1%
Gasoducto Atacama Chile	Ox	30.0%
Gasoducto Tal Tal	Ox	30.0%
Electrogas	Ox	25.5%
Ingendesa	Ox	60.0%
Túnel El Melón	Ox	60.0%
Cam	Ox	100.0%
Synapsis	Ox	100.0%
Inmobiliaria Manso Velasco	Ox	100.0%
Transquillota	Tx	30.0%

COLOMBIA		
	Business	Ownership
Emgesa	Gx	14.1%
Betania	Gx	60.0%
Codensa	Dx	21.7%
Synapsis Colombia	Ox	100.0%

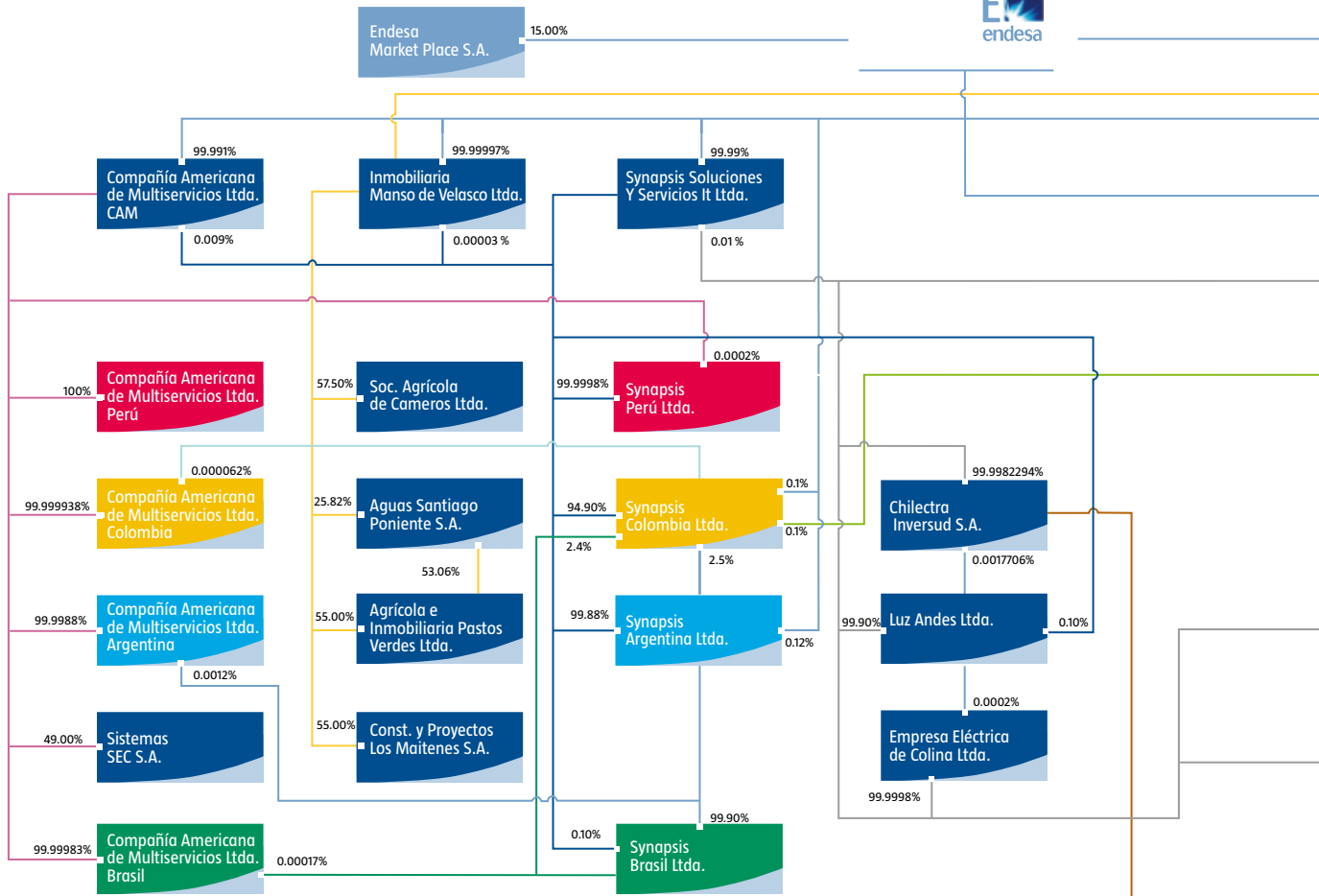
PERÚ		
	Business	Ownership
Edegel	Gx	19.8%
Edelnor	Dx	33.5%
Synapsis Perú	Ox	100.0%
Cam Perú	Ox	100.0%

Gx: Generation  
Tx: Transmission / Trading

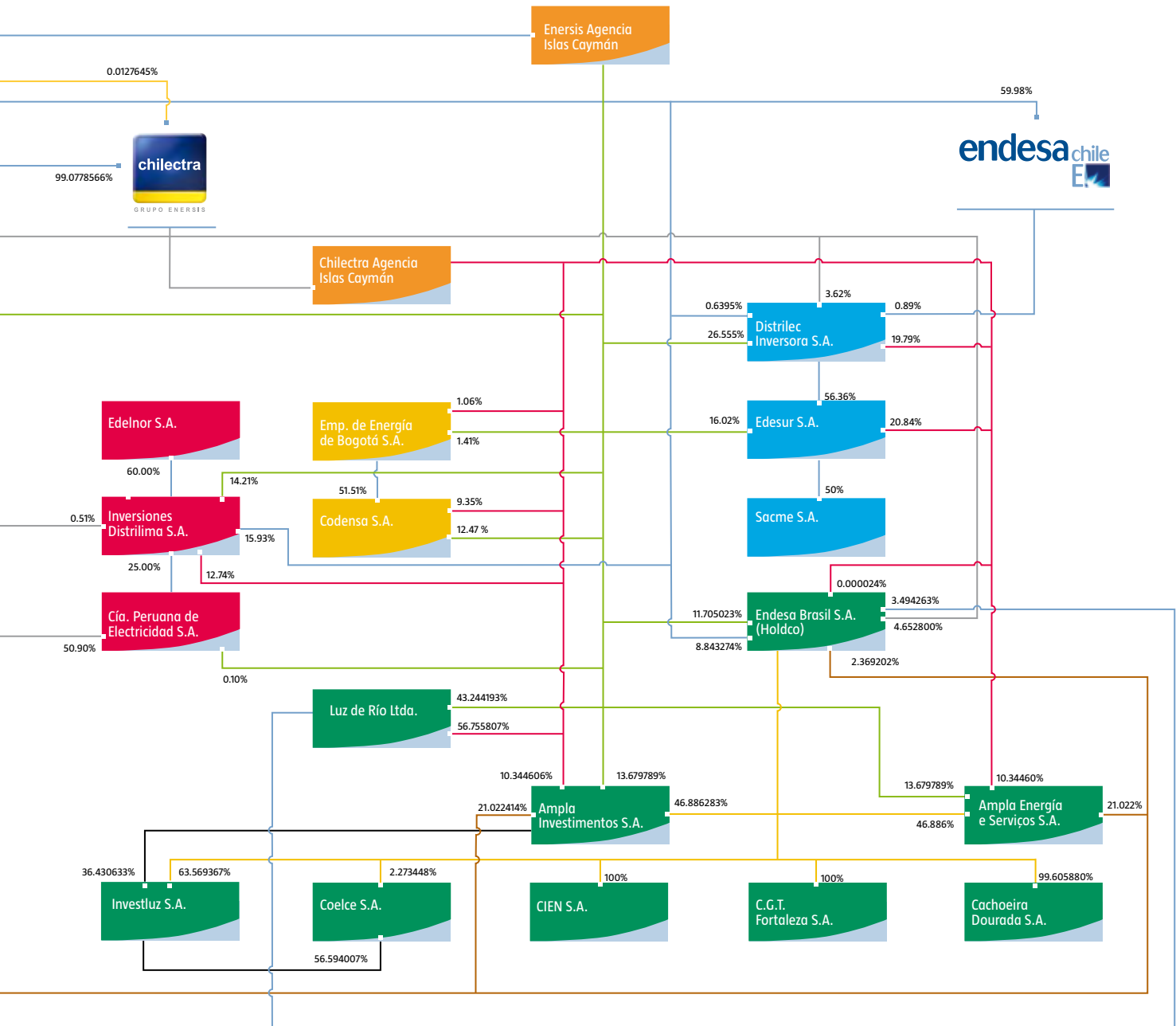
Dx: Distribution  
Ox: Pipelines and Others

(\*) It considers operating companies of the Group.

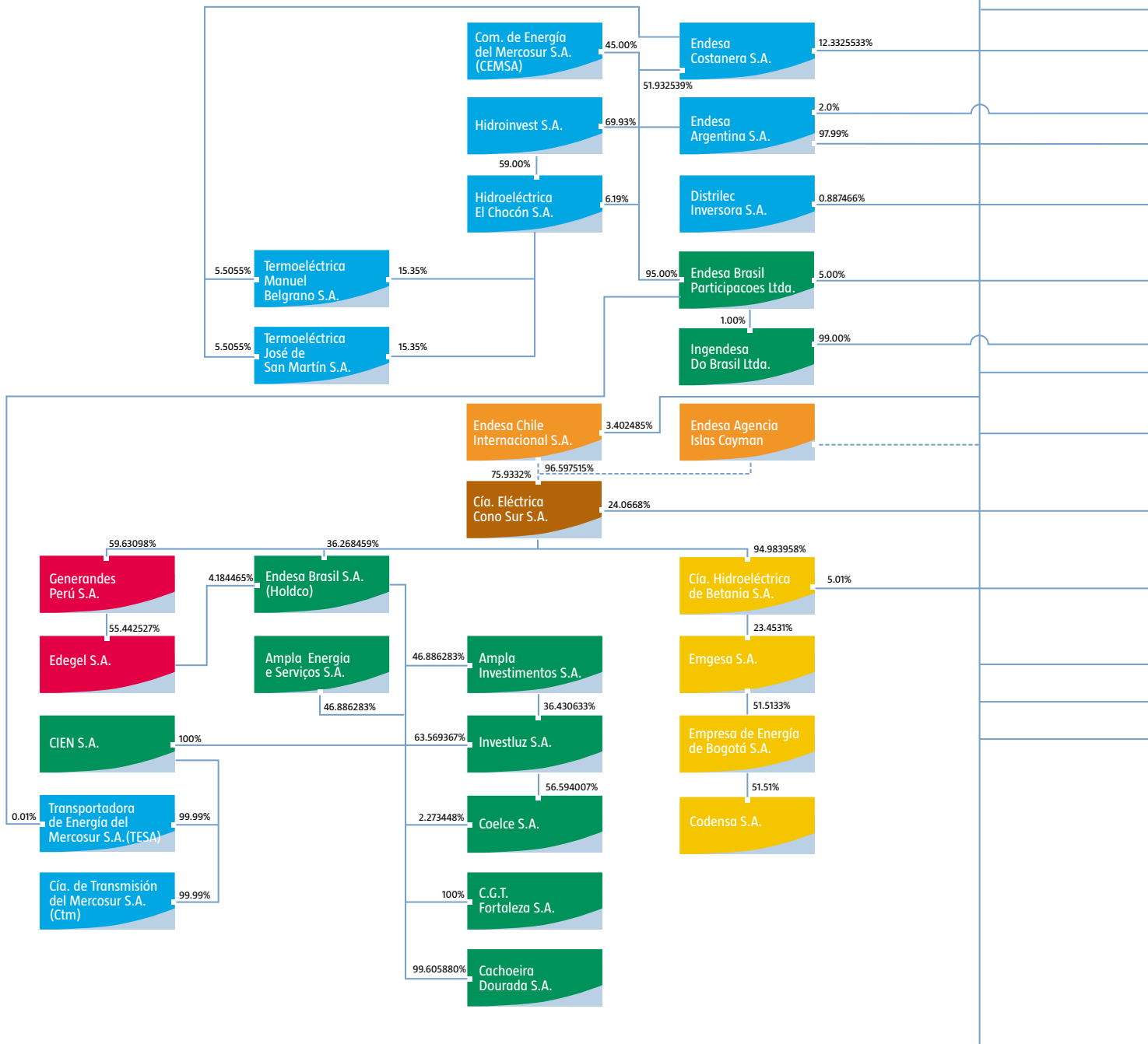
# ENERSIS GROUP STRUCTURE

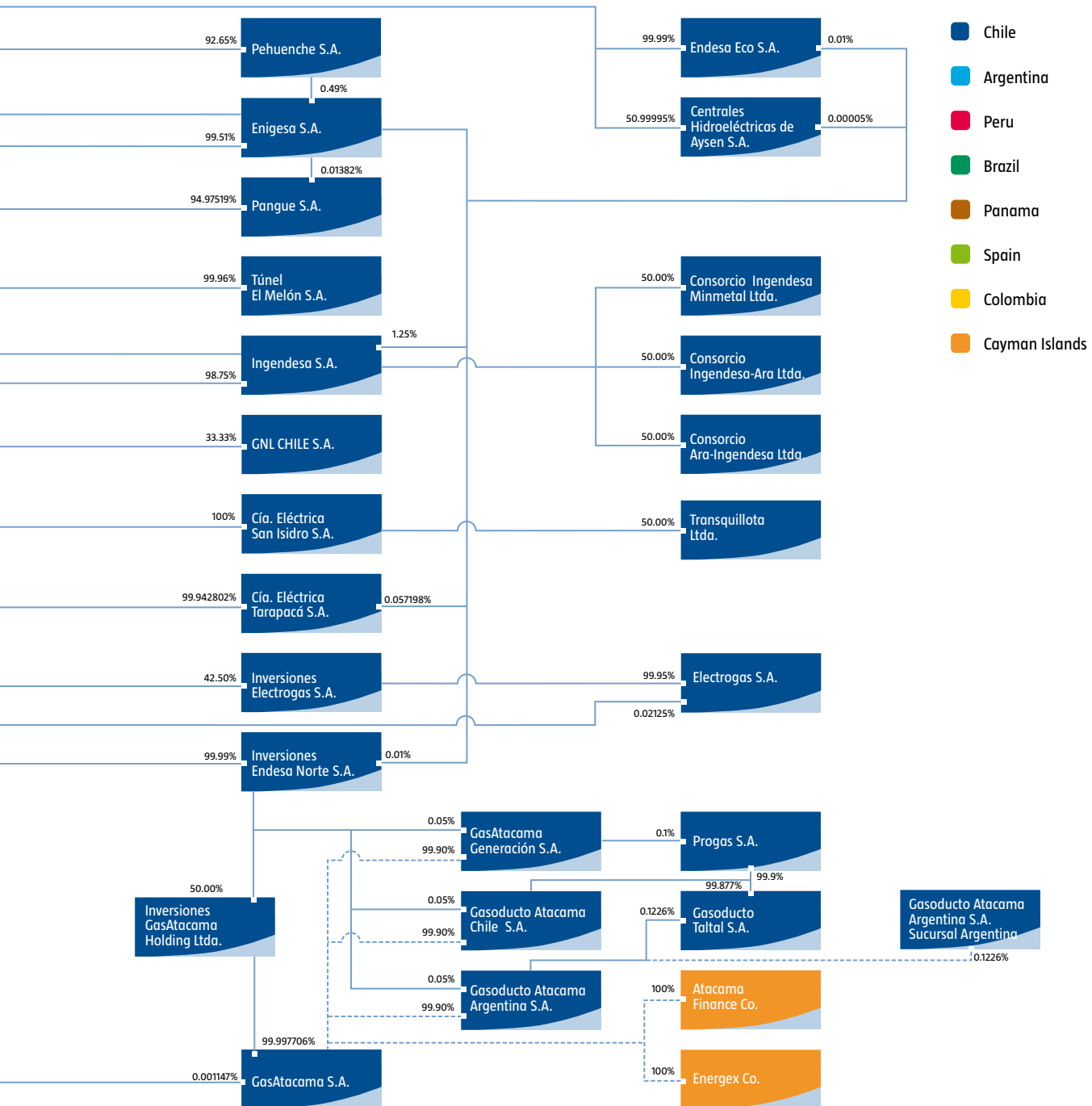


- Chile
- Argentina
- Colombia
- Peru
- Brazil
- Cayman Islands
- Panama
- Spain



# ENDESA CHILE GROUP STRUCTURE







# RISK FACTORS

Enersis is an investment society which assets correspond mainly to the investment made through its subsidiaries. In order to face our liabilities, we depend on the dividends, credits payment of interests, capital reductions and other payments in cash that we receive from our subsidiaries, in addition to our own capital stock and borrowing capacity.

Given the nature of our business, as well as the geographical diversity of our investments, there are different factors that might, eventually, threaten the stability of our business in some of the countries where we operate.

However, the vast experience in the electrical business in the Region trained us to search and apply all the possible preventive measures aiming at avoiding or minimizing contingencies or damages that might be motivated by external issues beyond our control.

Even though usually the risk factors appear combined or have correlated effects, only for the Annual Report herein we offer the following principal structure:

#### OPERATING / COMMERCIAL RISK

A significant part of the business of some of the above mentioned subsidiaries depend on the hydrology conditions of the area where they operate, and thus, the eventual drought conditions can have a negative impact in Enersis' profitability. Nearly 64% of our consolidated generating capacity in Latin America is hydroelectric. Therefore, adverse hydrological conditions may have a negative impact in the business and in the operating income.

During drought periods, the electricity produced from thermal electricity plants is dispatched more frequently; this includes the electricity coming from those generating plants that use natural gas, fuel oil and coal as fuel. Our operating costs rise during those periods and, according to the scope of the commitments engaged, it is possible that we have to purchase electricity to third parties in order to accomplish with the energy committed. The cost of these purchases in the spot market may exceed the agreed price, causing therefore losses. Thus, our generating companies have developed a wise business policy which consists basically in

hiring about the 70% of the capacity, reducing the exposure to sudden variations in the spot market during the periods of water scarcity.

If any of the regulatory authorities would impose a rationing policy resulting from the extremely adverse hydrological conditions in the countries where we operate, the business and financial condition, as well as the operating incomes might be affected. However, the above mentioned conditions are permanently monitored by the business areas of each company in order to avoid the negative effects coming from those circumstances.

In Argentina, the low price imposed by the regulatory authorities in natural gas had a direct effect on production and investment in the natural gas deposits, which affected, in turn, the availability of this fuel in the long and medium term in Chile. The scarcity of natural gas may oblige the electricity generating companies to use the most expensive fuel oil, which would increase significantly the production costs.

A strong demand of electricity in the central region of Chile, together with a low level of investments in the electrical sector, make this particular area in Chile to be exposed to the adverse effects of the Argentinean natural gas crisis.

#### ECONOMICAL – FINANCIAL RISKS

The ability of subsidiaries to pay dividends, interests, and credits or make any other distributions is subject to certain legal limitations such as contractual restrictions, and exchange controls that might be imposed in any of the five countries in which our subsidiaries have operations, and depends, besides, on its operating income.

Furthermore, the results of Enersis' subsidiaries and affiliates depend on the macroeconomic conditions of countries in which they operate. The growing rate of the product and the variation of the intensive added economic activity in electrical consumption, have a great impact on the demand of energy and, consequently, over the sales ratio. Likewise, inflation, exchange rate and interests rates are important elements in determining the operating incomes of companies. In that sense, even though the spread of flows in five countries in

two lines of business constitutes a natural protection, the Enersis Group uses financial products aimed at reducing the eventual impact of dramatic changes in the exchange and interest rates.

The method in which we value the company's overseas investments, according to the Chilean GAAP, forces us to convert the non monetary assets and liabilities of our non Chilean subsidiaries and related companies to the US dollar, at historical exchange rates. Due to this accounting system, it is possible that the balance sheet being reported does not include the effect of a devaluation of our non monetary assets in the countries where our subsidiaries and investments are located, as the devaluation of the local currencies against the US dollar or the Chilean peso are not reflected. In fact, in order to reduce the impact of the appreciations or devaluations of local currencies against the US dollar, it is being promoted to denominate, on the merits of the case, the debt of the subsidiaries in local currency.

Finally, Enersis has debt subject to financial covenants and other standard contractual restrictions related to the maximum ratios on debt levels in cash flows, debt-EBITDA, debt-equity and cash flow ratios related to the financial cost. A significant part of Enersis' debt contains cross-default clauses that may usually result in its anticipated payment when other debts amounted in more than 30 million dollars, individually, are not paid. In case our creditors claim the immediate acceleration of the payment of obligations, a significant part of our indebtedness would become overdue.

However, the above mentioned situation has been balanced by the current financial strength of Enersis, which resulted in overdraft lines without any restriction for its withdrawal.

Finally, the permanent concern of the management, in terms of having a strong balance and a solid financial situation has been clearly ratified by the risk rating Agencies which, unanimously, raised Enersis ranking or its expectations.

## POLITICAL/REGULATORY RISKS

Considering that most of the generation and distribution business constitute regulated activities, these are exposed to changes in the regulations and tariffs made by the authorities of the different countries where our subsidiaries and affiliates operate. These may, in fact, impact on the company's revenues.

In addition, the operating subsidiaries are subject to environmental regulations. At this respect, it is important to underline the permanent concern and commitment of the Enersis Group in this matter. In fact, each project must have a rigorous environment impact study as essential background of its global evaluation. Subsequently, they are submitted before the authorities in order to fully satisfy the institutional and legal requirements demanded by each country.

Likewise, given the enforcement of the supply in concession areas, and as electric power is considered a basic input, our activities may be subject to regulatory fines for failing to comply with any of the regulations currently in force, including failures in the energy supply or problems related to its quality.

Some Latin American economies where Enersis have investments undergone drastic and occasional interventions from the government authorities. For example, the Argentinean authorities have implemented a series of measures for monetary and exchange control that affected negatively the operating income and that could continue having a negative impact.

Even though the above mentioned risks are hard to anticipate, Enersis is permanently monitoring the legal, juridical and regulatory situation of that sector in order to evaluate the tendencies that might result, in those cases, unfavorable for the business of the group in the region.





# ACTIVITIES

OF THE COMPANY

## FINANCIAL ACTIVITIES

### LOCAL FINANCES

As of December 2006, the Enersis Group had a total financial debt of 6,951 million dollars. Of this, 3,857 million dollars was of Endesa Chile consolidated and 3,094 million dollars of Enersis and its foreign subsidiaries. This debt was mainly composed of bank debt and locally- and internationally-issued bonds.

TOTAL DEBT	Dec / 06
Enersis Individual	1,147
Endesa Chile Individual	2,378
Other Generation Companies	1,526
Other Distribution Companies	1,900
<b>Total (MMUS\$)</b>	<b>6,951</b>

ENERSIS INDIVIDUAL	
Banks	315
International Bonds	766
Local Bonds	66
<b>Total (MMUS\$)</b>	<b>1,147</b>

ENDESA CHILE INDIVIDUAL	
Banks	185
International Bonds	1,866
Local Bonds	327
<b>Total (MMUS\$)</b>	<b>2,378</b>

#### Chile

In January 2006, Endesa Chile signed a new 5-year credit facility for 200 million dollars at an interest rate of Libor+30 bps. This financed the repayment of the Yankee bond for 300 million dollars that matured in April.

In July 2006, the domestic bond of Endesa Chile, for approximately 200 million dollars, matured which was financed from the company's own cash flow.

In June 2006, the generating companies Edegel (a subsidiary of Endesa Chile) and Etevensa (a subsidiary of Endesa Internacional) were merged, causing an increase in consolidated debt of approximately 150 million dollars.

In November 2006, the market capitalization of Enersis exceeded 10 billion dollars for the first time.

In November 2006, the Yankee bond of Enersis matured, for 300 million dollars, which was financed from the available revolving credit facility. With this, the amount drawn as of December was 315 million dollars.

In December 2006, Enersis and Endesa Chile signed new revolving credit facilities for 200 million dollars each, without Material Adverse Effect clauses for drawings. The facilities are for a 3-year term and serve to increase the companies' liquidity. The interest rate is Libor+25 bps. The same month, and partly due to the flexibility provided by these facilities, the credit-rating agency Moody's improved its ratings for Enersis and Endesa Chile to Baa3, thus restoring investment grade status by the three rating agencies that evaluate the Company.

The financial debt as of December 2006 shows an increase over December 2005 mainly due to the consolidation of the Peruvian generating company Etevensa-Edegel.

### INTERNATIONAL FINANCES

During 2006, the foreign subsidiaries of the Enersis Group have continued to refinance their debt to improve its pricing conditions and term, taking advantage of the better macroeconomic and industry conditions. They have also continued to seek financing in local currency and at longer term, to the extent that their operating cash flows are in those currencies and that the market conditions are reasonable.

Consequently, the year 2006 saw refinancing transactions like new issues for the equivalent of around 1,616 million dollars, of which 202 million dollars were in Argentina, 935 million dollars in Brazil, 326 million dollars in Colombia and 153 million dollars in Peru.

Particularly notable were the following transactions:

### Argentina

El Chocón obtained a 5-year bank loan for 100 million dollars to refinance all its financial debt. Edesur refinanced bank debt repayments for approximately 50 million dollars with a local-currency syndicated loan with a 3.5-year term. The company also refinanced a bank loan for around 17 million dollars for 3 years. These transactions have permitted the continuation of the plan to lengthen the average life of the debt in Argentina.

### Brasil

CIEN refinanced debt for approximately 280 million dollars with a local-currency syndicated loan, for a 6-year term with 3 year's grace. Ampla issued domestic debentures at a 6-year term for approximately 173 million dollars, to refinance bank debt, and signed an agreement with Bndes for the equivalent of 140 million dollars at a 5.5-year term to finance investments. All these facilities have enabled Ampla to reduce the cost of its debt and lengthen its maturities. Fortaleza obtained financing led by the International Finance Corporation (IFC) for approximately 130 million dollars for 10 years to refinance debt, and also contracted an interest-rate swap for approximately 22 million dollars. Coelce contracted an exchange rate swap for 50 million dollars, permitting the transformation of a dollar debt into local currency, and signed two loan agreements for a total of approximately 90 million dollars to finance investments. At the Endesa Brasil level, notable was the incorporation of IFC as a shareholder, contributing 50 million dollars, equivalent to 2.7% of the share capital.

### Colombia

Regarding the generating subsidiaries, Betania managed to refinance a loan with a group of banks for 120 million dollars in local currency for 7 years and to issue a domestic bond for 56 million dollars for 5.5 years, achieving a spread below the sovereign credit rating of Colombia at the time of placement. Emgesa refinanced debt with bank loans for approximately 60 million dollars. On the other hand, Codensa drew short-term bank loans for approximately 90 million dollars.

### Perú

Edelnor placed domestic bonds for a total equivalent to 53 million dollars with terms of between 3 and 10 years, used to refinance debt. Edelnor also contracted interest-rate swaps for 25 million dollars. Edegel managed to refinance short-term bank debt at 3 years for 44 million dollars. It also issued domestic bonds for a total of 25 million dollars with terms of between 4 and 7 years. These issues were used to refinance debt maturing during the year and were made on more attractive pricing conditions.

## COVERAGE POLICIES

### Exchange rate

The Group's exchange rate hedging policy is based on cash flows and is intended to maintain a balance between dollar-indexed flows and the level of assets and liabilities in that currency. During 2006, Enersis, in consolidated terms, contracted exchange rate swaps for approximately 175 million dollars, which enabled it to maintain a level of dollar debt meeting its expected flows in that currency.

This policy also sets mis-matching accounting limits for Enersis and Endesa Chile consolidated for which it occasionally needs to contract short-term cover. During 2006, the Company contracted forwards for approximately 236 million dollars. Following the actions taken during the year, the levels of accounting mis-matches remained within the limits set in the Company's policies.

### Interest Rates

The Group's policy consists of maintaining an interest-rate coverage level, corresponding to most-protected fixed-rate debt, of around 70%. During 2006, as the Group companies have refinanced part of their original fixed-rate debt with floating-rate debt, they have contracted interest-rate swaps and collars for approximately 267 million dollars, reaching a coverage of 71.3% as of December 2006.

Every time that debt is prepaid, the associated hedging instruments are liquidated in order not to keep those without an assigned underlying obligation.

## CREDIT RATING

The perception of Enersis risk has been declining in recent years. This has been confirmed by the national and international credit-rating agencies, which have raised their ratings of the Company during the year.

In May, Fitch improved its rating of Enersis from BBB- to BBB with stable outlook, reflecting a sustained improvement in the Group's finances.

In December, Moody's raised its ratings of Enersis and its subsidiary Endesa Chile from Ba1 to Baa3, with stable outlook. This new rating permits both companies to recover investment grade from all the different rating agencies.

In December also, Standard & Poor's placed the BBB- rating of Enersis in revision, with positive implications, reflecting a potential change as a result of the improvement in the Company's debt-service ratio and its financial flexibility.

The rating tendency of all the international agencies is positive, the consequence of the better financial profile, the good business performance, favorable changes in the Chilean regulatory framework, the solid competitive position in the different countries where the Group operates, the growing demand for electricity in the region, etc. Further improvements in these trends could also result in new positive actions in the Company's credit rating.

KIND OF DEBT	FITCH	STANDARD & POOR'S	MOODY'S
Local Currency	BBB	BBB-	-
Foreign Currency	BBB	BBB-	Baa3
Tendency	Stable	Possitive	Stable

INSTRUMENT	FITCH	FELLER RATE
Shares	1st Class Level 1	1st Class Level 1
Bonds	A+	A+
Tendency	Stable	Possitive

## PROPERTIES AND INSURANCES

The Company is the owner of some equipment and substations in Chile's Metropolitan Region. The Company has insurance cover for risks like fire, lightning, explosions, malicious acts, earthquake, flooding, landslides, etc.

## TRADEMARKS

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

## HUMAN RESOURCES

The Human Resources Management has carried out various activities related to internal Corporate Social Responsibility (CSR), including:

Activities with employees:

- Cycle of talks with parents called "Work and the Family" given by the philosopher Carolina dell' Oro, to reflect on how to reconcile work with the family.
- Anti-sedentary courses organized by the Joint Committee, exercises at the work-place, ergonomic campaigns and formation of safety at home.
- Inter-company sports olympics.

Family activities:

- Dance, sports, physical exercise and painting workshops.
- Recreational programs and summer camps for employees' children during their summer and winter vacations.
- Prizes for academic excellence to employees' children who obtain the best marks in the corresponding teaching period, in basic, secondary and tertiary education.
- Activities for employees' children: Christmas party and Paint Christmas.

Development based on skills and according to the needs of each group of workers:

- Senior management programs for managers.
- Advanced management program for professionals, with participation of 75% of the professionals of all the Company's areas (the remaining 25% carried out the program at the end of 2005). Its purpose was to update knowledge and provide tools on the basis of new management trends in matters like strategy, and political, economic, technological and social responsibility areas.
- "Diploma in International Accounting Standards" for standardizing the technical skills of staff working in the financial areas of the business.

Continuing with the skills management processes, the objective this year was to check the generic and technical skills identified the year before and measure the adaptation of people to the requirements of each job. As a result, policies will be developed in 2007 in formation and development oriented to reducing the gaps identified in the process.

The formation programs developed during 2006 totaled 14,500 hours of training, distributed as follows: 6% for managers, 50% for professionals and 44% for administrative staff.



## SOCIAL RESPONSIBILITY

### CULTURE

#### ILLUMINATING CHURCHES AND MONUMENTS THE SOUTH OF THE WORLD

Enersis, together with its subsidiaries Endesa Chile and Chilectra, and Fundación Endesa, have been carrying out this program since 2000, modernizing the ornamental lighting of churches and monuments, thus providing great support for the conservation of the cultural heritage.

During 2006, eight buildings were illuminated in Chile, including churches, cathedrals and monuments. Projects benefiting in the Santiago Metropolitan Region were the Moneda Palace Cultural Center, the Santiago Cathedral crypt, and the Evangelical Cathedral of Santiago. In the rest of Chile, these were the church of San Agustín de Concepción, the Naval Museum in Valparaiso, Los Ángeles Cathedral, the Los Ángeles Cultural Center and cross, the Santa Clara de Pucón Monastery, the Castrence Cathedral and the Virgen de las Rosas, Santiago.

#### DONATION OF LIBRARIES

Enersis, jointly with El Mercurio newspaper has provided four thousand books thanks to a reinforcement campaign to support the culture of communities that are remote from urban centers. Another two new municipal libraries were donated in 2006 to benefit children and young people in Cochrane, in Chile's 11th Region, and Mincha, in the 4th region.



#### THE LAST PATHS OF THE HUEMUL BOOK

Energis sponsored the book "The last paths of the huemul", published by the Fundación San Ignacio del Huinay and describing in detail the research and gathering of information on the huemul (a Chilean deer in danger of extinction). This scientific-technical work summarizes the life of this animal through the work of well-known field photographers in various locations in Chile like Chillán, the Tamango National Reserve, Cerro Castillo, Río Simpson National Reserve, Bernardo O'Higgins National Reserve and Torres del Paine. The authors also describe 30 years of effort by a handful of academics, conservationists and game-keepers in trying to avoid the extinction of this deer.

#### MONUMENTAL LIGHTING

The "Illuminating monuments in the south of the World" program was recorded in a second book edited by Energis that reflects the work of the Fundación Endesa and companies in the Energis Group in the program for the illumination of churches and monuments. This quality edition explains the delicate and complex work of beautifying and renovating religious buildings through the modernization of their lighting, and this time has an appendix consisting of a compact disc with all the photographs of the illuminated churches and monuments under this initiative in Spain, Chile, Colombia, Peru and the Dominican Republic.

#### SPONSORSHIPS

With the sponsorship of Energis, an exhibition of the Chilean painter Matías Movillo, called 'Unjustified Painting', was given at Isabel Aninat Gallery, Santiago, between June 27 and July 30. Energis also sponsors on a monthly basis cultural activities organized by the municipality of Vitacura which are free of charge for residents. These include theatre productions, painting exhibitions and musical concerts. In the same municipality, the Company participated in the creation of a library so that residents of Villa Comunitaria El Dorado can have greater access to reading. The company also sponsors the "Cultural Panorama" program, given four times a day on Radio Beethoven.

#### EDUCATION

##### DIGITAL "CIEL"

Energis has designed a web site of Information on Electricity (CIEL) so that Chilean children and young people can learn about electricity, according to the depth of learning required by the Ministry of Education. The site is presented in a playful way, segmented to suit the age and school level of visitors and is accessed directly from Energis's web site.



#### UNIVERSIDAD DE CHILE SCHOLARSHIPS

Enersis, jointly with its subsidiaries Endesa Chile and Chilectra, signed an agreement with the Economics and Business Management Faculty of the Universidad de Chile to grant scholarships to students and professors in commercial engineering and auditing. The scholarship for students consists of the equivalent of the annual tuition fees, while the award for the best professor takes the form of the financing a scholarship for study or improvement in Chile or abroad.

#### SOCIETY

##### CHRISTMAS FOR CHILDREN UNDER SOCIAL RISK

More than 55 thousand children between 5 and 12, from 189 institutions that care for children at social risk take part in a Christmas party held in December organized by the Chilean government. This party is the most important artistic and cultural event held annually for these children, who see a top-level show and enjoy an evening of recreation and relaxation. Enersis collaborates with the transportation of the children and the safety plan.

##### CONTRIBUTIONS TO FOUNDATIONS AND INSTITUTIONS FOR THE PUBLIC GOOD

As an important party in Chilean society, Enersis contributes with sponsorships of and donations to different institutions

and foundations that clearly carry out activities for the public good and that have good reputations within Chile. The beneficiaries include:

*Hogar De Cristo:* This institution seeks to give dignified shelter to the very poorest people, inviting and involving the community in its social responsibility with society's poor and excluded. The Group companies, together with volunteer employees, took part in the 1+1 campaign for helping the Los Patroncitos creche and kindergarten (in the Estación Central district of Santiago), which looks after more than 30 children.

*Fundación Las Rosas:* Fundación las Rosas has for 38 years been concerned about poor and disabled old people in Chile. It is currently looking after 2,400 old people in 40 homes throughout the country. Enersis made a significant contribution to the development of this institution's activities.

*Paz Ciudadana:* This entity contributes to reducing delinquency through technical collaboration in the formulation of policies and the development and transfer of work tools.

*Fundación Miguel Kast:* This institution was created in commemoration of the former minister of that name in order to work in overcoming poverty.



## REGIONAL CONFERENCES

Enersis sponsored another cycle of conferences in ten of Chile's largest cities, organized by Diario Financiero, to encourage economic, political and social debate in various regions of the country. Each conference attracts an audience of some 200 leaders of opinion, including the businessmen, politicians and academics of each region. The Company also sponsors conferences organized by the Estrategia newspaper jointly with the central bank, to explain that bank's economic reports throughout the country. Other panellists were also invited to complement the central bank's reports with the views of economists and academics.

### CSR SEMINAR FOR UNIVERSITY STUDENTS

For the third consecutive year, Enersis sponsored the corporate social responsibility seminar organized by Acción RSE, called "Chile commits Chile learns. Is Chile seizing sustainable development?" for 600 university students from Chile's most prestigious universities. The theme for the meeting was the contribution to sustainable development of the new professionals, the role of companies and the World Business Council for Sustainable Development (WBCSD) in today's world and "from cup to lip", real CSR business cases in Chile.

### FRIENDS OF THE PRADO MUSEUM FOUNDATION

The principal art works of Velázquez, Goya, El Greco and Rubens are part of the Prado Museum collection brought to Chile through a series of interactive talks at 26 schools in Santiago, where more than five thousand students enjoyed a cultural presentation of excellence at no cost to them. This had the sponsorship of Enersis, Endesa Chile and Chilectra, was organized by the Friends of the Prado Museum Foundation and was also appreciated by the employees of the Group companies.

## AWARDS

During 2006, Enersis was recognized in various areas of its internal and external affairs, receiving the following awards:

### CITY PRIZE OF THE FUNDACIÓN FUTURO

Fundación Futuro awarded the Company its 'City' prize for its outstanding work through its support for the enhancement and improvement of the quality of life in the city of Santiago through its program 'Illuminating Churches in the South of the World', which for six years has been enriching and giving new life to religious buildings and different monuments. The prize-winning ceremony was attended by well-known personalities from the academic and cultural worlds.

### BEST COMPANIES FOR WORKING MOTHERS AND FATHERS

Enersis received the distinction as one of the ten best companies for working mothers and fathers in Chile, according to an annual survey made by Fundación Chile Unido jointly with Ya magazine and El Mercurio newspaper, in which over 400 companies throughout the country were evaluated. This is the first time that Enersis has participated in this survey which involves an exhaustive evaluation of the practices, benefits and flexibilities offered by a company to its employees and their children, who answered the respective survey. The prize-winning ceremony was attended by the President of Chile, Michelle Bachelet.

### CHILEAN SAFETY ASSOCIATION (ACHS) JOINT ACTION

Enersis's joint committee was awarded the Chilean Safety Association Joint Action prize at the XXXII Annual Safety Meeting, for its efficiency and excellent management of prevention and safety. The award was made in recognition of the various initiatives taken by the committee in internal and external safety matters, including training in the defensive driving of vehicles, alcoholism and drug-addiction programs, and the anti-sedentary campaign "Energy is Life, Live it".





# ESSENTIAL FACTS

## CONSOLIDATED ESSENTIAL FACTS

### ENERSIS S.A. (PARENT COMPANY)

#### Dividends

As agreed upon in the General Ordinary Shareholder's Meeting held on March 21st, 2006, agreement was reached to pay a final dividend N° 73 of 60% of the liquid Company profits, which is \$0.9651 per share, rounded off to the closest whole number, the result of which is \$ 1.00 per share.

This represents a disbursement reaching M\$ 32,651,166 charged to the results of December 31, 2005.

The aforementioned modifies the effect of the dividend policy on this subject, which provided a proposed disbursement of a final dividend of 50% of the liquid Company profits.

For this reason, a minimum obligatory dividend of \$ 0.48256 will be paid, and an additional dividend of \$ 0.51744 per share, which together make up the Definitive Dividend N° 73.

#### Changes in the Board

In the Board Meeting held on March 29th, 2006, Mr. Pablo Yrarrázaval Valdés was elected as President of the Board and the Company, and Mr. Rafael Miranda Robredo was elected as Vice President, and Mr. Domingo Valdés Prieto as Secretary. As a result, the Board elected in the General Ordinary Shareholder's Meeting on the 21st of March is established as follows:

Pablo Yrarrázaval (President)  
Rafael Miranda (Vice President)  
Juan Ignacio de la Mata  
Rafael Español  
Hernán Somerville  
Eugenio Tironi  
Patricio Claro  
Domingo Valdés (Secretary)

Likewise, in the aforementioned Board Meeting the designation of the Directors Committee established in Article 50 Bis of Law 18.046, was carried out, which is made up of Mr. Pablo Yrarrázaval Valdés, Mr. Hernán Somerville

Senn, and Mr. Patricio Claro Grez. In compliance with that established in Circular N° 1.526 of the SVS (Chilean Securities and Exchange Commission), it is informed that the Director, Mr. Patricio Claro Grez was elected by votes distinct from those of the controller, its members, or any related persons.

Next, the Directors Committee designated as President Mr. Pablo Yrarrázaval Valdés, and as Secretary Mr. Domingo Valdés Prieto.

Also the Board of Enersis S.A., in compliance with that provided in the Company's Social Statutes, in the session held on March 29th 2006, the new members of the Audit Committee were designated, a body created by the demands of the Sarbanes Oxley Law of the United States of America. The Audit Committee of Enersis S.A. is composed of Mr. Juan Ignacio de la Mata Gorostizaga, Mr. Rafael Español Navarro, and Mr. Hernán Somerville Senn, all of whom fulfill the requirements provided in the Sarbanes Oxley Law and its complementary norms.

Finally, it is important to inform that the Board has designated Mr. Rafael Español Navarro as Financial Expert of the mentioned Audit Committee.

### MERGER ELESUR - CHILECTRA

The Extraordinary Shareholders General Meeting of the subsidiaries Elesur S.A. (called Chilectra S.A. as of 31.03.06) and Chilectra S.A., both held on the 31st of March 2006, informs that it has been agreed upon by the shareholders of each company that, among other things, Elesur S.A. and Chilectra S.A. shall merge by the absorption of the last by the first, Chilectra being the merged company or absorbed by Elesur S.A. the absorbing company, merging its agencies in the Cayman Islands, which is Chilectra S.A. Cayman Islands Agency, the one which is absorbed, and Elesur S.A. Cayman Islands Agency the one that absorbs the former.

Due to the merger, Chilectra S.A. will dissolve, incorporating itself into Elesur S.A. so that the shareholders of Chilectra S.A. will become shareholders of Elesur S.A. a product of its capital increase and the exchange of corresponding shares acquired by Elesur S.A. the totality of the assets and liabilities of Chilectra S.A., conceding all of its rights,

permits and obligations. Likewise as a result of the merger, all of the assets and liabilities of Chilectra S.A. Cayman Islands Agency shall be incorporated and acquired by Elesur S.A. Cayman Islands Agency, which shall take over all of the rights and obligations of Chilectra S.A. Cayman Islands Agency. The legal effects of the merger will occur as of April 1st, 2006. The exchange conversion will be to the amount of 3.0337 shares of Elesur for each share of Chilectra S.A. According to current accounting regulations Elesur S.A. will recognize as of March 31, 2006, an accountable profit of near Ch\$100,000 million, for the right to compensate future taxes with tributary losses from previous fiscal years. Enersis S.A. through the consolidation of this subsidiary will take in to its Financial Statements on that date the accountable profit proportional with its participation.

#### Change of Administration

In the session held on October 25th, 2006, the Board received and accepted the resignation of the General Manager, Mr. Mario Valcarce Durán, effective as of October 26th, 2006, and the said Board, in the same meeting has designated Mr. Ignacio Antoñanzas Alvear as General Manager, who will assume his duties on October 26th, 2006.

#### Interim Dividend

In the session held on November 29th, 2006, the Board agreed to declare an Interim Dividend N° 74 of \$ 1.11 per share, dated December 26th, 2006, charged to the results of the fiscal year 2006, which corresponds to 14.91% of the liquid profits calculated on October 31st, 2006, in compliance with the Company's dividend policy.

### CHILECTRA S.A.

#### Merger of Companies

a. The Chilectra S.A. Board of Directors adopted the following agreements, dated February 27, 2006, with the aim of suggesting to shareholders, the eventual merger (by absorption) of Chilectra S.A. with Chilectra S.A. (former Elesur S.A.), with their registered agencies in the Cayman Islands, whereby the former will be dissolved and totally incorporated into the latter, including the hole equity of Chilectra S.A. in Chilectra S.A. (former Elesur), constituted in the Cayman Islands, will absorb as well the agency of Chilectra S.A., constituted in the same place:

1. To approve the financial statements and balance audits as of the 31st of December 2005, for Chilectra S.A. and Chilectra S.A. (former Elesur) for the purpose of the merger and submit these to respective Shareholder's Meeting for the merger's approval. Copies of the aforementioned will accompany said presentation.
2. Bring forth the expert report regarding the economic value of the Chilectra S.A. and Chilectra S.A. (former Elesur) equity, and the results of the exchange equation for shareholders of said company's, to inform and for the approval of, the Extraordinary General Shareholders Meeting. A copy expert report for the merger is attached to the present communication.
3. Approval of absorbent company' by-laws, namely Chilectra S.A. (former Elesur) and other modifications that the Board of Directors of the aforementioned company will propose to shareholders in light of the merger.
4. Set up a Extraordinary General Shareholders Meeting for Chilectra S.A. to take place March 31, 2006 at 3:00 pm , in the Chilectra S.A. Auditorium, located on Santa Rosa street, N° 76, mid level, Santiago; the object of said Shareholders Meeting is to get the shareholders acquainted with the following topics:
  - a. Study and approve the merger of Chilectra S.A. with Chilectra S.A. (former Elesur S.A.) and its respective foreign agencies; whereby Chilectra S.A. will be absorbed by Chilectra S.A. (former Elesur) and Chilectra Cayman Islands Agency, absorbed by Chilectra S.A. (former Elesur) Cayman Islands Agency as of April 1, 2006. The assets and liabilities as also the rights and obligations pertaining to Chilectra S.A. will be absorbed and legally continued by Chilectra S.A. (former Elesur) through the merger. Further, the entire Chilectra S.A. equity and shareholders pertaining will dissolve without the need for liquidation, and incorporated in Chilectra S.A. (former Elesur) as stipulated in article 99 of

the Law N 18,046 regarding public companies. Where the merger with Chilectra (former Elesur) is approved, dissenting shareholders will have the right to retire in line with the stipulations in the aforementioned law. The right to retire could be exercised by the shareholders within 30 days from the date of the Extraordinary Shareholders Meeting.

- b. Study and approve the individual and consolidated financial statements and audited balance sheet of the companies involved in the merger (prepared December 31, 2005).
- c. Study and approve the expert reports regarding the merger, the exchange equation and consequently, the number of shares that will rightfully due to Chilectra S.A. shareholders, following the incorporation of the total equity of said company into Chilectra S.A. (former Elesur). The exchange equation of shares will be put into effect within the shape and opportunity granted by the Chilectra (former Elesur) Board of Directors.
- d. In approving the merger through incorporation, to study and approve the by-laws of the absorbing company (Chilectra, former Elesur), considering the modifications that should be explained in and approved by the Extraordinary General Shareholders Meeting of said company, as well as other statutory modifications the shareholders of Chilectra S.A. (former Elesur S.A.) could agree upon.
- e. Approve the dissolution of Chilectra S.A., that will take place without the need for liquidation, as consequence of the merger through incorporation to Chilectra S.A. (former Elesur S.A.), as stipulated in article 99 of Law N 18,046 (regarding Public Company's).
- f. Adopt all agreements that may be necessary to complete the merger through incorporation, of Chilectra S.A. into Chilectra S.A. (former Elesur S.A.). This includes: the certification

of Shareholders Meeting decisions, the authorization and subscription of instruments required to declare the merger and to perfect the transfer of total assets and liabilities from Chilectra S.A. to Chilectra S.A. (former Elesur S.A.). Those shareholders that appear recorded in the shareholder registry of March 25, 2006 have the right to participate in the aforementioned Shareholders Meeting.

- g. Approve that, where fractions of shares are produced through the exchange of shares, minority shareholders of Chilectra with a fraction of an Elesur share, be given an entire share rather than the fraction of a share that would correspond them, given the exchange relation. This would be charged to the shares that corresponded to Enersis S.A. in the exchange (as Enersis is a shareholder of Chilectra S.A.).

The positive effects estimated in the absorbed company' results will increase to approximately Ch\$100,000 million, during the next years, mainly due to the optimization of the tributary structure and the reductions in operating and financial expenses. In consideration of current accounting norms, the central part of the aforementioned sum, foreseeable corresponds to the optimization of the tributary structure, recognizable as accountable profit at the moment the merger is perfected. Despite this, the economic result associated with monetary effects will extend over various exercises, as indicated below.

This measure has been taken before by the company, given the impossibility of foreseeing precisely how the merged company's profits will behave perform in future, it would be considered for the annual quantification of the economic result related to cash effects, that the merged company would behave in the future as it has been in the past. Under this hypothetical base, the merged company could quantify Ch\$10,000 million per year, and as such, the effect would extend for over approximately 10 years. The aforementioned effect will depend on factors such as the growth of demand, number of company' clients, unitary consumption, applicable tariffs, human resources costs, operating and maintenance costs, financial expenses, interest rates, exchange rates, etc., and

therefore, also, the profit the company obtains through each exercise.

Regarding reductions in operating costs and financial expenses, it has been estimated that in each exercise following the completion of the merger, the results of the merged company will improve by Ch\$820 million. This is due to reduced fixed expenses (by Ch\$240 million) and reduced financial expenses (Ch\$580 million).

- b. A copy was sent to that Superintendence (on March 3, 2006), of the expert report regarding the economic value of the equity of Chilectra S.A. and Chilectra S.A. (former Elesur S.A.) as well as the determinations stipulated in the exchange equation of shares pertaining to said companies. The aforementioned report was published on January 31, 2006, made by Mr. Eduardo Walker Hitschfeld, and financed by Chilectra S.A. (former Elesur S.A.). This expert report and the one financed by Chilectra S.A. under equal expertise, published on the same date as the former, and sent to that Superintendence (as annex to the essential facts sent by Chilectra S.A. on February 27, 2006), will be subject to the study and approval of the Chilectra S.A. Extraordinary General Shareholders (aimed for March 31, 2006); said meeting will mainly concern the merger between Chilectra S.A. and Chilectra S.A. (former Elesur S.A.).
- c. The merger through incorporation between Chilectra S.A. and Chilectra S.A. (former Elesur S.A.) will take effect since April 1, 2006, or as of the date stipulated in the company's Extraordinary Shareholders Meeting.

The aforementioned was decided in the Chilectra S.A. Board of Directors Session N° 3 (of March 14, 2006), whereby it was agreed to modify section (a) of Agreement N° 9/2006, adopted in Session N° 2 of the company's Board of Directors (in February 27, 2006).

In the end, it was unanimously agreed to allow the Company Executive Officer to put the relevant notices, citations and publications into effect, as also, to follow through with the other formalities (that proceed to carry out the necessary completion of any legal prerequisites) for the convening.

- d. In the Extraordinary General Shareholders meeting dated March, 31, 2006, the following was agreed:

1. The merger of Chilectra S.A. (former Elesur S.A.) and Chilectra S.A. through the absorption of the latter by the former, being Chilectra S.A. the absorbed and Chilectra S.A. (former Elesur S.A.) the absorbent company, as also to merge the company agencies in the Cayman Islands; where Chilectra S.A. Cayman Islands Agency will be absorbed by Chilectra S.A. (former Elesur) Cayman Islands Agency. Due to the merger, Chilectra S.A. will be dissolved and incorporated into Chilectra S.A. (former Elesur S.A.), whereby shareholders of Chilectra S.A. will become shareholders of Chilectra S.A. (former Elesur) due to the increase in capital and the exchange equation of the corresponding shares, assets, liabilities, rights and obligations from Chilectra S.A. to Chilectra S.A. (former Elesur).

Likewise, due to the merger, the totality of the assets and liabilities of Chilectra S.A. Agencia Cayman Islands will be incorporated and acquired by Chilectra S.A. (former Elesur S.A.) Agencia Cayman Islands which will take the place of Chilectra S.A. Agencia Cayman Islands in all of its rights and obligations. The effects of the merger will take place from April the 1st 2006.

2. Approve the audited balances and financial statements of Chilectra S.A. (former Elesur S.A.) and Chilectra S.A. on December 31, 2005, and the expert reports that formed the fundamentals of the merger.
3. Approve the by-laws of the absorbing company.
4. Approve that the absorbed company will be made responsible and is obliged to pay all the taxes due by the absorbed company, whereby it won't be necessary to give notice about end of business. It also obliged to authorize the use of instruments deemed necessary (specially mainly to facilitate the certification, materialization and completion of merger agreements) and to authorize and subscribe to the instruments required to declare the merger has been carried out, and to perfect the transfer of the total

assets and liabilities associated to the company being absorbed into the absorbing company.

5. To inform that, in accordance with the stipulations in Articles 69 and 70 of Public Company Law 18,046, the approval of the merger by the Extraordinary General Shareholders Meeting will concede the right for dissenting shareholders, to retire from Chilectra S.A. and be paid the value of their shares.

### Renewal of the Board of Directors and Committee of Directors

In the Ordinary Shareholders Meeting dated March 21, 2006, the designated Company Directors were:

1. Jorge Rosenblut Ratinoff.
2. José Manuel Fernández Norriella.
3. Hernán Felipe Errázuriz Correa.
4. Pedro Buttazzoni Alvarez.
5. Alberto Martín Rivals.
6. Marcelo Llévenes Rebolledo.
7. Antonio Cámara Eguinoa.

Also, in the Board of Directors Extraordinary Session N° 4/2006 dated March 21, 2006, Mr. Jorge Rosenblut Ratinoff was named President of the Board of Directors and Mr. José Manuel Fernández Norriella was named Vice-President. Further, in said session Jorge Rosenblut Ratinoff, Hernán Felipe Errázuriz Correa and Alberto Martín Rivals were named members of the Committee of Directors (as stipulated in the S.V.S Circular N° 1,526).

### Dividends

It was agreed upon in the General Ordinary Shareholders Meeting dated March 21, 2006, that a definitive dividend of \$10.00 per share will be distributed (charged to the 2005 profits).

## CHILECTRA S.A. (FORMER ELESUR S.A.)

### 1. Records in the Value Registry

Dated February 14, 2006, the company informed about the following: Dated February 13, 2006, the company Elesur S.A. was recorded in the Commercial Registry put into effect by the S.V.S. Also on the same date,

49,207,873 shares were recorded, totally subscribed to and paid for. Within the following days, Elesur S.A. will solicit that the company and its shares be recorded in the Santiago Stock market.

### 2. Record in the Santiago Stockmarket

Dated February 21, 2006, the company informed the following: On February 21, 2006, the company Elesur S.A. was recorded in the Bolsa de Comercio de Santiago stock market, whereby its shares were officially listed as of February 23 under the ticker ELESUR.

### 3. Board of Directors Agreements

Dated February 23, 2006, the company informed the following: On February 22, 2006, the Chilectra S.A. Board of Directors (former Elesur S.A.) adopted the following agreements with the aim of presenting to its shareholders, the eventual merger (by absorption) of Chilectra S.A. with Chilectra S.A. (former Elesur S.A.), with their registered agencies in the Cayman Islands, whereby the former will be dissolved and totally incorporated into the latter, including the hole equity of Chilectra S.A. in Chilectra S.A. (former Elesur), constituted in the Cayman Islands, will absorb as well the agency of Chilectra S.A., constituted in the same place:

1. Approve for effects or the merger, the Chilectra S.A. and Chilectra S.A. (former Elesur S.A.) audited financial statements (as of December 31, 2005) that are relevant to the merger, and submit these for approval by the Shareholders Meeting's that will approve the merger. A copy of the aforementioned is attached to the present communication.
2. Submit the expert report on the economic value of the Chilectra S.A. (former Elesur S.A.) and Chilectra S.A. equity as well as the determinations stipulated in the exchange equation of shares pertaining to said company's was published on January 31, 2006. The report was made by Mr. Eduardo Walker Hirschfeld, to the knowledge and under the approval of the Extraordinary General Shareholders Meeting so that they are aware the merger. A copy of said expert report is attached to the present communication.

3. A meeting will take place on March 31, 2006 in the General Ordinary and Extraordinary Shareholders Meeting's of Chilectra S.A. (former Elesur S.A.) located in the Auditorium (Santa Rosa N° 76, mid level, Santiago), where the shareholders will get to know, and decide upon, the following items:

**General Ordinary Shareholders Meeting of Chilectra S.A. (former Elesur S.A.):**

1. Approval of the Report, Balance, Financial Statements and Inquiries External Auditors corresponding to exercises finalized on December 31, 2005.
2. Distribution of profits and distribution of dividends.
3. Dismissal and election of the Board of Directors.
4. Designation of the Committee of Directors, settling their remuneration and the expenses related to the function of the Committee.
5. Report on Board of Directors expenses.
6. Designation of Independent External Auditors.
7. Exposure of Company Policies regarding Dividends and information about the proceedings that are realized in the distribution of Dividends.
8. Information regarding Board of Director agreements related to the activities and contracts that fall under Article 44 and 93 of Law N 18,046.
9. Other subjects that are of public interest and under the authority of Ordinary Shareholders Meeting.

**General Extraordinary Shareholders Meeting of Chilectra S.A. (former Elesur S.A.)**

1. Approve the reductions in social capital by Ch\$1,047,103,444,673 with the purpose of absorbing company losses, without having to return capital to shareholders and maintaining the same number of shares.

2. Approve the merger of Chilectra S.A. (former Elesur S.A.) and Chilectra S.A. through the absorption of the latter, by the former, whereby Chilectra S.A. will be absorbed by Chilectra S.A. (former Elesur S.A.) and Chilectra S.A. (former Elesur S.A.) will be the absorbent company, as well as their Cayman Islands Agencies, where Chilectra S.A. Cayman Islands Agency will be absorbed and Chilectra S.A. (former Elesur) Cayman Islands Agency the absorbent company, as well as the rest of aspects and conditions of the company. Due to the merger, Chilectra S.A. will be dissolved in order to incorporate to Chilectra S.A. (former Elesur S.A.), so that shareholders of Chilectra, will become shareholders of Chilectra S.A. (former Elesur). This is due to the increase in capital, which corresponds to the exchange equation shares, whereby Chilectra S.A. (ex Elesur) acquired all assets and liabilities relating to Chilectra S.A. and achieve it with regard to all its rights, obligations and permits. With regard to the merger, the total assets, liabilities, obligations and rights relating the Chilectra S.A. Cayman Islands Agency will be incorporated and acquired by the Chilectra S.A. (former Elesur) Cayman Islands Agency. The effects produced by the Merger will take effect as of April 1, 2006.
3. Approve the following records which will be used as the fundament for the proposed merger:
  - a) Chilectra S.A. (former Elesur S.A.) Financial Statements (as of December 31, 2005), audited by Deloitte & Touche Company of Auditors and Consultants Limited.
  - b) Expert report (dated January 31, 2006), made by expert Mr. Eduardo Walker Hirschfeld who was contracted for the report by Chilectra S.A. (former Elesur S.A.).
  - c) Chilectra S.A. Financial Statements (as of December 31, 2005), audited by KPMG Auditor Consultants Limited.
  - d) Expert report (dated January 31, 2006), made by expert Mr. Eduardo Walker Hirschfeld contracted for the report by Chilectra S.A.

4. Increase Chilectra S.A. (former Elesur S.A.) social capital by Ch\$302,578,793,634, for which approval of Chilectra S.A. (former Elesur S.A.) by-laws will be needed, in the following areas: (a) modification of the Fourth article which deals with social capital, by increasing the capital amount through emission of 1,110,471,933 payable shares (and other conditions dictated by the Shareholders Meeting), or an alternate amount determined by the Extraordinary Shareholders Meeting. These will be emitted by the Chilectra S.A. Board of Directors and distributed as payment relating to the merger, to the Chilectra S.A. shareholders; the shares will be distributed at a rate of 3.0337 Chilectra S.A. (former Elesur S.A.) share for every one Chilectra S.A. share. These shares will be understood as paid through the proprietorship of Chilectra S.A. which will be absorbed by Chilectra S.A. (former Elesur S.A.) through the merger, and (b) modification of the First Transit article, so that it reflects the modifications mentioned in the aforementioned subheading (a).
5. Approve (i) the reform of Chilectra S.A. (former Elesur S.A.) statutes by modifying the following articles: (a) modification of the First article, so as to replace the Chilectra S.A. (former Elesur S.A.) company name for that of Chilectra S.A., (b) modifying the Third article, to adjust the social objectives of Chilectra S.A. (former Elesur S.A.) for those of Chilectra S.A. (c) modify the Fourth and First Transitory article, to reflect the increase in capital produced in the merger, in the terms indicated in the prior subheading, (d) modify the Ninth article, stating that Directors will be remunerated, (e) modify the Eight and Tenth-Quarter articles, to eliminate all reference to the existence of Director substitutes; (ii) approve and set the resummarized and updated social statute text of the absorbing company.
6. Approve and set the remuneration of the Board of Directors.
7. Adopt whatever other agreement that may effect or be necessary for the Merger agreements referred to in the prior headings, as also to authorize the use of

instruments esteemed necessary (mainly to facilitate the legalization, materialization and completion of merger agreements) and to authorize and authorize and subscribe to, the instruments required to declare the merger has been carried out, and to perfect the transfer of the total assets and liabilities associated to the company being absorbed to the absorbing company.

8. To inform that, in accordance with the stipulations in Articles 69 and 70 of Public Companies Law 18,046, the approval of the merger by the Extraordinary General Shareholders Meeting will concede the right for dissenting shareholders, to retire from Chilectra S.A. (former Elesur S.A.) and be invoiced the value of their shares. The dissenting shareholders may only exercise their retirement right within a time limit of 30 days (counted from the Shareholders Meeting date) and for only the totality of their shares listed in the Company's Shareholders Registry (as of the 5th working day before the Shareholders Meeting). The cost of the shares payable to the dissenting shareholders correspond to the market value of the shares, determined under the norms in Article 79 of the Public Company Regulations in the Supreme Decree N° 587.

The Chilectra S.A. (former Elesur S.A.) General Ordinary Shareholders Meeting will take place at 8:30 am, in the Auditorium (located in Santa Rosa N° 76, mid level, Santiago), and the Chilectra S.A. (former Elesur S.A.) Extraordinary General Shareholders Meeting will take place after the formational Ordinary General Shareholders Meeting.

The positive effects estimated in the absorbed company's results will increase to approximately Ch\$100,000 million, during the next few years, mainly due to the optimization of the tributary structure and the reduced expenses in operating and financial areas. In consideration of current accounting norms, the central part of the aforementioned sum, foreseeable corresponds to the optimization of the tributary structure, recognizable as an accountable profit at the moment the merger is perfected. Despite this, the economic result associated with monetary



effects will extend over various exercises, as indicated below; this has been done before by the company, given the impossibility of foreseeing precisely how the merged company's profits will behave in future. Using this hypothetical base, the merged company could quantify Ch\$10,000 million, per year, and as such, the effect would extend over approximately 10 years. The aforementioned effect depends on factors such as the growth of demand, number of company clients, unitary consumption, applicable tariffs, human resources costs, operating and maintenance costs, financial expenses, interest rates, exchange rate, etc., and therefore, also, the profit the company obtains through each exercise.

With regard to reductions in operating costs and financial expenses, it has been estimated that in each transaction following the completion of the merger, the results of the merged company will improve by Ch\$820 million. This is due to reduced fixed expenses (by Ch\$240 million) and reduced financial expenses (Ch\$580 million).

#### 4. Expert Report

A copy was sent to the S.V.S (on March 3, 2006), of the expert report regarding the economic value of the equity of Chilectra S.A. and Chilectra S.A. (former Elesur S.A.) as also the determinations stipulated in the exchange equation of shares pertaining to said company's. The aforementioned report was published on January 31, 2006, made by Mr. Eduardo Walker Hitschfeld, and financed by Chilectra S.A. (former Elesur S.A.). This expert report and the one financed by Chilectra S.A. through the same expert, published on the same date as the former, and sent to the S.V.S ( to annex the essential facts sent by Chilectra S.A. on February 27, 2006), will be subject to the study and approval of the Chilectra S.A. Extraordinary General Shareholders (organized for March 31, 2006); said meeting will mainly concern the merger between Chilectra S.A. and Chilectra S.A. (former Elesur S.A.) . A copy of the expert report financed by Chilectra S.A. is attached to the present communication.

#### 5. Ordinary and Extraordinary Shareholders Agreements

Dated March 31, 2006, the company informed about the following:

- 1° In today's Elesur (denominated Chilectra S.A. from March 31, 2006) General Ordinary Shareholders Meeting, it was agreed to dismiss the current Board of Directors and redesignate those positions to: Jorge Rosenblut Ratinoff, José Manuel Fernández Norriella, Pedro Buttazzoni Álvarez, Antonio Cámara Eguinoa, Hernán Felipe Errázuriz Correa, Marcelo Andrés Llévénés Rebolledo and Alberto Martín Rivals.
- 2° In the Elesur (denominated Chilectra S.A on March 31, 2006), General Extraordinary Shareholders Meeting the following was agreed:
  1. To reduce social capital by Ch\$1,047,103,444,673 with the aim of absorbing company losses of the same sum, without returning capital to shareholders and therefore maintaining the same number of shares, and to modify the Fourth article and the First Transitory article of the statutes, so they reflect this reduction.
  2. The Merger of Chilectra S.A. (former Elesur S.A.) and Chilectra S.A., through the absorption of the latter by the former. That is, Chilectra S.A. (formerly Elesur S.A.), was to absorb Chilectra S.A.; the new Chilectra company agencies where to function through their Cayman Islands office. Due to the merger, Chilectra S.A. will be dissolved in order to incorporate it to Chilectra S.A. (former Elesur S.A.), so that shareholders of Chilectra, will become shareholders of Chilectra S.A. (former Elesur). This is due to the increase in capital, which corresponds to the exchange of assets, whereby Chilectra S.A. (ex Elesur) acquired all assets and liabilities relating to Chilectra S.A. and succeeded it with regard to all its rights, obligations and permits. Regarding the merger, the total assets, liabilities, obligations and rights relating the Chilectra S.A. Cayman Islands Agency will be incorporated and acquired by the Chilectra S.A. (former Elesur) Cayman Islands Agency. The legal effects of the merger will take effect from the 1st of April 2006.

3. Approval of the Financial Statements corresponding to exercises finalized on December 31, 2005 and expert reports which were taken into account for the merger.
  4. To Increase Chilectra S.A. (former Elesur S.A.) social capital by Ch\$302,578,793,634, for which approval of Chilectra S.A. (former Elesur S.A.) statutes will be needed, in the following areas: (a) modification of the fourth article which deals with social capital, by increasing the capital amount through emission of 1,110,471,933 payable shares (and other conditions dictated by the Shareholders Meeting), or an alternate amount determined by the Extraordinary Shareholders Meeting. These will be emitted by the Chilectra S.A. Board of Directors and distributed as payment relating to the merger, to the Chilectra S.A. shareholders; the shares will be distributed at a rate of 3.0337 Chilectra S.A. (former Elesur S.A.) share for every one Chilectra S.A. share. These shares will be understood as paid through the proprietorship of Chilectra S.A. which will be absorbed by Chilectra S.A. (former Elesur S.A.) through the merger, and (b) modification of the First Transitory article, so that it reflects the modifications mentioned in the aforementioned subheading (a).
  5. Approve (i) the reform of Chilectra S.A. (former Elesur S.A.) by-laws by modifying the following articles: (a) modification of the First article, so as to replace the Chilectra S.A. (former Elesur S.A.) company name for that of Chilectra S.A., (b) modifying the Third article, to adjust the social objectives of Chilectra S.A. (former Elesur S.A.) for those of Chilectra S.A. (c) modify the Fourth and First Transitory article, to reflect the increase in capital produced in the merger, in the terms indicated in the prior subheading, (d) modify the Ninth article, stating that Directors will be remunerated, (e) modify the Eighth and Tenth-Quarter articles, to eliminate all reference to the existence of Director substitutes; (ii) approve and set the resummarized and updated social statute text of the absorbing company.
  6. Inform that, in compliance with the stipulations in Articles 69 and 70 of Public Company Law 18,046, the approval of the Merger, by the General Extraordinary Shareholders Meeting, conceded dissenting shareholders the right to retire from Chilectra S.A. (former Elesur S.A.) once they are invoiced for the value of their shares.
- 3° Having acknowledged that the Merger through absorption of Chilectra S.A. by Elesur S.A. was approved by the General Extraordinary Shareholders Meeting of Chilectra S.A., it is appropriate then for Elesur S.A. to recognize as accounting income in its March 31, 2006 Financial Statement, its right to compensate future taxes with tributary losses in past exercises by approximately Ch\$100,000 million.

#### Exchange of Shares

Through the Board of Directors agreement, dated July 10, 2006, the exchange of Chilectra S.A. titles for those of Elesur S.A. (today Chilectra S.A.) was perfected.

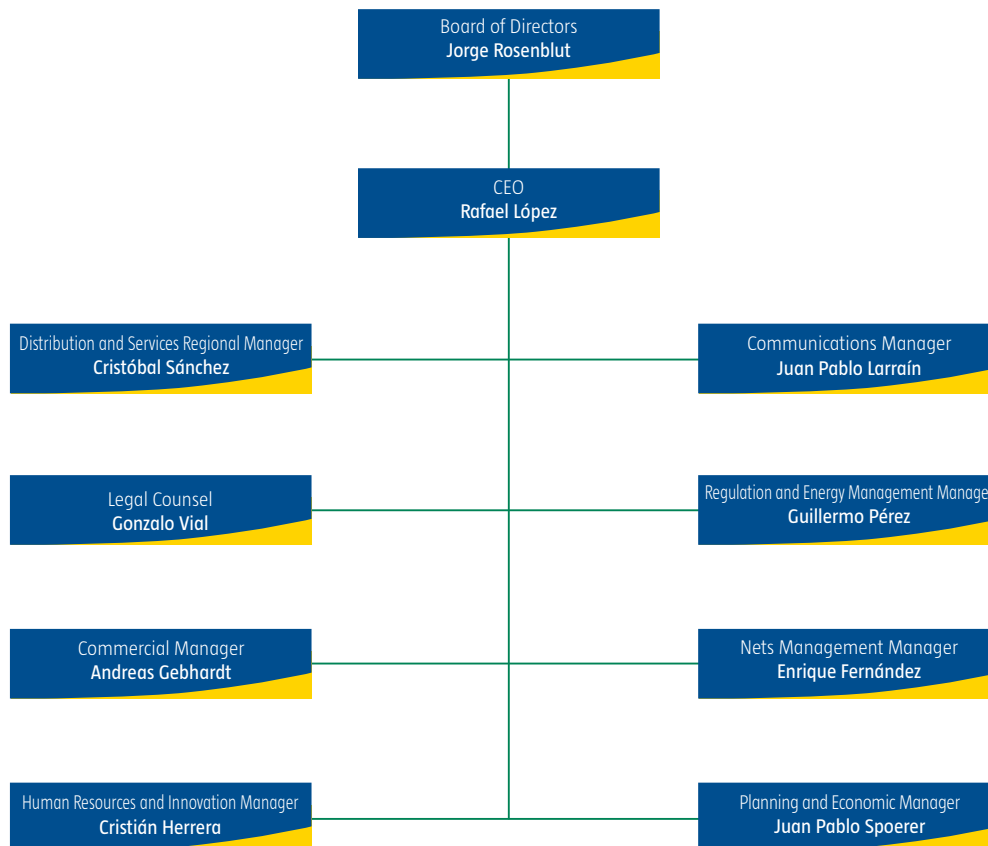
#### New Organizational Structure

In the Chilectra S.A. Ordinary Directors Session N° 9/2006, celebrated on July 25, 2006, a new organizational structure was approved.

Consequently, there were accepted the resign of the following company staff members: Juan Camilo Olavarría Couchot (Operational and Market Administration Manager—position will no longer exists), Marcelo Silva Iribarne (Regional Distribution Manager- position will no longer exists), Marcelo Castillo Sibilla (Communication Manager—will be replaced by Juan Pablo Larraín M.) and Klaus Winkler Springer (Planning and New Business Manager- position will no longer exist). Meanwhile, Commercial Management was created (dependent on the General Manager) and realized by Andreas Gebhardt Strobel.

#### Change of Director

In the ordinary Chilectra S.A. Board of Directors Session N° 13/2006, dated November 30, 2006, the resign of Director Mr. Alberto Martín Rivals was accepted and Mr. José María Calvo Ibáñez- Martín was named in order to replaced him, in conformity with the stipulations of Law N° 18,046, article 32.



Further, within said session, and in the conformity with the stipulations in Circular N° 1526 of the S.V.S., the following members of the Committee of Directors were designated: Jorge Rosenblut Ratinoff, Hernán Felipe Errázuriz Correa and José María Calvo-Sotelo Ibañez-Martín.

#### Dividends

The company Board of Directors Session dated July 25, 2006, agreed on distributing (starting August 30, 2006), an interim dividend (N° 1) of Ch\$18.00 per share, charged to 2006 profits.

In the Board of Directors session dated October 24, 2006, it was agreed to distribute an interim dividend N° 2 starting on November 30, 2006, valued at Ch\$8.00 per share, charged to the profits of year 2006.

#### ENDESA S.A. (HEADQUARTERS)

The Board of Directors of Empresa Nacional de Electricidad S.A. is informed (on January 27, 2006) that in their January 26, 2006 session, it agreed to set up an Ordinary Shareholders Meeting at 10:00 March 21, 2006 in the Sheraton Hotel Santiago, located on Santa María Avenue N° 1742; and an Extraordinary Shareholders Meeting on the same day, in the same place, to proceed immediately after the Ordinary Shareholders Meeting.

The Ordinary Shareholders Meeting will deal with and decide on, the following items:

1. Approval of the Annual Report, Balance, Financial Statements and Inquiries External Auditors corresponding to exercise ended on December 31, 2005,

- |   |  |
|---|--|
| <p>2. Distribution of profits relating to the exercise and distribution of dividends;</p> <p>3. Exposition regarding the Company Dividend Policy and information regarding the proceedings to be put in place in the distribution of the aforementioned;</p> <p>4. Policies regarding Investments and Financing proposed by the Board of Directors;</p> <p>5. Election of the Board of Directors;</p> <p>6. Settling of the Board of Directors Remuneration;</p> <p>7. Settling of the Committee of Directors and Committee of Auditors Remuneration and the determination of its budget;</p> <p>8. The Committee of Directors Report;</p> <p>9. Designation of External Auditors;</p> <p>10. Election of two Account Inspectors and two substitutes, as also the determination of their remuneration;</p> <p>11. Other issues of public interest under the faculties of the Shareholders Meeting, and information regarding the transactions referred to in Article 44 of Law N° 18,046;</p> | <p>would effectively establish a new number of articles and titles in the by-laws; and adequating references has been made in articles 28 bis, and 36 bis to the other statutory articles of the new numeration.</p> <p>4. Approve the resummarize of the by-laws;</p> <p>5. Adopt all the agreements necessary for creation and completion of the aforementioned subheadings.</p> <ul style="list-style-type: none"> <li>- It was informed as essential fact on March 1, 2006 that the ordinary session of the Board of Directors yesterday agreed, that in completion of the dividend policy (corresponding to the exercise of 2005), an Endesa Ordinary Shareholders Meeting should take place (on March 21, 2006) to enable the distribution of a definitive dividend of above Ch\$5.82 per share to be effective as of March 30 2006, subject to the aforementioned Shareholders Meeting's approval.</li> <li>- In the Company's Ordinary and Extraordinary Shareholders Meeting's (Dated March 21, 2006), all the matters proposed in the table where approved.</li> </ul> |
|---|--|

In this instance, the Shareholders Meeting approved the Board of Directors proposition to pay a definitive dividend for 2005 exercise (worth Ch\$5.82 per share). Said dividend will be paid since March 30, 2006, to shareholders listed in the Shareholders Registry from March 24, 2006.

The Extraordinary Shareholders Meeting will study and decide regarding the following matters:

The publication of the corresponding article was made on March 22, 2006 in the Santiago newspaper "El Mercurio".

- |  |  |
|--|--|
| <p>1. Amendment of article 28 of the by-laws, with regard to the matters in the Extraordinary Shareholders Meeting, and aimed at adequate part (d) to the text of N°4 article 57 of Law N° 18,046;</p> <p>2. Modify the final section within article 36, of the by-laws, to make the article adequate to the section 1 of article 7 in Law N° 18,046;</p> <p>3. Modify the by-laws, in order to include the norms relative to the Committee of Directors and the Audit Committee including the incorporation of title and respective articles, (as stipulated in domestic and international laws under which the Company functions). The aforementioned,</p> | <ul style="list-style-type: none"> <li>- It was noted as essential fact on March 22, 2006, that in yesterday's Ordinary Shareholder's Meeting of the Empresa Nacional de Electricidad S.A, new Company Board of Directors was chosen for a period of three years, starting from the date of said meeting.</li> </ul> |
|--|--|

The Board of Directors is now comprised of the following people:

- Jaime Bauzá
- Jaime Estévez
- José María Fernández

Enrique García  
Héctor López  
Antonio Pareja  
Luis Rivera  
Carlos Torres  
Leonidas Vial

In the Extraordinary Board of Directors session (of the same date), the directors agreed to designate Mr. Luis Rivera Novo as President of the company and Board, and Mr. Antonio Pareja Molina as Vice-president.

In the same session, it was also agreed to designate the directors Luis Rivera Novo, Jaime Bauzá Bauzá and Jaime Estevez Valencia as members of the committee of directors. It was also agreed to designate Jaime Bauzá Bauzá, José María Fernández Olano and Enrique García Alvarez as members of Audit Committee.

- Due to the information regarding the Aysén Project published in the press (Diario La Tercera) on April 12, 2006, on the same date the S.V.S was informed of the following:

In fact, for some time until current date, advanced conversations and negotiations have taken place (under confidentiality agreements) between the company' executive administration and Colbún S.A. with the aim of reaching an Understanding Agreement, which has not happened yet, and which would imply additional negotiations during a predetermined period, and if successful, create an association to conjunctly commit to the development of the aforementioned Aysén Project. The project consists in the construction of 4 centrals (sizes big and medium), and a support central for works, all with a 2,355MW capacity.

In the eventuality that the negotiations under current development do reach the consensus that would allow an Understanding Agreement to be signed, there is the possibility for directors of both companies to approve the contents and authorize subscription. Following this, the aforementioned directors would inform the S.V.S and the market, through the usual mechanism settled in current legislation.

A similar information pattern will take place where following the signing of said Understanding Agreement, other related agreements take place relating to the social vehicle to be

constituted, achieved agreements and other legal instruments that allow the joined development of the Aysén Project.

- On April 26, 2006, in conformity with the agreement adopted by the Board of Directors in its ordinary session, the following essential fact was informed:

The Board of Directors agreed to authorize the subscription by the Company to an Memorandum of Understanding (MOU) with the Colbún S.A. Company, in order to regulate eventual joint participation in the development and exploitation of the Aysén Project.

The documents objective is to stipulate the basic agreements and general criteria that have been reached by each party in order to subscribe to the document in the shortest period possible (mainly prior to August 31, 2006) and before the Colbún S.A. due diligence process is carried out concerning the contracts, agreements and other legal instruments that permit the joint function of Endesa Chile and Colbún in the development, financing, construction and exploitation of the Aysén Project.

The MOU oversees that suspension conditions are fulfilled (as stipulated in the document); one of these conditions concerns the finalizing of the due diligence process and the agreements referred to in the contribution contracts, shareholders agreements and other relevant contracts. Further, the parties will constitute a public company for the development and exploitation of the Aysén Project, whereby Endesa Chile will have shareholder participation equal to 51% of the public capital, and Colbún S.A. the remaining 49%. In consideration to its contribution to the Projects, Endesa Chile will receive a counterclaim of 12,3% of the energy produced by various plants within the Aysén Project for 30 years counted from the sixth month of commercial operation of all Project centrals.

The surplus energy produced, after the aforementioned counterclaim, will be distributed 51% to Endesa Chile and 49% to Colbún S.A..

The public company that will be created for this process will return 100% of its energy to its shareholders in the aforementioned quantities. The shareholders will commercialize the energy in light of their individual and autonomous commercial enterprises, therefore, the company

will not commercialize directly with third parties, nor will it sell the energy it produces in the spot market.

Other relevant aspects of the MDE concern the administration of the company, the matters that must be considered in the future shareholders agreement and the common clauses for the company, as also the termination of the joined association and the type of common clauses within these documents.

The company will leave a record of the structure of the joint association with Colbún S.A. and has preferred a system that assures transparency and competitiveness in the national electric sector, achieved through due consideration regarding the project centrals as simple productive units which, will distribute the total produced energy to Endesa Chile and Colbún S.A., which in an autonomous and independent way through the company which has been created. These two entities will then commercialize said energy in the national electric marketplace, in compliance with current legislation.

- The following essential facts are informed on August 31, 2006:

In today's Empresa Nacional de Electricidad S.A. ordinary Board of Directors session, this company agreed to the constitution of a new company named Centrales Hidroeléctricas de Aysén S.A.. The constitution of said central is legally proposed for September 2006; Endesa Chile will definitely receive 51% and Colbún S.A. the remaining 49%, of the capital.

The aforementioned company will be responsible for the study, development, financing, construction and exploitation of the Aysén Project which consists of a hydroelectric generation project in the XI Region; an estimated capacity of 2,355 MW has been calculated for the project, through five hydroelectric centrals, that will use the same line for electric transmission. From the date recorded in its constitution, the company must continue developing preparatory actions for the Project, consisting of (among others), the completion of feasibility studies, hydraulics, pre-project engineering and environmental impact statements, as also the administration and achievement of permission, authorizations and

concessions relevant to this type of project, all of which will be underway and solicited during years 2006 and 2007 (subject to the authorization and decisions of the relevant authorities).

After the finalization of the preparatory activities which precede a final decision regarding the determination to go ahead with the Aysén Project. The decision will be made by the Shareholders of Aysén Hydroelectric Centrals S.A., and be subject to the determinations of the relevant authorities and organizations (regarding the issues and matters which have been presented them).

The Endesa Chile Board of Directors, created the company constitution once the suspension conditions were fulfilled (on which the constitution was pending) and once the company was informed by Colbún S.A. of the finalization and approval of the due diligence of the Aysén Project. Post these occurrences, the Endesa Chile Board of Directors, proceeded to approve the contents of the documents (which had been objected to, and stalled negotiations with Colbún S.A. from last April).

The suspension conditions sent as essential information to the S.V.S and to the general market values on April 26, 2006 have been fulfilled with the completion of the aforementioned.

- It is informed as essential fact on October 26, 2006, that in today's ordinary session of the Empresa Nacional de Electricidad S.A. Board of Directors, it was agreed that the resignations by the following people will be accepted: Mr. Luis Rivera Novo (a director, president of the Board of Directors and member of the Committee of Directors), and of Mr. Antonio Pareja Molina (a director and vice-president of the Company Board of Directors).

In the same session, the Board of Directors designated Mr. Mario Valcarce Durán and Mr. Pedro Larrea Paguaga as new Company directors; these were designated as president and vice-president of the Board of Directors, respectively. Additionally, Mr. Mario Valcarce Durán was designated as new member of the Company Committee of Directors.

- In compliance with the stipulations in Circular N° 660 of the S.V.S., it was informed on December 1, 2006, that in a Board of Directors session dating (November 30, 2006) the Empresa Nacional de Electricidad S.A. agreed to pay a provisory dividend of Ch\$2.57 per share (in cash and commissioned by profits stemming from 2006 exercise), to shareholders listed in the Shareholders Registry (at the end of December 16, 2006).

## PEHUENCHE

- Dated January 26, 2006, the Company informed that the Board of Directors unanimously agreed with the current Company Dividend Policy, proposing a Ordinary Shareholders Meeting (for March 20 this year), for the definitive dividend payment of Ch\$33.5811873 per share. This proposition is based on the distribution of 100% of the liquid profit of the yearly exercise (ending December 31, 2005), and through it, the proposal will also fulfill the Dividend Policy informed by the Board of Directors in the Ordinary Shareholders Meeting of April 6, 2005.

Similarly, it was agreed to propose in the Ordinary Shareholders Meeting set to take place on March 20, 2006, that the aforementioned dividend be paid from the April 19, this year to the shareholders listed in the Registry five working days before said date.

As of March 20, 2006, was held the Company' Ordinary Shareholders Meeting, which had the objective of know and solve about the following matters:

1. Approval of the Report, Balance, Financial Statements and Inquiries External Auditors corresponding to transactions, finalized on December 31, 2005;
2. Distribution of profits of dividends;
3. Exposure of Company Policies regarding Dividends and information about the proceedings that are realized in the distribution of Dividends,
4. Designation of the remuneration of the Committee of Directors and the budget related to the function of the Committee;
5. Report on Board of Directors expenses;

6. Designation of Independent External Auditors;
7. Other subjects that are of public interest and under the authority of Ordinary Shareholder Shareholders Meeting, and informations about operations referred to article 44 of Law N° 18,046.

In this instance, the Shareholders Meeting approved the proposal by the Company Board of Directors to pay a definitive dividend of the 2005 exercise, which represents a total payable dividend of Ch\$33.581873 per share. Said dividend will be paid from April 19, 2006, to the shareholders listed in the Shareholders Registry as of April 11, 2006.

The publication of the corresponding note, took effect on April 10, in the Santiago newspaper, "El Mercurio".

- On June 30, 2006, the association informed that the Company Board of Directors, in their June 29, 2006 session, approved the distribution of Provisory Dividend, corresponding to the exercise of 2006, for a sum of Ch\$17.16 per share. On July 26, 2006, said dividend will be paid to the shareholders listed in the Shareholders Registry five working days prior.

On September 29, 2006, the association informed that on September 28, 2006, the Board of Directors approved the distribution of a Second Interim Dividend, corresponding to the exercise of 2006, for a sum of Ch\$25.27 per share. Said dividend, will be paid to from October 18, 2006 to the shareholders listed in the Shareholders Registry from October 12, 2006.

- In conformity with the stipulations in the S.V.S. 'Official Circular N° 3572, on December 22, 2006, the Company informed of the resignation of Mr. Leonardo Contreras Rivera from his position from Company Director as of December 21, 2006.
- On December 29, 2006, the Company informed that in their December 28, 2006 session, the Board of Directors approved the distribution of a Third Interim Dividend corresponding to the fiscal year of 2006, for a sum of Ch\$26.72 per share. Said dividend will be paid from January 24, 2007, to the shareholders listed in the Shareholders Registry from January 18, 2007.



SUBSIDIARIES AND ASSOCIATE  
**COMPANIES**



## AGRÍCOLA DE CAMEROS

Name  
Sociedad Agrícola de Cameros Limitada

Kind of Company  
Limited Partnership

Tax N°  
77.047.280-6

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

Telephone  
(56 2) 378 4700

Fax  
(56 2) 378 4702

External Auditors  
Deloitte & Touche

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

Holding of Enersis (direct and indirect)  
57.5%

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

Administration  
Complete with the presence of 3 representatives together.

Executive Officer  
Hugo Ayala Espinoza

## AGRÍCOLA E INMOBILIARIA PASTOS VERDES

Name  
Agrícola e Inmobiliaria Pastos Verdes Limitada

Kind of Company  
Limited Partnership

Tax N°  
78.970.360-4

Address  
Santa Rosa 76, Piso 9, Santiago

Telephone  
(56 2) 601 0601

Fax  
(56 2) 601 0519

External Auditors  
Deloitte & Touche

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

Holding of Enersis (direct and indirect)  
55%

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

Administration  
Complete with the presence of 3 representatives together.

Executive Officer  
Bernardo Küpfer Matte

## AGUAS SANTIAGO PONIENTE

Name  
Aguas Santiago Poniente S.A.

Kind of Company  
Private Company, Held under Public Company normative

Tax N°  
96.773.290-7

Address  
Américo Vespucio N° 0100, Pudahuel, Santiago

Telephone  
(56 2) 601 0601

Fax  
(56 2) 601 0519

External Auditors  
Deloitte & Touche

Shares  
3,996,874

Subscribed and paid capital (M\$)  
5,643,981

Holding of Enersis (direct and indirect)  
55%

Corporate Purpose  
To exclusively establish, construct, and exploit public services that are aimed at producing

and distributing drinking water; to collect, treat, and dispose of sewage water, and to carry out the other duties that the D.F.L. Nr. 382 of 1998 expressly authorizes and its modifications.

Directors  
President  
Víctor Manuel Jarpa Riveros

Directors  
Cristóbal Sánchez Romero  
Andrés Salas Estrades  
Luis Felipe Edwards Mery  
José Manuel Guzmán Nieto

Executive Officer  
Jorge Alé Yarad

## AMPLA

Name  
Ampla Energia e Serviços S.A.

Kind of Company  
Publicly Held Limited Liability Stock Company

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

Telephone  
(55 21) 2613 7031

Fax  
(55 21) 2613 7199

P.O. Box  
24.210-205

Web site  
www.ampla.com

E-mail  
arochinha@ampla.com

External Auditors  
Deloitte Touche Tohmatsu

Total N° of shares  
3,922,515,918,446

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

Holding of Enersis (direct and indirect)  
69.88%

Investments as proportion of Enersis assets  
1.86%

Corporate Purpose (excerpt)  
To study, plan, project, construct, and explore the production, transmission, conversion, distribution, and marketing systems of electrical energy, as well as to provide correlative services that have

been or could be granted; to carry out research in the field of energy and to participate as a share holder in other energy sector companies.

Administration  
 President  
 Manuel Jorge Correia Minderico  
 Vice President  
 Mario Fernando de Melo Santos

Directors  
 Joao Alves de Azevedo Ribeiro  
 Marcos da Silva Crespo  
 Juan Pablo Spoerer Hurtado  
 Cristián Herrera Fernández  
 Martín Serrano Spoerer  
 (Enersis' Chief financial Officer International)  
 Antonio Basilio Pires de Carvalho e Albuquerque  
 Gonzalo Carbó  
 Alternate Directors  
 José Alves de Mello Franco  
 Fernando Urbina Soto  
 Joaquim Pedro de Macedo Santos  
 José Miguel Bandeira Pires Monteiro Lopes

Principal Directors  
 Director President  
 Marcelo Liévenes Rebolledo  
 Regulation Director  
 José Alves de Mello Franco  
 Commercial Director  
 Carlos Alberto Oliveira  
 Human Resources Director  
 Carlos Ewandro Naegale Moreira  
 Energy Losses Director  
 Claudio Rivera Moya  
 Administrative-Financial Director  
 Abel Alves Rochinha  
 Legal Director  
 Déborah Meirelles Rosa Brasil  
 Technical Director  
 Albino Motta da Cruz  
 Government Relationships and Environmental Director  
 Mario Rocha

## AMPLA INVESTIMENTOS

Name  
 Ampla Investimentos e Serviços S.A.

Kind of Entity:  
 Open Corporation

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

Telephone  
 (55 21) 2613 7071

Fax  
 (55 21) 2613 7153

External Auditors  
 Deloitte Touche Tohmatsu

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

Holding of Enersis (direct and indirect)  
 69.88%

Investments as proportion of Enersis assets  
 0.17%

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

Directors  
 President  
 Manuel Jorge Correia Minderico  
 Vice President  
 Mário Fernando de Melo Santos

Directors  
 Gonzalo Carbó  
 João Ricardo de Azevedo Ribeiro  
 Cristián Herrera Fernández  
 Marcelo Liévenes Rebolledo  
 Antonio Basilio Pires e Albuquerque  
 Martín Serrano Spoerer  
 Juan Pablo Spoerer Hurtado  
 Alternate Directors  
 Joaquim Pedro de Macedo Santos  
 José Miguel Bandeira Pires Monteiro Lopes

## ARA - INGENDESA

Name  
 Consorcio Ara - Ingendesa Ltda.

Kind of Company  
 Limited Partnership

Tax N°  
 77.625.850-4

Address  
 Santa Rosa 76 Piso 10, Santiago, Chile

Corporate Purpose  
 The provision of engineering services that comprise the projection, planning, and implementation of engineering projects and studies, consultancy services, granting of assistance and technical information, and the administration, inspection, and development

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

Paid Capital (M\$)  
 1,000

Holding of Enersis (direct and indirect)  
 29.99%

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

## ATACAMA FINANCE

Name  
 Atacama Finance Co.

Kind of Company  
 Exent Company

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

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

Paid Capital (M\$)  
 3,354,057

Holding of Enersis (direct and indirect)  
 29.99%

Directors  
 Tom Miller  
 Andrés Salvestrini Balmaceda  
 David Baughman  
 Vacant

## BETANIA

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

**Kind of Company**  
Public utility Corporation

**Address**  
KM. 35 Vía Neiva – Yaguará, Colombia.

**Corporate Purpose**  
The company's main objective is the production and commercialization of electrical energy.

**Paid Capital (M\$)**  
333,425,742

**Holding of Enersis (direct and indirect)**  
59.98%

**Directors**  
President  
José Antonio Vargas Lleras

**Directors**  
Carlos Martín Vergara  
Emilio Archiva  
Rafael Errázuriz Ruiz-Tagle  
Sebastián Fernández  
David Yanovich  
Carlos Alberto Luna Cabrera

**Alternate Directors**  
Fredy Urrea  
Manuel Pesqueira  
Patricia Marulanda  
Renato Fernández  
José Arturo López  
Aquiiles Mercado Fernández  
Fredy Canen Anaya

**Principal Directors**  
Executive Officer  
Carlos Alberto Luna Cabrera

## CACHOEIRA DOURADA

**Name**  
Centrais Elétricas Cachoeira Dourada S.A.

**Kind of Company**  
Closed Capital Publicly Held Liability Stock Company

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

**Corporate Purpose**  
The company's corporate purpose is the carrying out of studies, planning,

construction, installation, operation, and exploitation of central generators of electrical energy and the business related to these activities.

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

**Holding of Enersis (direct and indirect)**  
53.36%

**Directors**  
President  
Francisco Javier Bugallo Sánchez

**Directors**  
Aurelio de Oliveira  
Guilherme Gomes Lencastre  
**Principal Directors**  
Executive Officer  
Francisco Bugallo Sánchez  
Commercial and Trading Manager  
Manuel Herrera Vargas  
Technical Officer  
José Ignacio Pires  
Human Resources Officer  
Raimundo Câmara Filho

## CAM

**Name**  
Compañía Americana de Multiservicios Ltda.

**Kind of Company**  
Limited Partnership.

**Tax N°**  
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 (M\$)**  
2,572,038

**Holding of Enersis (direct and indirect)**  
100%

Investments as proportion of Enersis assets  
1.10%

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

**Representatives and Senior Executives**  
Representatives  
Cristóbal Sánchez Romero  
Klaus Winkler Springner

**Alternate Representatives**  
Gonzalo Mardones Pantoja  
Eduardo López Miller

**Principal Directors**  
Executive Officer  
Klaus Winkler Springner  
Chief Operations Officer  
Gonzalo Mardones Pantoja  
Chief Administration and Human Resources Officer  
Raúl Mella Varas  
Chief Economic and Control Officer  
Pedro Carrizo Polanco  
Chief Quality Officer  
Eduardo Villalobos Abad  
Executive Officer CAM Brasil  
Tomás Casanegra Rivera  
Executive Officer CAM Perú  
Ricardo Camezzana Leo  
Executive Officer CAM Colombia  
Carlos A. Zarruk Gómez  
Executive Officer CAM Argentina  
Daniel Strizinec

## CAM ARGENTINA

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

**Kind of Company**  
Limited Partnership

**Address**  
Av. Vélez Sarsfield 1160, Capital Federal, Argentina

**Telephone**  
(54 11) 4302 2951/58

**Fax**  
(54 11) 4302 2951/58

**Total N° of Shares (quotes)**  
The capital is \$1,000,000 divided into 1,000,000 shares.

**Subscribed and Paid Capital**  
The social capital is completely subscribed and integrated.

**Holding of Enersis (direct and indirect)**  
100%

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

**Principal Directors**  
Titular Manager  
Daniel Strizinec

## CAM BRASIL

**Name**  
Cam Brasil Multiserviços Limitada

**Kind of Company**  
Limited Partnership

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

**Telephone**  
(55 21) 2702-8001

**Fax**  
(55 21) 2702-8000

**P.O. Box**  
24.450-700

**External Auditors**  
Deloitte Touche Tohmatsu.

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

**Holding of Enersis (direct and indirect)**  
100%

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

**Principal Directors**  
General Director  
Tomás Casanegra Rivera

## CAM COLOMBIA

**Name**  
Compañía Americana de Multiservicios  
Limitada Colombia

**Kind of Company**  
Limited Partnership

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

**Telephone**  
(57 1) 4173000

**Fax**  
(57 1) 5651012

**External Auditors**  
Deloitte & Touche Ltda.

**Total N° of Shares**  
1,615,500

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

**Holding of Enersis (direct and indirect)**  
100%

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

**Principal Directors**  
Executive Officer  
Carlos Alberto Zarruk Gómez

## CAM PERÚ

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

**Kind of Company**  
Limited Partnership

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

**Telephone**  
(0511) 5611604

**Fax**  
(0511) 4523007

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

**Total N° of Shares**  
5,220,000

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

**Holding of Enersis (direct and indirect)**  
100%

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

**Principal Directors**  
Executive Officer  
Ricardo Mario Comezzana Leo

## CELTA

**Name**  
Compañía Eléctrica Tarapacá S.A.

**Kind of Company**  
Private Company

**Tax N°**  
96.770.940-9

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

**Corporate Purpose**  
The company's main corporate purpose is the production, transport, distribution, and supply of electric energy, nationally as well as internationally, and as such, to obtain, acquire, and enjoy its respective favors and concessions. Additionally, another objective with the intention of seeing it through to completion, is the construction of a thermoelectric station, the construction and operation of a wharf or maritime installations, for the loading and unloading of supplies and other products in the area known as Punta de Patache, south of Iquique, in the I Region. Likewise, the objective includes the transmission line construction with its substations between the main station and the Doña Inés de Collahuasi copper mine; as well as the reinforcing of the interconnected system of Norte Grande.

**Paid Capital (M\$)**  
88,150,545

Holding of Enersis (direct and indirect)  
59.98%

Directors  
President  
Alejandro Wendling Aliaga

Directors  
Alan Fischer Hill  
Liones Roa Burgos  
Executive Officer  
Eduardo Soto Trincado

## CEMSA

Name  
Comercializadora de Energía del  
Mercosur S.A.

Kind of Company  
Public Company

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

Corporate Purpose  
The company's main corporate purpose is the wholesale buying and selling of electric energy produced by third parties and to be consumed by third parties, including the importation and exportation of electric energy and the commercialization of royalties, as well as the provision and/or carrying out of related services of the above mentioned goals, in accordance with existing regulations. The company could carry out, as such, all subsidiary and complementary activities that are linked with its corporate purpose, having full legal power to acquire rights and to enter into obligations and exercise any activity that is not prohibited by law or this statute.

Paid Capital (M\$)  
7,489,700

Holding of Enersis (direct and indirect)  
26.99%

Directors  
President  
José María Hidalgo Martín-Mateos

Vice President  
José Agustín Venegas Maluenda  
Fernando Antognazza  
Alternate Directors  
Arturo Pappalardo  
Roberto José Fagan  
Pedro Cruz Viné

Principal Directors  
Executive Officer  
Juan Carlos Blanco

## CENTRALES HIDROELÉCTRICAS DE AYSÉN S.A.

Name  
Centrales Hidroeléctricas de Aysén S.A.

Kind of Company  
Private Company

Tax N°  
76.652.400-1

Address  
Miraflores 383, oficina 1302, Santiago, Chile

Corporate Purpose  
The company's main corporate purpose is the development, financing, ownership and exploitation of an hydroelectric project located on Eleventh Region of Aysén, which comprises an estimated capacity of 2,355 MW distributed within five hydroelectric plants, which is denominated "Aysén Project". In order to fulfill its objective, its line of business comprises the following activities: a) electricity production and transportation; b) supplying and commercialization of electricity towards its shareholders; c) administration, operation and maintenance of hydraulic works, electrical systems and hydroelectric generation plants d) delivery of services related with its corporate purpose. The aforementioned activities could be carried out by it own or by third parties' own. In order to compliance its purpose, the company could obtain, buy and make use of the concessions and permissions that required.

Paid Capital (M\$)  
19,920,000

Holding of Enersis (direct and indirect)  
30.59%

Directors  
President  
Antonio Albarrán Ruiz-Clavijo  
Rafael Mateo Alcalá  
Juan Benabarre Benaiges  
Rafael Errázuriz Ruiz-Tagle  
Bernardo Larraín Matte  
Luis Felipe Gazitúa Achondo

Principal Directors  
Executive Officer  
Hernán Salazar Zencovich

## CHILECTRA

Name  
Chilectra S.A.

Kind of Company  
Publicly Held Limited Liability Stock Company

Tax N°  
96.800.570-7

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

Telephone  
(56 2) 675 2000

Fax  
(56 2) 675 2999

P.O. Box  
1557 Santiago

Web site  
www.chilectra.cl

E-mail  
comunicacion@chilectra.cl

Securities Register Inscription  
N°0931

External Auditors  
KPMG Auditores Consultores Ltda.

Total N° of Shares  
1,159,679,806

Subscribed and paid capital (M\$)  
326,416,749

Holding of Enersis (direct and indirect)  
99.09%

Investments as proportion of Enersis assets  
19.23%

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

Directors  
President  
Jorge Rosenblut Ratinoff  
Vice President  
José M. Fernández Norniella

Directors  
Pedro Buttazzoni Álvarez  
José María Calvo-Sotelo Ibañez-Martín  
Antonio Cámara Eguinoa  
Hernán F. Errázuriz Correa  
Marcelo Llévènes Rebolledo

Principal Directors  
Executive Officer  
Rafael López Rueda  
Communications Manager  
Juan Pablo Larraín Medina

Legal Counsel  
Gonzalo Vial Vial  
Distribution and Services Regional Manager  
Cristóbal Sánchez Romero  
Economic and Planning Manager  
Juan Pablo Spoerer Hurtado  
Innovation and Human Resources Manager  
Cristián Herrera Fernández  
Energy and Regulation Manager  
Guillermo Pérez del Río  
Chief Commercial Officer  
Andreas Gebhardt Strobel  
Networks Manager  
Enrique Fernández Pérez

## CHILECTRA INVERSUD

Name  
Chilectra Inversud S.A.

Tax N°  
99.573.910-0

Kind of Company  
Private Company

Address  
Santa Rosa 76, piso 8°, Santiago

Telephone  
(562) 675 2000

Fax  
(562) 675 2000

External Auditors  
KPMG Auditores Consultores Ltda.

Total N° of Shares  
89,200

Paid Capital (US\$)  
569,020,000

Holding of Enersis (direct and indirect)  
99.09%

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

Directors  
President  
Cristóbal Sánchez Romero  
Vice President  
Juan Pablo Spoerer Hurtado

Director  
José Luis Acuña Velasco

Principal Directors  
Executive Officer  
José Luis Acuña Velasco

## CHOCÓN

Name  
Hidroeléctrica El Chocón S.A.

Kind of Company:  
Publicly Held Limited Liability Stock Company

Address:  
Av. España 3301, Buenos Aires; Argentina

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

Paid Capital (M\$)  
180,063,881

Holding of Enersis (direct and indirect)  
28.46%

Directors  
President  
Rafael Mateo Alcalá  
Vice President  
Bernardo J. Velar de Irigoyen  
José Miguel Granged Bruñen  
Miguel Ortiz Fuentes  
Julio Valbuena Sánchez  
Eduardo Adrián Carbajo  
José Luis Mazzone  
Enrique Díaz Riva

Alternate Directors  
Fernando Antognazza  
Francisco Domingo Monteleone  
José María Hidalgo Martín-Mateos  
José Luis Sierra  
Luis A. Acuña  
Carlos Arturo Principi  
Aldo Luis Evitan  
Vacant

Principal Directors  
Executive Officer  
Fernando Claudio Antognazza

## CIEN

Name  
Compañía de Interconexión Energética S.A.

Kind of Company  
Public Company

Address  
Praia de Flamengo, 200 -12° andar-parte, Río de Janeiro, R.J. 22.210.030 - Brasil

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

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

Holding of Enersis (direct and indirect)  
53.57%

Directors  
President  
Marcelo Llêvenes Rebollo  
Vice President  
Francisco Javier Bugallo Sánchez  
Director  
José Venegas Maluenda

Principal Directors  
President Manager  
Francisco Javier Bugallo Sánchez  
Planning and Accounting Manager  
Aurelio Ricardo Bustillo de Oliveira  
Financial Manager  
Guilherme Gomes Lencastre  
Technical Manager  
José Ignacio Pires Medeiros  
Trading and Commercialization  
Manuel Rigoberto Herrera Vargas  
Human and Administrative Resources  
Manager  
Raimundo Câmara Filho

## CODENSA

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

Kind of Company  
Public Company

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

Telephone  
(57 1) 601 6060

Fax  
(57 1) 601 5917

Web site  
www.codensa.com.co

E-mail  
tservice@codensa.com.co

External Auditors  
Deloitte & Touche Ltda.

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

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

Holding of Enersis (direct and indirect)  
21.73%

Investments as proportion of Enersis assets  
1.84%

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

Directors  
President  
Andrés Regué Godall

Directors  
Carlos Bello Vargas  
Orlando Cabrales Martínez  
Alfredo Ergas Segal  
(Chief Regional Finance Officer)  
Astrid Martínez Ortiz  
Pedro Rodríguez Tobo  
Cristóbal Sánchez Romero  
Alternate Directors  
José Inostroza López  
Henry Navarro Sánchez  
Roberto Ospina Pulido  
Luis Rueda Silva  
Antonio Sedán Murra  
Juan Pablo Spoerer Hurtado  
Héctor Zambrano Rodríguez

Principal Directors  
Chief Executive Officer  
José Inostroza López  
Chief Commercial Officer  
David Acosta Correa  
Chief Communications Officer  
María Alexandra Velez Henao  
Chief Distribution Officer  
Margarita Olano Olano  
Chief Financial and Administration Officer

Luis Larumbe Aragón  
Legal Manager  
Alvaro Camacho Borrero  
Chief Planning and Control Officer  
Roberto Ospina Pulido  
Chief Human Resources Officer  
Carlos Alberto Niño Forero  
Chief Regulation Officer  
Omar Serrano Rueda  
Chief Auditing Officer  
Alba Urrea Gómez

## COELCE

Name  
Companhia Energética do Ceará

Kind of Company  
Foreign Publicly Held Liability Stock Company

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

Telephone  
(55 85) 3216 1350

Fax  
(55 85) 3216 1247

Web site  
www.coelce.com.br

E-mail  
investor@coelce.com.br

External Auditors  
Deloitte Touche Tohmatsu

Total N° of shares  
155,710,600,088

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

Holding of Enersis (direct and indirect)  
34.90%

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

Directors  
President  
Mario Fernando de Melo Santos  
Vice President  
Marcelo Llêvenes Rebolledo

Directors  
Luis Gastão Bittencourt da Silva  
Irã da Silva Cardoso  
José Alves de Mello Franco  
João Ricardo de Azevedo Ribeiro  
Fernando de Moura Avelino

Jorge Parente Frota Júnior  
Luis Carlos Ortins Bettencourt  
Cristóbal Sánchez Romero  
Gonzalo Vial Vial

Alternate Directors  
Luciano Alberto Galasso Samaria  
José Nunes de Almeida Neto  
Antônio Basílio Pires e Albuquerque  
José Miguel Bandeira Pires Monteiro Lopes  
Juarez Ferreira de Paula  
Nelson Ribas Visconti  
José Caminha Alencar Araripe Júnior  
Abel Alves Rochinha  
José Renato Ferreira Barreto  
Vladia Viana Regis

Principal Directors  
Director President  
Cristián Fierro Montes  
Vice President Institutional and Communicational  
Projects Director  
José Nunes de Almeida Neto  
Commercial Director Vice President  
Luciano Galasso Samaria  
Technical Director Vice President  
José Távora Batista  
Strategic Planning and Control Director  
Vice President  
Abel Pérez Claros  
Organization and Human Resources Director  
Vice President  
José Ferreira Barreto  
Financial and Investor Relations Director  
Vice President  
Antonio Osvaldo Alves Teixeira

## COMPAÑÍA PERUANA DE ELECTRICIDAD

Name  
Compañía Peruana de Electricidad S.A.C.

Kind of Company  
Private Company

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

Telephone  
(51 1) 561 1604

Fax  
(51 1) 452 3007

P.O. Box  
32, Lima, Perú

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

Total N° of Shares  
98,538,403

Subscribed and Paid Capital (Per. New Sun)  
98,538,403

Holding of Enersis (direct and indirect)  
50.54%

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

**Directors**  
Private Company without Directors

**Principal Directors**  
Executive Officer  
Ignacio Blanco Fernández

## CONO SUR

**Name**  
Compañía Eléctrica Cono Sur S.A.

**Kind of Company**  
Public Company

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

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

**Paid Capital (M\$)**  
912,959,220

**Holding of Enersis (direct and indirect)**  
59.98%

**Directors**  
President  
Manuel Irrarrázaval Aldunate  
Andrés Salvestrini Balmaceda  
Alfredo Ergas Segal  
(Chief Regional Finance Officer)  
Carlos Martín Vergara

## CONSTRUCCIONES Y PROYECTOS LOS MAITENES

**Name**  
Construcciones y Proyectos Los Maitenes S.A.

**Kind of Company**  
Private Company

**Tax N°**  
96.764.840-K

**Address**  
Américo Vespucio N° 0100, Pudahuel, Santiago

**Telephone**  
(56 2) 601 0601

**Fax**  
(56 2) 601 0519

**External Auditors**  
Deloitte & Touche

**Total N° of Shares**  
295,100

**Subscribed and paid capital (M\$)**  
4,029,525

**Holding of Enersis (direct and indirect)**  
55%

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

**Directors**  
President  
Cristóbal Sánchez Romero

**Directors**  
Victor Manuel Jarpa Riveros  
Andrés Salas Estrades  
Luis Felipe Edwards Mery  
José Manuel Guzmán Nieto

**Principal Directors**  
Executive Officer  
Bernardo Küpfer Matte

## COSTANERA

**Name**  
Endesa Costanera S.A.

**Kind of Company**  
Public Company

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

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

**Paid Capital (M\$)**  
86,247,712

**Holding of Enersis (direct and indirect)**  
38.54%

**Directors**  
President  
Rafael Mateo Alcalá  
Vice President  
Máximo Bomchil  
Julio Valbuena Sánchez  
César F. Amuchástegui  
José María Hidalgo Martín-Mateos  
Miguel Ortiz Fuentes  
Juan Rivera Palma  
Eduardo J. Romero  
Vacant

**Alternate Directors**  
Francisco Monteleone  
Fernando C. Antognazza  
Jorge Burlando Bonino  
Roberto Fagan  
Sergio Schmois  
Gabriel Cerdá  
Bernardo Iriberry  
José Cox Donoso  
Alfredo Mauricio Vítolo

**Principal Directors**  
Executive Officer  
José Miguel Granged Bruñen  
Chief Administration and Finance Officer  
Gabriel Cerdá Apalategui  
Chief Human Resources Officer  
Rigoberto Allendes Verdugo  
Chief Planning and Control Officer  
Jorge Burlando  
Chief Comercial Officer  
Sergio Schmois  
Chief Production Officer  
Francisco Monteleone

## CTM

**Name**  
Compañía de Transmisión del Mercosur S.A.



Kind of Company  
Public Company

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

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

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

Holding of Enersis (direct and indirect)  
53.56%

Directors  
President  
José María Hidalgo Martín-Mateos  
Francisco Javier Bugallo Sánchez  
Arturo Plácido Miguel Pappalardo

Alternate Directors  
José Agustín Venegas Malvenda  
Juan Carlos Blanco  
Roberto José Fagan

Principal Directors  
Executive Officer  
Francisco Javier Bugallo Sánchez

## DISTRILEC INVERSORA

Name  
Distrilec Inversora S.A.

Kind of Company  
Foreign Private Company

Address  
San José N° 140 (C1076AAD)

Buenos Aires, Argentina

Telephone  
(54 11) 4370 3700

Fax  
(54 11) 4381 0708

External Auditors  
Deloitte & Co. Sr. L.

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

Holding of Enersis (direct and indirect)  
50.93%

Investments as proportion Of Enersis' Assets  
1.98%

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

Directors  
President  
Joao Ferreira Becnerra de Souza  
Vice President  
Rafael López Rueda

Directors  
Alan Arntsen  
Daniel Casal  
Fermín Demonte  
Mariano Florencio Grondona  
Rigoberto Mejía Aravena  
Luis Miguel Sas  
Marcelo Silva Iribarne  
Gonzalo Vial Vial

Alternate Directors  
Pedro Eugenio Aramburu  
Manuel María Benites  
Santiago Daireaux  
Esteban Diez Peña  
Mónica Diskin  
Roberto José Fagan  
Martín Mandarano  
Luis Ríos  
Enrique Rosello  
Jorge Vugdelija

Principal Directors  
Executive Officer  
José María Hidalgo Martín-Mateos

## EDEGEL

Name  
Edegel S.A.A.

Kind of Company  
Public Company

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

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

Paid Capital (M\$)  
459,893,164

Holding of Enersis (direct and indirect)  
19.83%

Directors  
President  
Rafael Mateo Alcalá  
Vice President  
Javier García Burgos Benfield  
Juan Benabarre Benaiges  
Fritz Du Bois Freund  
Reinaldo Llosa Barber  
Ricardo Harten Costa  
Alfonso Bustamante Canny

Alternate Directors  
Julián Cabello Yong  
Arrate Gorostidi Aguirresarobe  
Francisco García Calderón Portugal  
Roberto Cornejo Spickernagel  
Alberto Triulzi Mora  
Jaime Zavala Costa  
Joseph Lessard Meath

Principal Directors  
Executive Officer  
José Griso Ginés  
Christian Schroder Romero  
Chief Legal Assessment Officer  
Milagros Noriega Cerna  
Chief Finance Officer  
Julián Cabello Yong  
Chief Exploitation Officer  
Robert Cornejo Spickemagel  
Chief Commercial Officer

## EDELNOR

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

Kind of Company  
Foreign Publicly Held Liability Stock Company

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

Telephone  
(51 1) 561 2001

Fax  
(51 1) 561 0451

Web site  
www.edelnor.com.pe

E-mail  
enlinea@edelnor.com.pe

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

Total N° of Shares  
738,563,900

Subscribed and Paid Capital (Per. New Sun)  
738,563,900

Holding of Enersis (direct and indirect)  
33.4%

Corporate Purpose (excerpt)  
To dedicate itself to its own activities of providing electrical energy distribution, transmission, and creation services.

Directors  
President  
Reynaldo Llosa Baber  
Vice President  
Ignacio Blanco Fernández

Directors  
Fernando Bergasa Cáceres  
Róger Espinosa Reyes  
Rafael López Rueda  
Emilio Recoder de Casso  
Guillermo Jesús Morales Valentín  
Ricardo Vega Llona

Principal Directors  
Executive Officer  
Ignacio Blanco Fernández  
Chief Commercial Officer  
Carlos Solís Pino  
Chief Organization and Human Resources Manager  
Rocío Pachas Soto  
Chief Technical Officer  
Walter Sciutto Brattoli  
Chief Administration and Control Officer  
Juan Pablo Harrison Calvo  
Chief Legal and Regulation Officer  
Luis Salem Hone  
Chief Communication Officer  
José Otárola Luna  
Chief Energy and Regulation Management Officer  
Alfonso Valle Cisneros

## EDESUR

Name  
Empresa Distribuidora Sur S.A.

Kind of Company  
Foreign Publicly Held Liability Stock Company

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

Telephone  
(54 11) 4370 3700

Fax  
(54 11) 4381 0708

Web site  
www.edesur.com.ar

E-mail  
emailservicio@edesur.com.ar

External Auditors  
Deloitte & Co. S.R.L.

Total N° of Shares  
898,585,028

Subscribed and Paid Capital (Ar. \$)  
898,585,028

Holding of Enersis (direct and indirect)  
65.39%

Investments as proportion of Enersis assets  
2.07%

Corporate Purpose (excerpt)  
The distribution and commercialization of electric energy and related operations.

Directors  
President  
Rafael López Rueda  
Vice President  
Joao Bezerra de Souza

Directors  
Rafael Arias Salgado  
Miguel Beruto  
Juan Pablo Larraín Medina  
Rigoberto Mejía Aravena  
Marcelo Silva Iribarne  
Gonzalo Vial Vial  
Jorge Volpe

Alternate Directors  
Pedro Aramburu  
Alan Arntsen  
Manuel Benites  
Luis Ríos  
Santiago Daireaux  
Roberto Fagan  
Daniel Casal  
Mariano Grondona  
Pablo Lepiane

Principal Directors  
Executive Officer  
José María Hidalgo Martín-Mateos

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

## ELECTROGAS

Name  
Electrogas S.A.

Kind of Company  
Private Company

Tax N°  
96.806.130-5

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

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

Paid Capital (M\$)  
11,321,888

Holding of Enersis (direct and indirect)  
25.49%

Directors  
President  
Claudio Iglesias Guillard  
Pedro Gatica Kerr  
Felipe Aldunate Hederra  
Carl Weber Silva  
Rosa Herrera Martínez

Alternate Directors  
Enzo Quezada Zapata  
Víctor Briazo Peralta  
Jaime Fuenzalida Alessandri  
Jorge Bernardo Larraín Matte  
Vacant

Principal Directors  
Executive Officer  
Carlos Andreani Luco

## EMGESA

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

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

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

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

Paid Capital (M\$)  
577,355,128

Holding of Enersis (direct and indirect)  
14.07%

Directors  
President  
Andrés Regué Godall  
Astrid Martínez Ortiz  
Lucio Rubio Díaz  
Claudio Iglesias Guillard  
María Fernanda Lafourie  
Enrique Borda Villegas  
Camilo Sandoval Sotelo

Alternate Directors  
Fernando Gutiérrez Medina  
Henry Navarro Sánchez  
David Post  
Mónica Cheng Arango  
Martha Veleño Quintero  
Manuel Jiménez Castillo  
Héctor Zambrano Rodríguez

Principal Directors  
Executive Officer  
Lucio Rubio Díaz  
Andrés Caldas Rico  
Legal Director  
Gustavo López  
Chief Administration and Finance Officer  
Alvaro Pérez Uz  
Chief Control Officer  
Carlos Alberto Luna  
Chief Production Officer  
Fernando Gutiérrez Medina  
Chief Commercial Officer  
María Celina Restrepo  
Chief Communications Officer

## EMPRESA ELÉCTRICA DE COLINA

Name  
Empresa Eléctrica de Colina Limitada

Kind of Company  
Limited Partnership

Tax N°  
96.783.910-8

Address  
Chacabuco N°31, Colina, Santiago, Chile

Telephone  
(562) 844-4280

Fax:  
(562) 844-4490

External Auditors  
KPMG Auditores Consultores Ltda.

Paid Capital (M\$)  
88,222

Holding of Enersis (direct and indirect)  
99.09%

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

Principal Directors  
Executive Officer  
Leonel Martínez Garrido

## ENDESA ARGENTINA

Name  
Endesa Argentina S.A.

Kind of Company  
Public Company

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

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

Paid Capital (M\$)  
31,470,587

Holding of Enersis (direct and indirect)  
59.97%

Directors  
President  
José Miguel Granged Bruñen  
Vice President  
Néstor José Belgrano

Director  
Francisco Martín Gutiérrez

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

## ENDESA BRASIL

Name  
Endesa Brasil S.A.

Kind of Company  
Public Company

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

Telephone  
(55 21) 3607 9500

Fax  
(55 21) 3607 9555

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

External Auditors  
Deloitte Touche Tohmatsu  
Independent Auditors

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

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

Holding of Enersis (direct and indirect)  
53.57%

Investments as proportion of Enersis assets  
5.82%

Directors  
President  
Mario Fernando de Melo Santos

Directors  
Ignacio Antoñanzas Alvear  
(Enersis Chief Executive Officer)  
José María Calvo-Sotelo Ibañez Martín  
Antonio Basilio Pires de Carvalho e  
Albuquerque  
Rafael Mateo Alcalá  
Rafael López Rueda  
Héctor López Vilaseco  
Principal Directors  
Executive Officer  
Marcelo Liévenes Rebolledo  
Vice-CEO  
Francisco Bugallo  
CFO and Investor Relations  
Abel Alves Rochinha  
Planning and Control  
Aurelio De Oliveira  
Institutional Relationships  
Eugenio Cabanes  
Legal  
Antonio Basilio Pires e Albuquerque

## ENDESA BRASIL PARTICIPACOES LIMITADA

Name  
Endesa Brasil Participacoes Limitada

Kind of Company  
Limited Partnership

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

External Auditors  
Ernst & Young

Subscribed and Paid Capital (Th.\$)  
\$ 643,330

Holding of Enersis (direct and indirect)  
59.97%

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

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

## ENDESA CHILE

Name  
Empresa Nacional de Electricidad S.A.

Kind of Company  
Publicly Held Limited Liability Stock Company

Tax N°  
91.081.000-6

Address  
Santa Rosa N°76, Santiago, Chile

Telephone  
(56 2) 630 9000

Fax  
(56 2) 635 4720

P.O. Box  
1392, Santiago

Web site  
[www.endesa.cl](http://www.endesa.cl)

E-mail  
[comunicacion@endesa.cl](mailto:comunicacion@endesa.cl)

Securities Register Inscription  
N°114

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

Total N° of Shares  
8,201,754,580

Subscribed and paid capital (M\$)  
1,138,620,063

Holding of Enersis (direct and indirect)  
59.98%

Investments as proportion of Enersis assets  
30.31%

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

Directors  
President  
Mario Valcarce Durán  
Vice President  
Pedro Larrea Paguaga

Directors  
Jaime Bauzá Bauzá  
Héctor López Vilaseco  
Enrique García Álvarez  
Carlos Torres Vila  
José María Fernández Olano  
Jaime Estévez Valencia  
Leonidas Vial Echeverría

Principal Directors  
Executive Officer  
Rafael Mateo Alcalá  
Chief Communications Officer  
Renato Fernández Baeza  
Legal Counsel  
Carlos Martín Vergara  
Chief Administration and Finance Officer  
Manuel Irrázaval Aldunate  
Chief Human Resources Officer  
Juan Carlos Mundaca Álvarez  
Chief Planning and Control Officer  
Julio Valbuena Sánchez  
Chief Trading and Commercialization Officer  
José Venegas Maluenda  
Chief Energy Planning Officer  
Rafael Errázuriz Ruiz-Tagle  
Chief Production and Transportation Officer  
Juan Benabarre Benaiges  
Chief Endesa Chile Generation Officer  
Claudio Iglesias Guillard

## ENDESA CHILE INTERNACIONAL

Name  
Endesa Chile Internacional S.A.

Kind of Company  
Exent Company

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

Corporate Purpose  
The company's objective is to carry out all  
business or activity in accordance with Cayman  
Islands legislation. Basically, business dealings  
and activities are referring to financial matters,  
with the exception of those that the law reserves  
for banks and those that prohibit doing business  
with firms or people residing in Cayman Islands.

Change of Name  
Changing name from Endesa Chile Overseas  
Co. to Endesa Chile Internacional was adopted  
by shareholder agreement, with date August  
16, 2001. This resolution is under the protocol  
N° 138, August 20, 2001 in the notary's office  
Fernando Opazo Larraín. Santiago.

Paid Capital (M\$)  
391,773,372

Holding of Enersis (direct and indirect)  
59.98%

Directors

Manuel Irrarrázaval Aldunate  
Carlos Martín Vergara  
Andres Salvestrini Balmaceda  
Alfredo Ergas Segal  
(Enersis' Regional Chief Finance Officer)

## ENDESA ECO

Name  
Endesa Eco S.A.

Kind of Company  
Private Company

Tax N°  
76.313.310-9

Address  
Santa Rosa 76 piso 12, Santiago, Chile

External Auditors  
Ernst & Young

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

Paid Capital (M\$)  
582,980

Holding of Enersis (direct and indirect)  
59.98%

Directors

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

## ENDESA FORTALEZA

Name  
CGTF -Central Geradora Termelétrica  
Fortaleza S.A.

Kind of Company  
Closed Capital Publicly Held Liability Stock  
Company

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

P.O. Box  
61600-000

Telephone  
(55 85) 3464-4100

Fax  
(55 85) 3464-4197

E-mail  
arebello@endesabr.com.br

External Auditors  
Ernst & Young Auditores Independentes S/S

Corporate Purpose (excerpt)  
(i) To study, project, construct, and explore production, transmission, distribution, and commercialization systems of electrical energy that are awarded, permitted, or authorized by any legal title, such as the exercising of other activities associated with the offering of any services related to the above mentioned activities.

(ii) The acquisition, obtaining, and exploration of any rights, concessions, and privileges related to the activities mentioned above, as well as the practice of all other business and activities necessary to attain its objective; and

(iii) The participation in the share capital of other companies and corporations, as a share holder, member, or participant, whatever its objectives are.

Total N° of Shares  
151,935,778

Subscribed and paid capital (M\$)  
151,935,779

Holding of Enersis (direct and indirect)  
53.57%

Directors

President  
Francisco Bugallo Sánchez  
Director Vice President  
Marcelo Llévènes Rebollo  
Director  
Guilherme Gomes Lencastre

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

## ENDESA MARKET PLACE

Name  
Endesa Market Place en Liquidación S.A.

Kind of Company  
Foreign Publicly Held Liability Stock Company

Address  
Ribera de Loira, 60 CEP 28042, España

Telephone  
(34 91) 213 1000

Fax  
(34 91) 213 4199

External Auditors  
Deloitte, S.L.

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

Holding of Enersis (direct and indirect)  
15.00%

Corporate Purpose (excerpt)  
B2B and new technologies.

Liquidator  
Ramón Cabezas Navas

Principal Directors  
Liquidator  
Ramón Cabezas Navas

## ENERGEX

Name  
Energen Co.

Kind of Company  
Exent Company

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

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

Paid Capital (M\$)  
5,324

Holding of Enersis (direct and indirect)  
29.99%

Directors  
Tom Miller  
Andrés Salvestrini Balmaceda  
David Baughman  
Vacant

## ENIGESA

Name  
Endesa Inversiones Generales S.A.

Kind of Company  
Private Company

Tax N°  
96.526.450-7

Address  
Santa Rosa 76, Santiago, Chile

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

Paid Capital (M\$)  
2,612,752

Holding of Enersis (direct and indirect)  
59.96%

Directors  
Manuel Irrarrázaval Aldunate  
Juan Carlos Mundaca Álvarez  
Jaime Montero Valenzuela

Principal Directors  
Executive Officer  
Juan Carlos Mundaca Álvarez

## GASATACAMA

Name  
Gasatacama S.A.

Kind of Company  
Private Company

Tax N°  
96.830.980-3

Address  
Isidora Goyenechea 3365, Piso 8, Santiago, Chile

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

Paid Capital (M\$)  
155,183,214

Holding of Enersis (direct and indirect)  
29.99%

Directors  
President  
Rafael Mateo Alcalá  
Tom Miller  
David Baughman  
Vacant

Alternate Directors  
Juan Benabarre Benaiges  
Claudio Iglesias Guillard  
Fernando Gallino  
Dan Dexter

Principal Directors  
Executive Officer  
Rudolf Araneda Kauert

## GASATACAMA GENERACIÓN

Name  
Gasatacama Generación S.A.

Kind of Company  
Private Company

Tax N°  
78.932.860-9

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

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

setting-up of any type of company, whose objectives are related or involved with energy in any of its forms or that mainly supply electric energy or that have to do with any of the activities defined above.

Paid Capital (M\$)  
64,364,694

Holding of Enersis (direct and indirect)  
29.99%

Directors  
President  
Rafael Mateo Alcalá  
Tom Miller  
David Baughman  
Vacant

Alternate Directors  
Juan Benabarre Benaiges  
Claudio Iglesias Guillard  
Fernando Gallino  
Dan Dexter

Principal Directors  
Executive Officer  
Rudolf Araneda Kauert

## GASODUCTO ATACAMA ARGENTINA

Name  
Gasoducto Atacama Argentina S.A.

Kind of Company  
Private Company

Tax N°  
78.952.429-3

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

**Corporate Purpose**  
The company's objective is the transport of natural gas on its own account, through outside sources or in conjunction with third parties within Chilean territory or in other countries, including the construction, emplacement, and exploitation of gas pipelines and other activities related directly or indirectly to said objective. This company established an agency in Argentina under the name: "Gasoducto Cuenca Noroeste Limitada Sucursal Argentina", whose purpose is the implementation of the gas pipeline between the locality of Cornejo in the Salta Province and the Argentine-Chilean border near the Jama Pass in the 2nd. Region.

Paid Capital (M\$)  
56,182,414

Holding of Enersis (direct and indirect)  
29.99%

Directors  
President  
Rafael Mateo Alcalá  
Tom Miller  
David Baughman  
Vacant

Alternate Directors  
Juan Benabarre Benaiges  
Claudio Iglesias Guillard  
Fernando Gallino  
Dan Dexter

Principal Directors  
Executive Officer  
Rudolf Araneda Kauert

## GASODUCTO ATACAMA CHILE

Name  
Gasoducto Atacama Chile S.A.

Kind of Company  
Private Company

Tax N°  
78.882.820-9

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

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

Paid Capital (M\$)  
34,140,865

Holding of Enersis (direct and indirect)  
29.99%

Directors  
President  
Rafael Mateo Alcalá  
Tom Miller  
David Baughman

Alternate Directors  
Juan Benabarre Benaiges  
Claudio Iglesias Guillard  
Fernando Gallino  
Dan Dexter

Principal Directors  
Executive Officer  
Rudolf Araneda Kauert

## GASODUCTO TALTAL

Name  
Gasoducto Taltal S.A.

Kind of Company  
Private Company

Tax N°  
77.032.280-4

Address  
Santa Rosa 76, Santiago, Chile

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

Paid Capital (M\$)  
15,000,978

Holding of Enersis (direct and indirect)  
29.99%

Directors  
Rudolf Araneda Kauert  
Pedro de La Sotta Sánchez  
Rafael Zamorano Chaparro  
Eric Bongardt Boettiger

Alternate Directors  
Luis Cerda Ahumada  
Alejandro Sáez Carreño  
Gustavo Venegas Castro  
Luis Vergara Aguilar

Principal Directors  
Executive Officer  
Rudolf Araneda

## GENERANDES PERÚ

Name  
Generandes Perú S.A.

Kind of Company  
Public Company

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

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

Paid Capital (M\$)  
192,651,221

Holding of Enersis (direct and indirect)  
35.77%

Directors  
President  
Rafael Mateo Alcalá  
Vice President  
Javier García Burgos Benfield  
Juan Benabarre Benaiges  
José María Hidalgo Martín-Mateos  
Mario Valcarce Durán  
José Chueca Romero  
Ignacio Blanco Fernández  
Joseph Lessard Meath  
Alberto Triulzi Mora  
Alternate Directors  
Juan Cabello Yong  
Juan Antonio Rozas Mori  
José María Hidalgo Martín Mateos  
Fritz Du Bois Freund  
Stephen Mitchell Pearlman  
Milagros Noriega Cerna  
Roberto Cornejo Spickernagel  
Guillermo Lozada Pozo

Principal Directors  
Executive Officer  
José Griso Ginés  
Milagros Noriega Cerna  
Chief Finance Officer

## GNL CHILE

Name  
GNL Chile S.A.

Kind of Company  
Private Company

Tax N°  
76.418.940-K

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

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

Paid Capital (M\$)  
\$10,210

Holding of Enersis (direct and indirect)  
14.14%

Directors

President  
Enrique Dávila Alveal  
Rafael Mateo Alcalá  
Eduardo Morandé Montt  
Bernardo Larrain Matte  
Felipe Cerón Cerón

Alternate Directors

Paula Hidalgo Mandujano  
Claudio Iglesias Guillard  
Gonzalo Palacios Vásquez  
Felipe Aldunate Hederra  
Héctor Rojas Brito

Principal Directors

Executive Officer  
Antonio Bacigalupo Gittins

## HIDROINVEST

Name  
Hidroinvest S.A.

Kind of Company  
Public Company

Address  
Av. España 3301, Buenos Aires; Argentina.

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

Paid Capital (M\$)  
10,735,404

Holding of Enersis (direct and indirect)  
41.94%

Directors

President  
Rafael Mateo Alcalá  
Vice President  
Bernardo J. Velar de Irigoyen

Directors

Miguel Ortiz Fuentes  
José Miguel Granged Bruñen  
Fernando Claudio Antognazza  
Julio Valbuena Sánchez  
Francisco Domingo Monteleone  
Carlos Principi

Alternate Directors

Daniel Garrido  
José María Hidalgo Martín-Mateos

Roberto Fagan  
Gabriel Cerdá  
Rigoberto Allendes Verdugo  
Sergio Falzone  
Leonardo Katz  
Vacant

## INGENDESA

Name  
Empresa de Ingeniería Ingendesa S.A.

Kind of Company  
Private Company

Tax N°  
96.588.800-4

Address  
Santa Rosa 76, Santiago, Chile

Corporate Purpose

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

Paid Capital (M\$)  
2,037,888

Holding of Enersis (direct and indirect)  
59.98%

Directors

President  
Juan Benabarre Benaiges  
Rafael de Cea Chicano  
Aníbal Bascuñán Bascuñán

Principal Directors

Executive Officer  
Rodrigo Alcaíno Mardones

## INGENDESA - ARA

Name  
Sociedad Consorcio Ingendesa - Ara Ltda.

Kind of Company  
Limited Partnership

Tax N°  
76.197.570-6

Address  
Santa Rosa 76 Piso 10, Santiago, Chile

Corporate Purpose

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

Paid Capital (M\$)  
1,000

Holding of Enersis (direct and indirect)  
29.99%

Representatives

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

## INGENDESA BRASIL

Name  
Ingendesa do Brasil Ltda.

Kind of Company  
Limited Partnership.

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

Corporate Purpose

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

Paid Capital (M\$)  
3,628



Holding of Enersis (direct and indirect)  
59.98%

Attorney  
General Director  
Sergio Campos Ribeiro

## INGENDESA MINMETAL

Name  
Consorcio Ingendesa–Minmetal Ltda.

Kind of Company  
Limited Partnership

Tax N°  
77.573.910-k

Address  
Santa Rosa N° 76, Santiago, Chile

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

Paid Capital (M\$)  
2,000

Holding of Enersis (direct and indirect)  
29.99%

Representatives  
Rodrigo Muñoz Pereira  
Juan Benabarre Benaiges  
Alternate Representatives  
Rodrigo Alcaíno Mardones  
Fernando Orellana Welch

Oswaldo Dinner Reich  
Carlos Freire Canto

## INMOBILIARIA MANSO DE VELASCO

Name  
Inmobiliaria Manso de Velasco Limitada.

Kind of Company  
Limited Partnership.

Tax N°  
79.913.810-7

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

Telephone  
(56 2) 378 4700

Fax  
(56 2) 378 4702

E-mail  
rch@mvelasco.enersis.cl

External Auditors  
Deloitte & Touche

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

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

Holding of Enersis (direct and indirect)  
100%

Investments as proportion  
of Enersis assets  
1.04%

Attorneys  
Join Together Attorneys  
Cristóbal Sánchez Romero  
Andrés Salas Estrades

Alternate  
Jorge Alé Yarad  
Alfonso Salgado Menchaca  
Principal Directors

Executive Officer  
Andrés Salas Estrades  
Legal Asessor  
Alfonso Salgado Menchaca  
Chief Real Estate Development Officer  
Gustavo Cardemil Dávila  
Chief ENEA Project Officer  
Bernardo Küpfer Matte

## INVERSIONES DISTRILIMA

Name  
Inversiones Distrilima S.A.

Kind of Company  
Foreign Publicly Held Liability Stock Company

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

Telephone  
(51 1) 561 1604

Fax  
(51 1) 452 3007

P.O. Box  
32, Lima, Perú

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

Total N° of Shares  
394,150,505 acciones

Subscribed and Paid Capital (Per. New Sun)  
394,150,505

Holding of Enersis (direct and indirect)  
55.90 %

Investments as proportion en activos de  
Enersis  
0.67%

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

Directors  
President  
Ignacio Blanco Fernández  
Vice President  
Reynaldo Llosa Barber

Directors  
Fernando Bergasa Cáceres  
Rafael López Rueda  
Emilio Recoder de Casso

Alternate Directors  
Cristina Ávila García  
Ricardo Camezzana Leo  
Fernando Fort Marie  
Walter Néstor Scitutto Brattoli  
Zoila Patricia Mascaró Díaz

Principal Directors  
Executive Officer  
Ignacio Blanco Fernández

## INVERSIONES ELECTROGAS

Name  
Inversiones Electrogas S.A.

Kind of Company  
Private Company

Tax N°  
96.889.570-2

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

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

Paid Capital (M\$)  
11,282,994

Holding of Enersis (direct and indirect)  
25.49%

Directors  
President  
Claudio Iglesias Guillard  
Pedro Gatica Kerr  
Felipe Aldunate Hederra  
Carl Weber Silva  
Rosa Herrera Martínez

Alternate Directors  
Enzo Quezada Zapata  
Víctor Briazo Peralta  
Jaime Fuenzalida Alessandri  
Jorge Bernardo Larraín Matte  
Vacant

Principal Directors  
Executive Officer  
Carlos Andreani Luco

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

Paid Capital (M\$)  
79,149,068

Holding of Enersis (direct and indirect)  
59.98%

Directors  
President  
Manuel Irarrázaval Aldunate  
Rafael Mateo Alcalá  
Andrés Salvestrini Balmaceda  
Alternate Directors  
Claudio Iglesias Guillard  
Juan Benabarre Benaiges  
Raúl Arteaga Errázuriz

Principal Directors  
Executive Officer  
Juan Benabarre Benaiges

## INVERSIONES GASATACAMA HOLDING

Name  
Inversiones Gasatacama Holding Limitada

Kind of Company  
Limited Partnership

Tax N°  
76.014.570-k

Address  
Santiago, Chile

Corporate Purpose  
A) The direct or indirect participation through any type of association in companies whose objectives include one or more of the following activities: i) The transport of natural gas in all of its forms; ii) The production, transmission, purchasing, distribution, and sale of energy; iii) The financing of the activities indicated in i) and ii) a precedent developed by related third parties; B) The receipt and investment of the goods that are invested. The corporate purpose comprises all lucrative activities related to the ones already mentioned and other business that the members agree upon.

Paid Capital (M\$)  
177,562,499

Holding of Enersis (direct and indirect)  
29.99%

Directors  
Rafael Mateo Alcalá  
Alfredo Ergas Segal  
(Enersis' Regional Chief Finance Officer)  
Tom Miller  
Francisco Mezzadri

Alternate Directors  
Juan Benabarre Benaiges  
Claudio Iglesias Guillard  
David Baughman  
David Kehoe

## INVESTLUZ

Name  
Investluz S.A.

Kind of Company  
Foreign Publicly Held Liability Stock Company

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

Telephone  
(55 85) 3216 1350

Fax  
(55 85) 3216 1247

External Auditors  
Deloitte & Touche Tohmatsu

Total N° of Shares  
100,461,895,427

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

Holding of Enersis (direct and indirect)  
59.51%

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

Directors  
Non Directors Society administrated by an executives Committee which President is Cristián Fierro Montes.

In addition, said Committee its comprised by:  
Antonio Osvaldo Alves Teixeira  
Sílvia Pereira Cunha  
José Renato Ferreira Barreto  
Luciano Alberto Galasso Samaria  
Abel Pérez Claro  
João Ricardo de Azevedo Ribeiro

## INVERSIONES ENDESA NORTE

Name  
Inversiones Endesa Norte S.A.

Kind of Company  
Private Company

Tax N°  
96.887.060-2

Address  
Santa Rosa 76, Santiago, Chile

## LUZ ANDES

Name  
Luz Andes Limitada

Kind of Company  
Limited Partnership

Tax N°  
96.800.460-3

Address  
Santa Rosa 76 Piso 5, Santiago, Chile

Telephone  
(562) 634-6310

Fax  
(562) 634-6370

External Auditors  
KPMG Auditores Consultores Ltda.

Paid Capital (pesos)  
1,224,348

Holding of Enersis (direct and indirect)  
99.09%

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

Principal Directors  
Executive Officer  
Claudio Inzunza Díaz

## LUZ DE RÍO

Name  
Luz de Río Limitada

Kind of Company  
Limited Partnership

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

Telephone  
(55 21) 2613 7071

Fax  
(55 21) 2613 7153

P.O. Box  
24.210-205

E-mail  
lbettencourt@ampla.com  
Not applicable Securities Register Inscription

External Auditors  
Deloitte Touche Tohmatsu

Total Number Quotes:  
755,000

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

Holding of Enersis (direct and indirect)  
99.48%

Corporate Purpose (excerpt)  
To develop activities related to the electric sector, above all the importation, transmission, production, distribution, commercialization, and exploration of electric energy, and, (if permitted), to participate in other electric-sector companies as a member or stock holder.

Directors  
President  
Marcelo Llévanes Rebolledo  
Director Financiero  
Abel Alves Rochinha  
Institutional Relationships Director  
Eugenio Cabanes Durán  
Legal Director  
Ana Cláudia Gonçalves Rebello

## PANGUE

Name  
Empresa Eléctrica Pangué S.A.

Kind of Company  
Private Company

Tax N°  
96.589.170-6.

Address  
Santa Rosa 76, Santiago, Chile.

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

Paid Capital (M\$)  
77,840,789

Holding of Enersis (direct and indirect)  
56.97%

Board of Directors  
President  
Claudio Iglesias Guillard  
Vice President  
Alan Fischer Hill

Director  
Alejandro Wendling Aliaga  
Principal Directors  
Executive Officer  
Lionel Roa Burgos

## PEHUENCHE

Name  
Empresa Eléctrica Pehuenche S.A.

Kind of Company  
Publicly Held Limited Liability Stock Company

Tax N°  
96.504.980-0

Address  
Santa Rosa 76, Santiago, Chile

Corporate Purpose  
The company's objective is the production, transport, distribution, and supply of electric energy, by which the company could acquire and enjoy the respective favors and concessions.

Paid Capital (M\$)  
171,273,442

Holding of Enersis (direct and indirect)  
55.57%

Board of Directors  
President  
Claudio Iglesias Guillard  
Vice President  
Alan Fischer Hill

Directors  
Enrique Lozán Jiménez  
Alejandro Wendling Aliaga  
Osvaldo Muñoz Díaz  
Pedro Gatica Kerr  
Vacant

Executive Officer  
Lucio Castro Márquez

## PROGAS

Name  
Progas S.A.

Kind of Company  
Limited Partnership

Tax N°  
77.625.850-4

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

Corporate Purpose  
To develop the following lines of business in the first, second and third regions of the country: a) The acquisition, production, storage, transport, distribution, transformation, and commercialization of natural gas; b) The acquisition, production, storage, transport, distribution, transformation, and commercialization of other oil derivatives and other fuels in general; c) The provision of

services, fabrication, commercialization of equipment and materials and the implementation of jobs related to the aforementioned objectives or that are necessary for their implementation and development. d) All other necessary activities or activities that are conducive to the performance of the aforementioned objectives.

Paid Capital (M\$)  
1,228

Holding of Enersis (direct and indirect)  
29.99%

Directors  
Rudolf Aranedá Kauert,  
Luis Cerda Ahumada  
Pedro de La Sotta Sánchez

Principal Directors  
Executive Officer  
Alejandro Sáez Carreño

## SACME

Name  
Sacme S.A.

Kind of Company  
Private Company

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

Telephone  
(54 11) 4361 5107

Fax  
(54 11) 4307 0701

External Auditors  
Estudio Alonso Hidalgo & Asociados

Total N° of Shares  
12,000

Subscribed and Paid Capital (Arg. \$)  
12,000

Holding of Enersis (direct and indirect)  
32.69%

Corporate Purpose (excerpt)  
To carry out the management, supervision, and control of the production, transmission, and subtransmission system of electric energy for the Federal Capital and Greater Buenos Aires and the interconnections with the Argentine Interconnection System (AIS). To represent Edenor S.A. and Edesur S.A. companies in the operational management before the Wholesale Electricity Market Administration Company (CAMMESA). In general, to carry out all types of activities that allow its management to

adequately develop, in virtue of the fulfillment distribution and commercialization services of electric energy for the concessionary companies in the Capital Federal and Greater Buenos Aires, all in accordance with what is stipulated in the Public International Tender for the sale of class A stocks from Edenor S.A. and Edesur S.A. and its applied regulations.

Directors  
President  
Mario Nicolás Covacich  
Vice President  
Daniel Héctor Colombo

Directors  
Eduardo Maggi  
Leandro Ostuni  
Executive Officer  
Osvaldo Ernesto Rolando

## SAN ISIDRO

Name  
Compañía Eléctrica San Isidro S.A.

Kind of Company  
Private Company

Tax N°  
96.783.220-0.

Address  
Santa Rosa 76, Santiago, Chile.

Corporate Purpose  
The company's corporate purpose is the production, transport, distribution, and supply of electric energy.

Paid Capital (M\$)  
33,350,180

Holding of Enersis (direct and indirect)  
59.98%

Directors  
President  
Alejandro Wendling Aliaga  
Vice President  
Alan Fischer Hill  
Claudio Iglesias Guillard  
Pedro Gatica Kerr  
Ricardo Santibáñez Zamorano

Alternate Directors  
Alejandro García Chacón  
Carlo Carvallo Artiga  
Osvaldo Muñoz Díaz  
Claudio Betti Pruzo  
Sergio Díaz Caro

Principal Directors  
Executive Officer  
Claudio Iglesias Guillard

## SISTEMAS SEC

Name  
Sistema SEC S.A.

Kind of Company  
Private Company

Tax N°  
99.584.600-4.

Address  
Miraflores 383, Of. 1004, piso 10, Santiago, Chile.

Corporate Purpose  
To develop the engineering, supply, setting up, testing, installation and maintenance of signalling, electrification, and communication systems, for the areas of Alameda – Chillán. Hualqui – Talcahuano, and Concepción – Lomas Coloradas, which implies the development of all activities and provision of all services that are the objectives of the Provision of Signalling, Electrification, and Communication Systems Contract, in the process of a public bidding which was awarded by the Empresa de Ferrocarriles del Estado (State Railroad Company), as well as the activities and services permitted by said contract.

Paid Capital (M\$)  
2,065,048

Holding of Enersis (direct and indirect)  
49.00%

Directors  
President  
Cristóbal Sánchez Romero  
Directors  
Ángel Aguilar Bueno  
Pantaleón Calvo García  
Jaime Godoy Cifuentes  
Francisco Fernández Ávila de Inza

Principal Directors  
Executive Officer  
Jaime Pino Cox  
Technical Officer  
Sergio Zúñiga Rojo  
Production Officer  
Gerardo Zecca

## SYNAPSIS

Name  
Synapsis Soluciones y Servicios IT Limitada

Kind of Company  
Limited Partnership

Tax N°  
96.529.420-1

Address  
Miraflores 383 Piso 27, Santiago

Telephone  
(56 2) 397 6600

Fax  
(56 2) 397 6601

Web site  
www.synapsis-it.com

E-mail  
Synapsis@synapsis-it.com

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

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

Holding of Enersis (direct and indirect)  
100%

Investments as proportion in Enersis' assets  
0.32%

Corporate Purpose (excerpt)  
The supply and commercialization of services and equipment related to the computing, data processing, telecommunications systems, and control systems for public service and other national and international companies.

Attorneys and Principal Directors  
Join Together Attorneys:  
Cristóbal Sánchez Romero  
Claudio Guzmán Porras

Alternate  
Eduardo López Miller  
Rodrigo Morelli Urrutia  
Principal Directors  
Executive Officer  
Claudio Guzmán Porras  
Chilean Business Officer  
María Agustina Letelier Reyes

## SYNAPSIS ARGENTINA

Name  
Synapsis Argentina S.R.L.

Kind of Company  
Limited Partnership

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

Telephone  
(00 54)11 4021 8300

Fax  
(00 54) 11 4021 8300

Securities Register Inscription  
Subscribed at General Justice Inspection, dated November 10, 1992, under N°10842, Book 112, Section A of Public Companies. The transformation into a limited partnership was registered at the General Justice Inspection, dated September 3, 202, under N°4839, Book 116, of SRL.

External Auditors  
Deloitte & Co SRL

Total N° of Shares (quotas)  
466,129

Subscribed and Paid Capital (Arg. \$)  
466,129

Holding of Enersis (direct and indirect)  
100%

Corporate Purpose (excerpt)  
The company's principal objective is to provide services related to computing, data processing, and other telecommunications and control computing services, as well as to provide training in related activities with services provided, among others.

Principal Directors  
Titular Officers  
Claudio Rafael Guzmán Porras  
José María Gil Bueno  
Javier Sampayo Vázquez

Alternative Officer  
Mariano Florencio Grondona  
Executive Officer  
José María Gil Bueno  
Chief Administration Finance and Human Resources Officer  
Javier Sampayo Vázquez

## SYNAPSIS BRASIL

Name  
Synapsis Brasil Limitada

Kind of Company  
Limited Partnership

Address  
Av. das Américas 3434, Bloco 2, Sala 403, Barra da Tijuca, Rio Janeiro, Brasil - Cep: 22640-102

Telephone  
(55 21) 3431-3850

Fax  
(55 21) 3431-3851

External Auditors  
Deloitte Touche Tohmatsu

Subscribed and paid capital (Br. Real)  
4,241,890

Holding of Enersis (direct and indirect)  
100%

Corporate Purpose  
The providing of consultancy services and technical assistance related to the computing and data processing sector for Brazilian or foreign companies; computing programs and systems development; the commercialization of computing equipment and data processing; the fabrication, purchasing, sales, importation, exportation, representation, consignment, and distribution of all types of goods, mobile or non-mobile, connected with the object described in the topics mentioned; and the participation in other companies, civil or commercial, national or foreign, that operate in the computing, electric energy, or, that still operate in the administration and/or public service operations of electric energy, telecommunications, water for domestic or industrial and sanitary sewage use, as a share holder, quotist, or member; consortiums and companies in participation accounts.

Directors  
President  
Leonardo Miguel Covalsch

Principal Directors  
Executive Officer  
Leonardo Miguel Covalsch  
Deputy Chief Administration  
and Finance Officer  
Jacqueline Gomes da Silva  
Deputy Chief Human Resources Officer  
Marcia Caporazzo

## SYNAPSIS COLOMBIA

Name  
Synapsis Colombia Limitada

Kind of Company  
Limited Partnership

Tax N°  
830.054.730-1

Address  
Carrera 11 No. 82-76 Piso 6° Bogotá, D.C.

Telephone  
(57-1) 607 6000

Fax  
(57 1) 636 4606

External Auditors  
Deloitte Colombia Ltda.

Subscribed and Paid Capital (Col. \$)  
238,446,000

Holding of Enersis (direct and indirect)  
100%

Corporate Purpose

To supply and commercialize services and equipment related to computing and data processing for public service and other national or international companies.

Administrators

President  
Claudio Rafael Guzmán Porras

Executive Officer

Robin Barquín Pardo  
Chief Business Officer  
Martha Helena Rico Henao  
Chief Administration and Finance Officer  
Edgar Enrique Martínez Niño  
Chief Commercial Officer  
Jesús Antonio Vallejo Gómez  
Chief Consulting Officer  
José Ivorra Valero

Principal Directors

Executive Officer  
Claudio Escudero Alzamora  
Deputy Human Resources and Administration Officer  
Jessenia Quevedo Fudino  
Chief Consultant Officer  
Eduardo Bedoya Arromatari  
Chief Sales Officer  
Mario Nieto Bejar  
Deputy Chief Solutions Officer  
Claudio Sánchez Alegría  
Deputy Chief Outsourcing Officer  
Pedro Luna Delgado  
Deputy Chief Quality and Process Control Officer  
Carlos Castillo Prada

Directors

José Miguel Granged  
Fernando Claudio Antognazza  
Milton Gustavo Tomás Pérez  
Jorge Anibal Rauber  
Gustavo Mariani  
Guillermo Luis Fiad  
Fermín Oscar Demonte

Alternate Directors

José María Vázquez María  
María Gabriela Roselló  
Francisco D. Monteleone  
Roberto José Fagan  
Iván Diego Duroto  
Omar Ramiro Algacibiur  
Gustavo Alberto Matta y Trejo  
Sergio Raúl Sánchez  
Benjamín Roberto Guzmán

## SYNOPSIS PERÚ

Name

Synopsis del Perú S.R.L

Kind of Company

Limited Partnership

Address

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

Telephone

(05 11) 561 0386

Fax

(05 11) 517 1232

Securities Register Inscription

Does not participate in stock market

External Auditors

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

Total N° of Shares

609,200

Subscribed and Paid Capital (Per. New Sun)

609,200

Holding of Enersis (direct and indirect)

100%

Corporate Purpose

The company's objective is to provide services related to computing, data processing, and other telecommunications and control computing systems, as well as provide training in related activities with services provided, among others.

## TERMOELÉCTRICA JOSÉ DE SAN MARTÍN

Name

Termoeléctrica José de San Martín S.A.

Kind of Company

Public Company

Address

Suipacha 1111 – Piso 18° - Buenos Aires,  
Argentina

Corporate Purpose

The company's objective is the production of electric energy and its mass commercialization y, particularly, the managing of the equipment purchasing, construction, operation, and maintenance of a thermal plant in compliance with the "Definite agreement for the management and project operation for the readjustment of the MEM in the framework of resolution SE N° 1427/2004", approved by resolution SE N° 1193/2005 (the "Agreement"). For these purposes the company could carry out all complementary and subsidiary activities that involve its corporate purpose, having full legal capacity to acquire rights and to enter into obligations and exercise any activity that is not prohibited by law or these statutes.

Subscribed and paid capital (M\$)

86,936

Holding of Enersis (direct and indirect)

6.49%

Directors

President  
Horacio Jorge T. Turri  
Vice President  
Pierre Marie Ranger

Principal Directors

Executive Officer  
Florencio Alberto Olmos  
Technical Officer  
Armando Federico Duvo  
Chief Administration and Finance Officer  
Daniel Gustavo Isse  
Chief Commercial Officer  
Marcelo Walter Holmgren

## TERMOELÉCTRICA MANUEL BELGRANO

Name

Termoeléctrica Manuel Belgrano S.A.

Kind of Company

Public Company

Address

Suipacha 268 – Piso 12° - Buenos Aires

Corporate Purpose

The company's objective is the production of electric energy and its mass commercialization and, particularly, the managing of the equipment purchasing, construction, operation, and maintenance of a thermal plant in compliance with the "Definite agreement for the management and project operation for the readjustment of the MEM in the framework of resolution SE Nr. 1427/2004", approved by resolution SE Nr. 1193/2005 (the "Agreement"). For these purposes the company could carry out all complementary and subsidiary activities that involve its corporate purpose, having full legal capacity to acquire rights and to enter into obligations and exercise any activity that is not prohibited by law or these statutes.

Subscribed and paid capital (M\$)

86,936

Holding of Enersis (direct and indirect)  
6.49%

Directors

President  
José Miguel Granged  
Vice President  
Fernando Antognazza

Directors

Gustavo Mariani  
Horacio Jorge T. Turri  
Pierre Marie Ranger  
Milton Gustavo Tomás Pérez  
Jorge Aníbal Rauber  
Guillermo Luis Fiad  
Fermín Demonte  
Alternate Directors  
José María Vázquez María  
María Gabriela Roselló  
Francisco D. Monteleone  
Roberto José Fagan  
Iván Diego Duronto  
Gustavo Alberto Matta y Trejo  
Sergio Raúl Sánchez  
Benjamín Roberto Guzmán  
Vacant

Principal Directors

Executive Officer  
Miguel Ortiz Fuentes  
Chief Technical Officer  
Gustavo Manífestos  
Chief Administration and Finance Officer  
Oscar Zapiola  
Chief Commercial Officer  
Daniel Garrido

## TESA

Name

Transportadora de Energía S.A.

Kind of Company

Public Company

Address

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

Corporate Purpose

The corporate purpose includes providing high-tension electric energy transport services, involving national as well as international electrical systems, in accordance with existing legislation, to which end the company could participate in national and international bids, and become a public service licensee for the transport of high-tension national or international electric energy, and carry out activities necessary for the performance of its goals, expressly including but not limiting to forming part of construction, operation, and maintenance contracts for the commencement and/or extension of electric

energy transport lines, to participate in financing projects directly or indirectly related with said undertakings as a borrower and/or moneylender and/or guarantor and/or endorser, to which purpose the company could grant guarantees favoring third parties. Expressly excluded are those activities included in the financial entity law and any others that require public savings tendering.

Paid Capital (Arg. \$)

55,512,000

Holding of Enersis (direct and indirect)

53.57%

Directors

President  
José María Hidalgo Martín-Mateos

Directors

Francisco Javier Bugallo Sánchez  
Arturo Pappalardo  
Alternate Directors  
José Agustín Venegas Malvenda  
Juan Carlos Blanco  
Roberto José Fagan  
Principal Directors  
Executive Officer  
Francisco Javier Bugallo Sánchez

## TRANSQUILLOTA

Name

Transmisora Eléctrica de Quillota Ltda.

Kind of Company

Limited Partnership

Tax N°

77.017.930-0

Address

Santa Rosa 76, Santiago, Chile.

Corporate Purpose

The company's corporate purpose is the transport, distribution, and supply of electric energy on its own account or through third parties.

Paid Capital (M\$)

3,507,137

Holding of Enersis (direct and indirect)

29.99%

Attorneys

Representatives  
Felipe Aldunate Hederra  
Gabriel Carvajal Menególlez  
Eduardo Morel Montes  
Ricardo Santibáñez Zamorano  
Alternate Representatives  
Alfonso Bahamondes Morales

Alejandro Larenas Mantellero  
Enrique Sánchez Novoa  
Ricardo Sáez Sánchez

## TÚNEL EL MELÓN

Name

Sociedad Concesionaria Túnel El Melón S.A.

Kind of Company

Private Company

Tax N°

96.671.360-7

Address

Santa Rosa 76, Santiago, Chile

Corporate Purpose

The implementation, construction, and exploitation of the public work named the Melón Tunnel and the providing of complementary services that the ministry of public works authorizes.

Paid Capital (M\$)

9,448,138

Holding of Enersis (direct and indirect)

59.95%

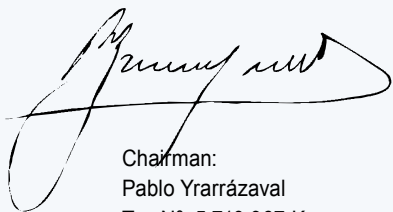
Directors

President  
Manuel Irrázaval Aldunate  
Jorge Ale Yarad  
Renato Fernández Baeza  
Principal Directors  
Executive Officer  
Maximiliano Ruiz Ortiz

# DECLARATION OF RESPONSIBILITY



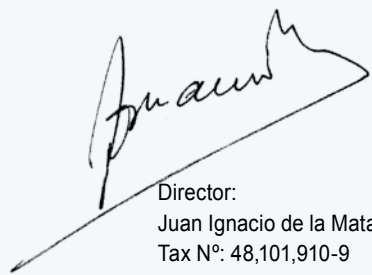
The directors of Enersis and the Chief Executive Officer signatories to this declaration swear to the truth of all information contained in this annual report, in accordance with general rule N°30 of the Superintendency of Securities and Insurance.



Chairman:  
Pablo Yrarrázaval  
Tax N°: 5,710,967-K



Vice-Chairman:  
Rafael Miranda  
Tax N°: 48,070,966-7



Director:  
Juan Ignacio de la Mata  
Tax N°: 48,101,910-9



Director:  
Hernán Somerville  
Tax N°: 4,132,185-7



Director:  
Rafael Español  
Tax N°: 48,101,912-5



Director:  
Eugenio Tironi  
Tax N°: 5,715,860-3



Director:  
Patricio Claro  
Tax N°: 5,206,994-7



Chief Executive Officer:  
Ignacio Antoñanzas  
Tax N°: 22,298,662-1



## CONSOLIDATED FINANCIAL STATEMENTS

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# Deloitte.

Deloitte & Touche  
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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of  
Enersis S.A.

We have audited the accompanying consolidated balance sheets of Enersis S.A. and Subsidiaries as of December 31, 2006 and 2005 and the related consolidated statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain of its consolidated subsidiaries and certain of its equity method investees which statements reflect total assets constituting of 42.35% and 40.13% of consolidated total assets at December 31, 2006 and 2005, respectively and total revenues constituting and 44.86% and 42.58% of the consolidated total revenues for the years ended December 31, 2006 and 2005, respectively. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

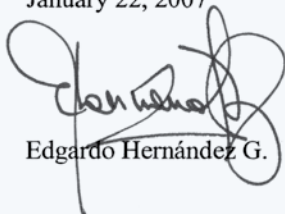
We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,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

In our opinion, based on our audits and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Enersis S.A. and Subsidiaries at December 31, 2006 and 2005 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

The accompanying consolidated financial statements have been translated into English for the convenience of readers outside of Chile.



January 22, 2007



Edgardo Hernández G.

Una firma miembro de  
Deloitte Touche Tohmatsu

## CONSOLIDATED BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos of December 31, 2006)

ASSETS	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>CURRENT ASSETS</b>		
Cash	99,794,219	72,873,740
Time deposits	282,125,166	265,352,164
Marketable securities	9,113,927	5,421,998
Accounts receivable, net	839,114,373	648,182,799
Notes receivable, net	7,468,202	3,643,961
Other accounts receivable, net	102,348,625	64,188,527
Amounts due from related companies	13,564,970	11,519,571
Inventories	65,908,585	72,098,351
Income taxes recoverable	42,272,428	51,785,668
Prepaid expenses	51,443,419	35,854,421
Deferred income taxes	61,556,350	55,124,100
Other current assets	66,656,313	42,770,237
<b>Total current assets</b>	<b>1,641,366,577</b>	<b>1,328,815,537</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	132,604,494	129,843,148
Buildings, infrastructure and works in progress	10,935,962,744	10,561,484,247
Machinery and equipment	1,987,188,305	1,757,852,219
Other plant and equipment	607,486,494	438,828,494
Technical appraisal	186,062,190	183,406,562
Accumulated depreciation	(5,761,866,828)	(5,264,657,883)
<b>Total property, plant and equipment, net</b>	<b>8,087,437,399</b>	<b>7,806,756,787</b>
<b>OTHER ASSETS</b>		
Investments in related companies	115,267,451	100,968,106
Investments in other companies	24,091,667	41,511,402
Goodwill, net	655,061,997	716,131,962
Negative goodwill, net	(37,016,317)	(37,460,588)
Long-term receivables	137,479,691	144,623,436
Amounts due from related companies	90,523,990	91,713,359
Long-term deferred taxes	12,249,242	-
Intangibles	90,759,417	83,533,722
Accumulated amortization	(54,801,394)	(49,440,338)
Other assets	299,989,563	253,851,127
<b>Total other assets</b>	<b>1,333,605,307</b>	<b>1,345,432,188</b>
<b>TOTAL ASSETS</b>	<b>11,062,409,283</b>	<b>10,481,004,512</b>

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

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>CURRENT LIABILITIES:</b>		
Short-term debt due to banks and financial institutions	134,258,949	112,817,457
Current portion of long-term debt due to banks and financial institutions	98,481,794	120,043,940
Current portion of bonds payable	113,207,598	526,349,244
Current debt to other institutions	34,022,985	30,733,269
Dividends payable	74,686,578	17,868,511
Accounts payable	369,730,359	289,487,672
Short-term notes payable	15,726,703	14,664,751
Miscellaneous payables	111,387,344	86,510,753
Amounts payable to related companies	29,862,520	48,465,331
Accrued expenses	79,350,634	75,536,120
Withholdings	99,986,616	75,497,909
Income taxes payable	142,911,425	68,101,613
Unearned income	5,020,454	4,157,316
Other current liabilities	90,851,517	49,901,747
<b>Total current liabilities</b>	<b>1,399,485,476</b>	<b>1,520,135,633</b>
<b>LONG-TERM LIABILITIES:</b>		
Due to banks and financial institutions	905,942,537	565,455,648
Bonds payable	2,195,520,795	2,044,245,014
Long-term notes payable	112,388,525	107,816,634
Sundry accounts payable	153,786,083	48,841,187
Amounts payable to related companies	11,250,360	13,520,056
Accrued expenses	324,947,002	408,707,679
Long-term deferred income taxes	-	87,433,198
Other long-term liabilities	219,243,648	175,623,314
<b>Total long-term liabilities</b>	<b>3,923,078,950</b>	<b>3,451,642,730</b>
<b>MINORITY INTEREST</b>	<b>2,869,962,948</b>	<b>2,858,841,421</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital	2,415,284,412	2,415,284,412
Additional paid-in capital	172,124,214	172,124,214
Other reserves	(238,342,306)	(241,698,626)
<b>RETAINED EARNINGS</b>		
Retained earnings	271,279,769	235,229,509
Net income (loss) for the year	285,960,366	69,445,219
Provisional dividends	(36,242,795)	-
Deficit of subsidiaries in development stage	(181,751)	-
<b>Total shareholders' equity</b>	<b>2,869,881,909</b>	<b>2,650,384,728</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,062,409,283</b>	<b>10,481,004,512</b>

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

## CONSOLIDATED INCOME STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos of December 31, 2006)

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>OPERATING INCOME:</b>		
SALES	3,892,064,732	3,293,142,666
COST OF SALES	(2,594,444,056)	(2,234,185,846)
<b>GROSS MARGIN</b>	<b>1,297,620,676</b>	<b>1,058,956,820</b>
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>	<b>(229,578,225)</b>	<b>(230,312,754)</b>
<b>OPERATING INCOME</b>	<b>1,068,042,451</b>	<b>828,644,066</b>
<b>NON-OPERATING INCOME AND EXPENSE:</b>		
Interest income	124,791,200	87,944,510
Equity in income of related companies	5,164,292	14,767,445
Other non-operating income	110,552,625	72,463,652
Equity in loss of related companies	(125,352)	(7,879,946)
Amortization of goodwill	(55,908,079)	(56,344,563)
Interest expense	(390,708,744)	(358,032,727)
Other non-operating expenses	(209,276,211)	(161,394,104)
Price-level restatement, net	1,216,801	(5,048,829)
Exchange difference, net	5,327,511	(6,373,029)
<b>NON-OPERATING EXPENSE, NET</b>	<b>(408,965,957)</b>	<b>(419,897,591)</b>
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>659,076,494</b>	<b>408,746,475</b>
<b>INCOME TAXES</b>	<b>(109,407,874)</b>	<b>(182,050,674)</b>
<b>INCOME (LOSS) BEFORE MINORITY INTEREST AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>549,668,620</b>	<b>226,695,801</b>
MINORITY INTEREST	(269,785,811)	(173,072,574)
<b>INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>279,882,809</b>	<b>53,623,227</b>
<b>AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>6,077,557</b>	<b>15,821,992</b>
<b>NET INCOME FOR THE YEAR</b>	<b>285,960,366</b>	<b>69,445,219</b>

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



## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos of December 31, 2006)

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Net income for the year	285,960,366	69,445,219
<b>GAIN (LOSSES) FROM SALES OF ASSETS:</b>	<b>(18,843,715)</b>	<b>840,657</b>
Losses (gain) on sale of property, plant and equipment	(18,572,796)	1,110,490
Losses (gain) on sale of other assets	(270,919)	(269,833)
<b>Charges (credits) to income which do not represent cash flows:</b>	<b>540,406,807</b>	<b>546,271,218</b>
Depreciation	414,616,755	375,344,080
Amortization of intangibles	7,859,387	8,486,578
Write-offs and accrued expenses	26,064,041	56,939,695
Equity in income of related companies	(5,164,292)	(14,767,445)
Equity in losses of related companies	125,352	7,879,946
Amortization of goodwill	55,908,079	56,344,563
Amortization of negative goodwill	(6,077,557)	(15,821,992)
Price-level restatement, net	(1,216,801)	5,048,829
Exchange difference, net	(5,327,511)	6,373,029
Other credits to income which do not represent cash flows	(15,191,289)	(27,093,600)
Other charges to income which do not represent cash flows	68,810,643	87,537,535
<b>Changes in assets which affect operating cash flows (increase) decrease:</b>	<b>(273,097,873)</b>	<b>(71,913,036)</b>
Trade receivables	(180,592,346)	(79,262,927)
Inventory	4,666,559	(20,295,362)
Other assets	(97,172,086)	27,645,253
<b>Changes in liabilities which affect operating cash flows (decrease) increase:</b>	<b>58,196,944</b>	<b>119,431,472</b>
Accounts payable associated with operating results	146,132,574	18,135,149
Interest payable	27,925,255	36,917,739
Income tax payable	(30,613,805)	45,716,876
Other accounts payable not associated with operating results	(36,931,047)	42,469,679
Net value added tax and other similar taxes payable	(48,316,033)	(23,807,971)
Income attributable to minority interest	269,785,811	173,072,574
<b>Net cash flows provided by operating activities</b>	<b>862,408,340</b>	<b>837,148,104</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	<b>(297,089,863)</b>	<b>(764,261,264)</b>
Proceeds from loans obtained	1,274,208,005	409,207,785
Proceeds from bond issuances	166,644,978	170,583,174
Other sources of financing	-	691,355
Dividends paid	(178,608,453)	(123,960,197)
Distribution of capital in subsidiary	(85,522,851)	(281,707,042)
Payment of debt	(989,096,582)	(804,952,563)
Payment of bonds	(468,853,343)	(112,873,490)
Payment of loans obtained from related companies	(8,077,906)	(2,633,414)
Payment of bond issuance costs	(500,059)	(916,513)
Other disbursements for financing	(7,283,652)	(17,700,359)
<b>Net cash used in financing activities</b>	<b>(297,089,863)</b>	<b>(764,261,264)</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos of December 31, 2006)

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
CASH FLOWS FROM INVESTING ACTIVITIES:	(503,559,780)	(337,667,076)
Proceeds from sales of property, plant and equipment	44,550,554	6,221,648
Sales of other investments	-	1,703,530
Sale of permanent investments	49,394	-
Payments received from notes receivable from related companies	2,790,737	8,038,327
Other receipts from investments	1,912,389	7,242,722
Additions to property, plant and equipment	(517,768,346)	(324,115,605)
Permanent investments in related companies	(22,550,433)	(33,837,526)
Other investment disbursements	(12,544,075)	(2,920,172)
Net cash used in investing activities	(503,559,780)	(337,667,076)
<b>POSITIVE NET CASH FLOW FOR THE PERIOD</b>	<b>61,758,697</b>	<b>(264,780,236)</b>
<b>EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS</b>	<b>10,457,783</b>	<b>(21,406,173)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>72,216,480</b>	<b>(286,186,409)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>367,873,902</b>	<b>654,060,311</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>440,090,382</b>	<b>367,873,902</b>

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, 2006)  
As of and for the years ended December 31, 2006 and 2005

### NOTE 01.

#### REGISTERED UNDER SECURITIES REGISTER

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

b. The Company's subsidiaries Chilectra S.A., Chilectra S.A. (formerly Elesur S.A.) and Empresa Nacional de Electricidad S.A. ("Endesa") are registered in the Securities Register under Nos. 0321, 931 and 0114, respectively.

### NOTE 02.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Reporting period

These financial statements reflect the Company's financial position as of December 31, 2006 and 2005, and the results of its operations, the changes in its shareholders' equity and its cash flows for the twelve months period ended December 31, 2006 and 2005.

##### b. Basis of preparation

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 include the assets, liabilities, net income and cash flows of the subsidiaries of which it has control.

##### c. Basis of presentation

On June 1, 2006, Empresa de Generación Termoelectrica Ventanilla S.A. – Etevensa (a company indirectly related through common owner) was upstream merged into Edegel S.A. (a subsidiary of Endesa Chile), as agreed in the Shareholders' Meetings of the two companies on January 17, 2006. Thus, the financial statements and amounts indicated in the notes as of December 31, 2006 incorporate Etevensa S.A.

The financial statements as of December 2005 and their accompanying notes have been adjusted off the books by 2.1%, which represents the change in the Chilean consumer price index, in order to allow comparison with the financial statements as of December 31, 2006.

##### RECLASSIFICATIONS

For purposes of comparison, the following reclassifications were made in the 2005 financial statements:

#### Balance sheet reclassifications

From	To		
	ThCh\$	ThCh\$	
Trade accounts receivable	(5,683,903)	Due from related companies	5,683,903
Prepaid expenses	(1,451,226)	Other current assets	1,451,226
Long-term provisions	6,631,306	Long-term creditors	(6,631,306)
Technical revaluation	(368,441,249)	Land	4,158,060
	-	Building and infrastructure	265,229,615
	-	Machinery and equipment	98,857,837
	-	Other fixed assets	258,978
Withholdings	(12,086,774)	Other long-term assets	12,023,533

#### Statement of operations reclassifications

From	To		
	ThCh\$	ThCh\$	
Financial income	(6,814,406)	Sales	9,813,406
Other non-operating income	(2,999,000)		-
Other non-operating expenses	683,018	Cost of sales	(3,106,694)
Financial expenses	2,731,475	Administrative and selling expenses	(307,799)

**d. Basis of consolidation**

All significant transactions and balances between the consolidated companies have been eliminated and the proportional part corresponding to minority interests of the subsidiaries, is included in the minority interest item of the general balance sheet and the income statement.

The consolidated financial statements have been prepared in agreement with the norm established in the Technical Bulletin N° 72 (that partially replaced Technical Bulletin N° 42) of the Chilean Institute of Accountants and in the 'circular' N°1,697 (that replaced the 'circular' N° 368) of the Superintendency of Securities and Insurance.

The financial statements of the foreign companies as of December 31, 2006 and 2005 have been prepared according to the norm established in the Technical Bulletins N° 72, N° 64 and N° 42 of the Chilean Institute of Accountants.

These consolidated financial statements include the assets, liabilities, results and cash flows of the parent company and the following subsidiaries:

Tax Payer Number	Company	Percentage participation as of December 31,			
		2006		2005	
		Direct %	Indirect %	Total %	Total %
96.524.320-8	Chilectra S.A. (*)	-	-	-	98.24
96.529.420-1	Synapsis Soluciones y Servicios IT Ltda.	99.99	0.01	100.00	100.00
	Inmobiliaria Manso de Velasco Ltda.	99.99	0.01	100.00	100.00
96.543.670-7	Cía. Americana de Multiservicios Ltda.	99.99	0.01	100.00	100.00
91.081.000-6	Endesa Chile S.A.	59.98	-	59.98	59.98
96.800.570-7	Chilectra S.A. (*)	99.08	0.01	99.09	99.99
Foreign	Enersis Internacional Ltda.	-	-	-	100.00
Foreign	Inversiones Distrilima S.A.	30.14	25.54	55.68	55.68
Foreign	Empresa Distribuidora Sur S.A. (Edesur)	31.35	34.04	65.39	65.39
Foreign	Codensa S.A. (**)	12.47	9.26	21.73	21.66
Foreign	Investluz	22.77	36.74	59.51	59.51
Foreign	Ampla Energia e Serviços S.A.	24.02	45.86	69.88	69.88
Foreign	Ampla Investimentos e Serviços S.A.	24.02	45.86	69.88	69.88
Foreign	Compañía de Interconexión Energética S.A. (Cien) (***)	22.06	31.51	53.57	53.57
Foreign	Central Geradora Termelétrica Fortaleza S.A. (***)	22.06	31.51	53.57	53.57
Foreign	Endesa Brasil S.A. (***)	22.06	31.51	53.57	53.57

(\*) In the extraordinary meeting of shareholders of Elesur S.A., held on March 31, 2006, it was agreed to change the name of Elesur S.A. to Chilectra S.A..

The merger of Chilectra S.A. (former Elesur) and Chilectra S.A., approved in general meetings of their shareholders held on March 31, 2006, became effective on April 1, 2006.

(\*\*) 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.

(\*\*\*) As a result of the creation of the Brazilian holding company, Endesa Brasil S.A. ("Endesa Brasil") (see Note 11.I), these companies were included in the consolidated financial statements of Enersis S.A. To allow a better understanding of these financial statements, we show below a Pro Forma income statement, which consolidates for the year 2005 the subsidiaries Compañía de Interconexión Energética S.A. (Cien) and Central Geradora Térmica Fortaleza S.A.

The pro forma statement of income is as follows (1):

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>OPERATING INCOME</b>		
Sales	3.892.064.732	3.373.127.876
Cost of sales	(2.594.444.056)	(2.251.953.631)
<b>Gross profit</b>	<b>1.297.620.676</b>	<b>1.121.174.245</b>
Administrative and selling expenses	(229.578.225)	(233.676.571)
<b>Operating income</b>	<b>1.068.042.451</b>	<b>887.497.674</b>
<b>NON OPERATING LOSS</b>	<b>(408.965.957)</b>	<b>(460.979.489)</b>
<b>Income before income taxes</b>	<b>659.076.494</b>	<b>426.518.185</b>
Income taxes	(109.407.874)	(203.125.049)
Income before minority interest	549.668.620	223.393.136
Minority interest	(269.785.811)	(169.769.909)
<b>Net Income</b>	<b>279.882.809</b>	<b>53.623.227</b>
Amortization of negative goodwill	6.077.557	15.821.992
<b>Net income of the year</b>	<b>285.960.366</b>	<b>69.445.219</b>

(1) To allow comparison with the current year, results for the entire year 2005 are shown for the companies listed above.

#### e. Price level restatement (Monetary correction)

The consolidated financial statements 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).

#### f. 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:

	December 31			
	2006 Units per US\$1	2005 Units per US\$1	2006 Ch\$	2005 Ch\$
United States dollar (as reported by Chilean Central Bank)	1.00	1.00	532.39	512.50
Euro	0.76	0.85	702.08	606.08
Yen	119.09	118.04	4.47	4.34
Sterling pound	0.51	0.58	1,041.86	880.43
Colombian peso	2,238.79	2,284.22	0.24	0.22
Peruvian new sol	3.196	3.43	166.58	149.42
Argentine peso	3.06	2.91	173.87	181.92
Brazilian real	2.14	2.34	249.01	219.02
Unidad de Fomento (UF)	0.03	0.03	18,336.38	17,974.81

#### g. Time deposits and marketable securities

Time deposits are presented at original placement plus accrued interest and UF indexing 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 indexing or redemption value as appropriate (Note 4).

#### h. Inventories

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

The costs 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 Institute of Accountants and are included in current assets as their realization is expected in the short-term.

#### i. Allowance for doubtful accounts

The estimates for the allowance for doubtful accounts have been made considering the aging and nature of the accounts 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\$ 134,859,609 (ThCh\$133,423,704 in 2005). In addition, the total sum owed by companies that have gone into bankruptcy amounting to ThCh\$1,258,119 (ThCh\$1,595,109 in 2005) is included in the bad debt allowance estimation.

#### j. Property, plant and equipment

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

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

In 1986, an increase based upon a technical appraisal of property, plant and equipment was recorded in the manner authorized by the SVS in Circulars Nos. 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 and its subsidiary has evaluated the recoverability of its property, plant and equipment as required by Technical Bulletin No.33 of the Chilean Institute of Accountants. As a result of these evaluating the Company has not identified impairments in the net book values of its property, plant and equipment.

#### k. Depreciation

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

The debit to income from the year's depreciation amounts to ThCh\$414,616,755 (ThCh\$375,244,080 in 2005). It is classified in costs of sales of ThCh\$402,853,125 (ThCh\$362,089,059 in 2005) and in selling and administrative expense of ThCh\$11,763,630 (ThCh\$13,255,021 in 2005).

#### l. Leased assets

The leased assets, whose contracts have financial lease characteristics, are accounted for as an acquisition of property, plant and equipment, recognizing the total obligation and the 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.

#### m. 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.

#### n. Intangibles, other than goodwill

Intangibles, other than goodwill, correspond mainly to easements, rights of way, water rights, and parent company contributions, which are recorded and amortized in accordance with Technical Bulletin No.55 of the Chilean Institute of Accountants.

#### o. 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 N°64 and 72 (which partially revoked Technical Bulletin N°42) of the Chilean Institute of Accountants.

The Company and its subsidiaries has evaluated at December 31, 2005 and 2006, the recoverability of the book value of its investments abroad in accordance with Technical Bulletin N°72 of the Chilean Institute of Accountants. As a result of this evaluation no adjustments have been determined that affect the book values of its investments.

#### p. 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 and because the Company does not exercise significant influence.

#### q. Goodwill and negative goodwill

Goodwill and negative goodwill are determined according to Circular No.1697 of the SVS (which revoked Circular 368 at December 30, 2003).

Amortization is determined using the straight-line method, considering the nature and characteristic of each investment, foreseeable life of the business and investment return, not to exceed 20 years.

The Company and its subsidiaries has evaluated at December 31, 2005 and 2006, the recoverability of the book value of its goodwill in accordance with Technical Bulletin No. 72 of the Chilean Institute of Accountants. As a result of this evaluation no adjustments have been determined that affect the book values of its goodwill.

#### r. Reverse repurchase agreements

Reverse repurchase agreements are included in "Other current assets" and are stated at cost plus interest and indexation accrued at year end, in conformity with the related contracts.

#### s. Bonds

Bonds payable are recorded at the face value of the bonds. The difference between the face value and the placement value, equal to the premium or discount, is deferred and amortized over the term of the bonds.

#### t. Income tax and deferred income taxes

For the years ended December 31, 2006 and 2005, the Company recorded current tax expense determined in accordance with the laws and regulations in each country in which it operates of ThCh\$251,486,468 and ThCh\$134,787,206, respectively and, additionally, it recorded deferred tax credit of ThCh\$142,078,594 in 2006 and ThCh\$47,263,468 in 2005.

The Company records deferred income taxes in accordance with Technical Bulletin N°60 of the Chilean Institute of Accountants, and with circulars N°1,466 and N°1,560 issued 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.

#### u. 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% in 2006 and 2005 and assuming an average employment span which varies based upon years of service with the Company.

#### v. Accrued vacation expense

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

#### w. Pension and post-retirement benefits

Pension and post-retirement benefits are recorded in accordance with the respective collective bargaining contracts of the employees based on the actuarially determined projected benefit obligation, and using an annual discount rate of 6.5%.

#### x. Revenue recognition

The Company's revenues are primarily derived from electric power generation and distribution services, and include energy supplied and

unbilled at each year-end. Revenues are valued using rates in effect when services are provided to customers. Accrued unbilled revenues are presented in current assets as trade receivables and the corresponding cost is included in cost of sales.

The Company also recognizes revenues for amounts received from highway tolls for motorized vehicles, income related to computer advisory services, engineering services, sale of materials and sale of real estate.

#### y. Financial derivative contracts

As of December 31, 2006 and 2005 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 Institute of Accountants.

#### 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. Statements of cash flows

Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin N°50 issued by the Chilean Institute of Accountants, include 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.

#### ab. Cost of share issue

Costs incurred to date associated with issuing and placing shares are recorded according to the provisions of Circular N°1370 of 1998 of the Superintendency of Securities and Insurance. A breakdown of the costs is shown in Note 26.

## NOTE 03. CHANGE IN ACCOUNTING PRINCIPLES

No accounting changes have occurred in 2006 that could affect comparisons with the prior year.

#### Change in reporting entity

In accordance with notes 11(g) and 22(e), as of June 1, 2006, Etevensa (indirectly related through the same majority shareholder) was upstream merged into Edegel S.A. (a subsidiary of Endesa Chile), as agreed to in the Shareholders' Meetings of the two companies held on January 17, 2006.

The above transaction has been recorded in conformity with Technical Bulletin N°72 of the Chilean Institute of Accountants, as a business combination under common control, based on the pooling of interest methodology.

As a result of this reorganization of entities under common control, the shareholding of Endesa Chile S.A. in its subsidiary Edegel S.A. decreased to 55.44%, causing a decrease of ThCh\$5,757,792 (see note 22e) in shareholders' equity that is shown in the item Other Reserves. In addition, as from June 1, 2006, the merged financial statements involved incorporating assets and liabilities of ThCh\$140,370,073 and ThCh\$97,826,807, respectively.

## NOTE 04. TIME DEPOSITS

Time deposits as of each year end are as follows:

Tax Payer Number	Financial Institution	Annual Rate %	Scheduled Maturity	As of December 31,	
				2006 ThCh\$	2005 ThCh\$
Foreign	ABN Amro	-	-	-	747,015
Foreign	Alfa mix	1.11%	02.01.07	2,507,181	-
Foreign	Alianza Valores	8.10%	02.01.07	1,300,014	-
Foreign	AV villas	-	-	-	3,481,534
Foreign	Banco Bilbao Vizcaya	7.45%	02.01.07	105,150	3,814,991
Foreign	Banco Colpatría	1.24%	02.01.07	3,592	-
Foreign	Banco Continental	4.97%	02.01.07	8,409,664	5,427,374
Foreign	Banco Crédito	4.43%	02.01.07	1,175,824	2,143,099
Foreign	Banco Davivienda	1.00%	02.01.07	136	-
Foreign	Banco de Galicia	6.34%	02.01.07	1,899,867	1,891,460
Foreign	Banco do Brasil	-	-	-	1,361,170
Foreign	Banco do Estado do Ceará	-	-	-	1,487,039
Foreign	Banco Frances	4.08%	02.01.07	3,935,683	5,651,785
Foreign	Banco Itau	4.09%	02.01.07	13,159,451	36,117,388
Foreign	Banco Lloyds	5.65%	02.01.07	225	2,938,164
Foreign	Banco Mellon Brascan	1.60%	02.01.07	4,119,984	9,038,314
Foreign	Banco Nationale de Paris	3.34%	02.01.07	59,116	7,615,052
Foreign	Banco Nordeste	1.17%	02.01.07	145,648	114,962
Foreign	Banco Pactual	1.10%	31-01-07	62,820	49,694
Foreign	Banco Paribas Luxembourg	6.67%	02.01.07	4,331,936	-
Foreign	Banco Real	0.10%	02.01.07	1,763,347	3,935,344
Foreign	Banco Rio de la Plata	8.74%	02.01.07	11,589,120	14,854,083
Foreign	Banco Santander Central Hispano	2.76%	02.01.07	14,543,061	20,151,836
Foreign	Banco Sudameris	7.80%	02.01.07	6,265,436	13,518,032
Foreign	Banco Wiese Sudameris	-	-	-	1,143,826
Foreign	Banco Unión	-	-	-	50,471
Foreign	Banco Votorantim	1.17%	02.01.07	16,666,843	28,494,945
Foreign	Bancolombia	6.58%	02.01.07	72	-
Foreign	Banistmo Colombia S.A.	7.00%	02.01.07	700,941	-
Foreign	Bank Boston	5.14%	02.01.07	2,171,201	3,990,069
Foreign	Bank of America	4.76%	02.01.07	10,068,547	7,667,815
Foreign	BNB	1.18%	02.01.07	5,972,283	-
Foreign	Bradesco	7.06%	02.01.07	66,181,869	15,493,287
Foreign	Cdt	8.68%	02.01.07	241,517	1,604
Foreign	Citibank N.Y.	4.19%	02.01.07	42,249,678	23,134,105
Foreign	Comafi	9.97%	02.01.07	997,529	1,228,019
Foreign	Corficolombiana	6.39%	02.01.07	11,464,636	-
Foreign	Correval	7.99%	02.01.07	861,342	1,415,787
Foreign	Corredores Asociados	7.85%	02.01.07	729,111	-
Foreign	Credit Bank	-	-	-	1,916,263
Foreign	Encargo Fiduciario Banco Santander	7.00%	02.01.07	260,604	4,011,541
Foreign	FAM Fondo Ganadero	6.72%	02.01.07	792	-
Foreign	Fiduciaria Helm Trust	6.01%	02.01.07	79	-
Foreign	Fiducolombia	6.80%	02.01.07	6,630,055	1,443
Foreign	Fiducomercio	5.46%	02.01.07	51	-
Foreign	Fiduoccidente	5.93%	02.01.07	234,006	750,145
Foreign	Fiduvallé	5.99%	02.01.07	1,474,367	5,801,594
Foreign	Fiduciaria Banco de Bogotá	-	-	-	3,826
Foreign	Fondeos	7.32%	02.01.07	2,937,750	-
Foreign	Fondo Sumar	6.48%	02.01.07	223,214	-
Foreign	Fondo Surgir	5.09%	02.01.07	2,194,192	-
Foreign	Fondo Surenta	6.90%	02.01.07	2,622,708	-
Foreign	HSBC - Bamerindus	1.27%	02.01.07	4,983,847	17,950,729
Foreign	Panamericano	1.10%	02.01.07	169,706	136,574
Foreign	Porvenir	-	-	-	515,766
Foreign	Serfinco	7.89%	02.01.07	641,603	155,497
Foreign	Standard Bank London	5.29%	17-01-07	3,320,614	2,320,479
Foreign	Suvalor	7.32%	02.01.07	13,330,763	-
Foreign	Other time deposits	-	-	-	4,833,899
Foreign	Unibanco	8.83%	02.01.07	9,417,991	9,996,144
<b>Total</b>				<b>282,125,166</b>	<b>265,352,164</b>



## NOTE 05.

### 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		
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	
Account receivable	869,466,114	689,339,476	90,538,606	85,459,845	960,004,720	839,114,373	774,799,321	-	-	
Allowance for doubtful accounts	(50,422,157)	(48,857,565)	(70,468,190)	(77,758,957)	(120,890,347)	-	(126,616,522)	-	-	
Notes receivable	7,187,368	3,860,141	786,335	577,682	7,973,703	7,468,202	4,437,823	-	-	
Allowance for doubtful accounts	(354,275)	(654,413)	(151,226)	(139,449)	(505,501)	-	(793,862)	-	-	
Other receivables (1)	97,156,662	48,122,343	11,946,073	19,689,059	109,102,735	102,348,625	67,811,402	144,189,342	147,013,881	
Allowance for doubtful accounts	(4,009,993)	(1,146,820)	(2,744,117)	(2,476,055)	(6,754,110)	-	(3,622,875)	(6,709,651)	(2,390,445)	
<b>Total</b>						<b>948,931,200</b>	<b>716,015,287</b>	<b>137,479,691</b>	<b>144,623,436</b>	

Country	As of December 31,			
	2006		2005	
	ThCh\$	%	ThCh\$	%
Chile	240,403,400	22.13%	175,965,223	20.45%
Peru	62,532,559	5.76%	47,287,258	5.49%
Argentina	135,088,425	12.43%	86,123,198	10.01%
Colombia	229,987,240	21.17%	151,687,014	17.62%
Brazil	418,399,267	38.51%	394,687,045	45.86%
Panama	-	0.00%	4,888,985	0.57%
<b>Total</b>	<b>1,086,410,891</b>	<b>100.00%</b>	<b>860,638,723</b>	<b>100.00%</b>

(1) This includes ThCh\$29,089,378 (ThCh\$19,709,125 in 2005) relating to other generating companies' debt payable to Endesa S.A. and generating subsidiaries, as a result of the collection of tolls due to the application, since March 13, 2004, of Law N°19,940.

NOTE **06.**  
**BALANCES AND TRANSACTIONS WITH RELATED COMPANIES**

The balances of accounts receivable and payable with related companies are as follows at December 31, 2006 and 2005:

a. Notes and accounts receivable due from related companies:

Tax Payer Number	Company	As of December 31,			
		Short-term		Long-term	
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Foreign	Atacama Finance Co. (1)	61,561	21,654	90,523,990	91,713,359
Foreign	Com. de Energía del Mercosur S.A.	6,193,659	3,821,437	-	-
Foreign	Empresa Eléctrica Piura S.A.	132,203	53,464	-	-
Foreign	Endesa España	275,023	261,384	-	-
Foreign	Endesa Europa	878	-	-	-
Foreign	Endesa Internacional S.A.	343,059	552,739	-	-
Foreign	Etevensa	-	307,821	-	-
Foreign	Fundación Endesa	-	160,590	-	-
77.573.910-K	Consorcio Ingendesa - Minmetal Ltda.	-	8,511	-	-
78.932.860-9	Gas Atacama Generación Ltda.	61,365	21,026	-	-
78.882.820-9	Gasoducto Atacama Chile	283,820	179,951	-	-
77.032.280-4	Gasoducto Tal Tal Ltda.	1,973	32,847	-	-
76.197.570-6	Sociedad Consorcio Ara Ltda.	7,928	17,461	-	-
77.625.850-4	Consorcio Ara-Ingendesa Ltda.	147,575	69,704	-	-
Foreign	Sacme	1,547	2,339	-	-
99.584.600-4	Sistemas Sec S.A.	6,051,495	5,683,903	-	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	2,884	324,740	-	-
<b>Total</b>		<b>13,564,970</b>	<b>11,519,571</b>	<b>90,523,990</b>	<b>91,713,359</b>

(1) The balance receivable from Atacama Finance Co. relates to the loans granted by Compañía Eléctrica Cono Sur S.A. to finance the work in construction of Gasoducto Atacama Argentina S.A., Gasoducto Atacama Chile S.A. and Gas Atacama Generación S.A. The loans are expressed in US dollars, accrue interest at a rate of 7.5% per annum and are due in September 2008.

b. Notes and accounts payable due to related companies:

Tax Payer Number	Company	As of December 31,			
		Short-term		Long-term	
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Foreign	Com. de Energía del Mercosur S.A.	24,620,706	15,280,697	-	-
77.625.850-4	Consorcio Ara-Ingendesa Ltda.	153,015	-	-	-
77.573.910-K	Consorcio Ingendesa - Minmetal Ltda.	-	1,582	-	-
96.806.130-5	Electrogas S.A.	223,051	204,122	-	-
Foreign	Empresa Eléctrica Piura S.A.	1,332,476	416,359	-	-
Foreign	Endesa Internacional S.A.	2,830,515	32,479,176	11,250,360	13,520,056
Foreign	Etevensa	-	11,902	-	-
78.932.860-9	Gas Atacama Generación S.A.	644,376	-	-	-
Foreign	Sacme	58,381	45,577	-	-
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	-	25,916	-	-
<b>Total</b>		<b>29,862,520</b>	<b>48,465,331</b>	<b>11,250,360</b>	<b>13,520,056</b>

c. Transaction

Company	Tax Payer Number	Relationship	Nature of transaction	As of December 31			
				2006		2005	
				Amount ThCh\$	Income (Expense) ThCh\$	Amount ThCh\$	Income (Expense) ThCh\$
Atacama Finance Co.	Foreign	Affiliate	Interest	6,495,898	6,495,898	4,924,252	4,924,252
			Monetary correction	1,886,303	1,886,303	3,863,870	3,863,870
			Exchange difference	1,643,119	1,643,119	12,609,487	(12,609,487)
Consortio ARA-Ingendesa		Affiliate	Services	800,048	800,048	1,926,343	1,926,343
Consortio Ingendesa Minmetal Ltda.		Affiliate	Services	63,059	63,059	106,440	106,440
Com. de Energía del Mercosur S.A.	Foreign	Affiliate	Sale of energy	5,843,513	5,843,513	11,260,086	11,260,086
			Purchase of energy	5,019,836	(5,019,836)	7,106,860	(7,106,860)
			Services	5,910,737	5,910,737	1,206,991	1,206,991
Empresa Eléctrica Piura S.A.	Foreign	Member of Controlling Group	Sale of energy	678,308	678,308	722,645	722,645
			Purchase of energy	11,795,737	(11,795,737)	5,257,305	(5,257,305)
			Services	205,474	205,474	132,718	132,718
Electrogas S.A.		Affiliate	Purchase of gas	1,967,300	(1,967,300)	1,585,550	(1,585,550)
Endesa España		Parent company	Interest	3,198,774	(3,198,774)	-	-
			Exchange difference	46,493	46,493	-	-
Endesa Servicios	Foreign	Parent company	Exchange difference	146	146	-	-
			Monetary correction	145	(145)	-	-
Endesa Internacional S.A.	Foreign	Parent company	Interest	2,132,796	(2,132,796)	564,448	(564,448)
			Services	4,122,187	(4,122,187)	-	-
			Exchange difference	12,693	(12,693)	-	-
			Monetary correction	60,276	(60,276)	-	-
Etevensa	Foreign	Member of Controlling Group	Sale of energy	-	-	1,026,031	1,026,031
			Purchase of energy	-	-	171,886	(171,886)
			Services	-	-	955,477	955,477
Fundación Endesa	Foreign	Member of Controlling Group	Services	94,712	94,712	101,508	101,508
Gastacama Generación S.A.		Affiliate	Services	970,233	970,233	147,268	147,268
Sacme	Foreign	Affiliate	Services	399,009	(399,009)	364,214	(364,214)
Sistemas SEC S.A		Affiliate	Services	469,428	469,428	7,573	(7,573)
Soc. Consortio Ingendesa Ara Ltda.		Affiliate	Services	164,767	164,767	219,092	219,092
Transmisora Eléctrica de Quillota Ltda.		Affiliate	Interest	26,887	26,889	61,924	61,924
			Services	5,118	5,118	4,901	4,901

The most significant transactions and their effects in income (expense) for each year ended December 31 are the transfer of short-term funds between related companies, is on the basis of a current cash account, at a variable

interest rate based on market conditions. The resulting accounts receivable and accounts payable are essentially on 30 day terms, with automatic rollover for the same year and settlement in line with cash flows.

NOTE 07.  
INVENTORIES

Inventories include the following items and are presented net of an allowance for obsolescence amounting to ThCh\$3,865,739 and ThCh\$3,251,465 as of December 31, 2006 and 2005, respectively:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Real estate under development	12,176,293	15,452,755
Materials in transit	2,425,443	420,382
Operation and maintenance material	39,225,020	39,409,541
Fuel	12,081,829	16,815,673
<b>Total</b>	<b>65,908,585</b>	<b>72,098,351</b>

**NOTE 08.**  
**DEFERRED INCOME TAXES**

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Income tax provision - current	259,128,302	149,547,441
Recoverable tax credits	(116,216,877)	(81,445,828)
<b>Total</b>	<b>142,911,425</b>	<b>68,101,613</b>

b. Tax loss carryforwards

The parent Company had tax loss carryforwards that during the year ended December 31, 2006 amounted to ThCh\$325,202,670 (ThCh\$388,694,437 in 2005).

c. The net effect of recording the deferred tax in 2006 was a net credit of ThCh\$ 142,078,594 (net charge of ThCh\$7,263,468 in 2005).

d. In accordance with BT N°60 and 69 of the Chilean Association of Accountants, and Circular N°1,466 of the SVS, the Company and its subsidiaries have recorded consolidated deferred income taxes as of December 31, 2006 and 2005 as follows:

Description	As of December 31, 2006				As of December 31, 2005			
	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	16,631,379	50,916,006	-	-	12,822,825	44,076,950	-	-
Unearned income	693,720	1,542,496	-	1,076,847	700,342	1,314,987	-	966,263
Vacation accrual	1,147,149	-	-	-	1,053,846	-	-	-
Leased assets	-	-	-	464,611	-	-	-	560,949
Fixed assets depreciation	-	34,614,105	789,178	442,674,315	-	2,716,255	145,408	400,056,299
Severance indemnities	-	639	-	1,677,822	-	475	-	1,761,264
Other	5,760,844	5,342,971	2,296,439	3,076,910	1,493,957	5,285,281	278,200	3,691,749
Contingencies	8,630,826	76,646,343	-	-	7,471,990	72,528,830	-	-
Bond discount	-	-	141,442	1,337,058	-	-	142,001	1,567,290
Cost of studies	-	-	-	8,420,626	-	-	-	8,498,040
Finance cost	-	-	-	15,353,914	-	102,542	-	13,254,965
Imputed interest on construction	-	-	-	3,756,520	-	-	-	4,148,807
Deferred charges	702,591	-	562,219	3,373,758	1,604,532	-	611,338	3,921,623
Actuarial deficit (Brazil)	-	10,500,328	-	-	-	11,830,729	-	-
Obsolescence	351,596	2,191,170	-	-	309,921	2,060,233	-	-
Materials used	-	-	-	811,521	-	-	-	857,794
Imputed salaries on construction	-	4,013,859	-	-	-	3,781,606	-	-
Tax losses	53,654,994	188,163,151	-	-	56,476,969	188,355,469	-	-
Provision real state project	-	2,367,831	-	-	-	2,460,812	-	-
Sie2000A project	-	-	-	474,148	-	-	-	425,977
Provision for employee benefits	2,483,126	3,065,119	-	-	2,480,983	3,543,641	-	-
Operating fees	-	-	2,317,635	-	1,519,060	-	-	-
Energy in measurers	-	-	10,552,279	-	-	-	2,573,088	-
Regulated assets	-	-	-	18,421,701	-	-	14,970,953	14,149,146
Capitalized expenses	-	-	-	2,130,360	-	23,800,779	-	-
Fixed assets	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	18,678,406	-	-	-	20,816,953
Complementary account-net	-	(10,800,717)	-	(193,572,033)	-	(10,831,559)	-	(201,390,555)
Valuation allowance	(11,840,683)	(28,157,575)	-	-	(12,089,337)	(165,173,665)	-	-
<b>Total</b>	<b>78,215,542</b>	<b>340,405,726</b>	<b>16,659,192</b>	<b>328,156,484</b>	<b>73,845,088</b>	<b>185,853,365</b>	<b>18,720,988</b>	<b>273,286,563</b>

Income tax benefit (expense) for the year ended December 31, 2006 and 2005 is as follows:

Item	As of December 31	
	2006 ThCh\$	2005 ThCh\$
Current income tax expense - income tax provision:	(259.128.302)	(149.547.441)
Adjustment for tax expense - prior year	6.060.692	780.413
Deferred tax (expense) benefit:	19.619.937	(22.392.657)
Benefits for tax losses (reversal)	1.581.142	13.979.822
Effect from amortization of complementary accounts of deferred assets and liabilities	(8.564.282)	(5.945.853)
Effect on assets or liabilities for deferred tax due to change in valuation allowance (*)	131.022.939	(17.725.293)
Other charges or credits	-	(1.199.665)
<b>Total</b>	<b>(109.407.874)</b>	<b>(182.050.674)</b>

(\*) During 2006, the valuation provision has been reversed as a consequence of the merger approved in Extraordinary Shareholders' Meetings of Chilectra S.A. (formerly Elesur S.A.) and Chilectra S.A. and the sale of the offices of the former Elesur S.A., whose proceeds, Th\$129.771,116 (historic values) were credited to net income for tax purposes.

## NOTE 09. OTHER CURRENT ASSETS

Other current assets are as follows:

	Balance as of December 31	
	2006 ThCh\$	2005 ThCh\$
Forwards contracts	-	19.244
Guaranties and indemnities	228.911	218.529
Deferred expenses	176.085	639.798
Post-retirement benefits	247.554	247.784
Deposits for commitments and guarantees	8.015.123	6.984.605
Deferred expenses for bond placement	180.002	
Assets available for sale	4.737.696	7.768.838
Bond discount	973.620	975.562
Fair value derivatives contracts	1.965.181	650.026
Reverse repurchase agreements (1)	48.872.100	22.061.590
Other	1.260.041	3.204.261
<b>Total</b>	<b>66.656.313</b>	<b>42.770.237</b>

(1) The detail of reverse repurchase agreements is as follows:

As of December 31, 2006									
Code	Date Start	End	Financial institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
VRC	26-12-2006	02-01-2007	Corpbanca	\$	D.P.F.	0.50%	2,207,276	2,205,438	2,207,276
VRC	26-12-2006	02-01-2007	Banco Central de Chile	\$	CERO	0.50%	2837	2,835	2,837
VRC	26-12-2006	02-01-2007	Banco Estado	\$	D.P.F.	0.50%	4,485,879	4,482,144	4,485,879
VRC	26-12-2006	02-01-2007	Citibank	\$	D.P.F.	0.50%	2,577,679	2,575,532	2,577,679
VRC	26-12-2006	02-01-2007	Banco Crédito e Inversiones	\$	D.P.F.	0.50%	3,402,863	3,400,030	3,402,863
VRC	26-12-2006	02-01-2007	Banco Santander Santiago	\$	D.P.F.	0.50%	1,383,106	1,381,954	1,383,106
VRC	26-12-2006	02-01-2007	Banco Chile	\$	D.P.F.	0.50%	2,090,097	2,088,356	2,090,097
VRC	29-12-2006	02-01-2007	BBVA Banco BHIF	\$	D.P.R.	0.51%	2,899	2,898	2,899
VRC	29-12-2006	02-01-2007	Banco Central de Chile	\$	CERO	0.51%	162	161	162
VRC	29-12-2006	02-01-2007	Banco Santander Santiago	\$	D.P.F.	0.51%	1,946,087	1,945,426	1,946,087
VRC	29-12-2006	02-01-2007	Banco Crédito e Inversiones	\$	D.P.F.	0.51%	65,737	65,715	65,737
VRC	27-12-2006	03-01-2007	Banco Central de Chile	\$	CERO	0.53%	2,838	2,836	2,838
VRC	27-12-2006	03-01-2007	BBVA Banco BHIF	\$	D.P.F.	0.53%	7,436,726	7,431,474	7,436,726
VRC	27-12-2006	03-01-2007	BBVA Banco BHIF	\$	D.P.R.	0.53%	111,078	110,999	111,078
VRC	28-12-2006	04-01-2007	Banco Chile	\$	L.H.	0.52%	3,901,603	3,899,575	3,901,603
VRC	28-12-2006	04-01-2007	Banco Santander Santiago	\$	L.H.	0.52%	2,926	2,925	2,926
VRC	28-12-2006	04-01-2007	Banco Central de Chile	\$	CERO	0.54%	11,167	11,161	11,167
VRC	28-12-2006	04-01-2007	Banco Boston	\$	D.P.F.	0.54%	69,871	69,833	69,871
VRC	28-12-2006	04-01-2007	Banco Santander Santiago	\$	D.P.F.	0.54%	5,411,354	5,408,433	5,411,354
VRC	28-12-2006	04-01-2007	Banco Crédito e Inversiones	\$	D.P.F.	0.54%	1,511,388	1,510,572	1,511,388
VRC	28-12-2006	02-01-2007	Banchile C.de B.	\$	L.H.	0.52%	106,492	106,437	106,492
VRC	28-12-2006	02-01-2007	Banchile C.de B.	\$	L.H.	0.52%	1,019,081	1,018,551	1,019,081
VRC	28-12-2006	02-01-2007	Banchile C.de B.	\$	L.H.	0.52%	400,580	400,372	400,580
VRC	28-12-2006	02-01-2007	Banchile C.de B.	\$	L.H.	0.52%	192,181	192,081	192,181
VRC	29-12-2006	02-01-2007	Banchile C.de B.	\$	BONO	0.35%	115,399	115,372	115,399
VRC	29-12-2006	02-01-2007	Banchile C.de B.	\$	L.H.	0.35%	254,838	254,778	254,838
VRC	29-12-2006	02-01-2007	Banchile C.de B.	\$	L.H.	0.35%	203,112	203,065	203,112
VRC	29-12-2006	02-01-2007	Inv Boston C. de B.	\$	D.P.F.	0.48%	150,306	150,258	150,306
VRC	29-12-2006	02-01-2007	Inv Boston C. de B.	\$	CERO	0.48%	38,612	38,600	38,612
VRC	29-12-2006	02-01-2007	Inv Boston C. de B.	\$	D.P.F.	0.48%	279,469	279,380	279,469
VRC	29-12-2006	02-01-2007	Inv Boston C. de B.	\$	D.P.F.	0.48%	503,923	503,762	503,923
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	CERO	0.51%	881	881	881
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	1,877,005	1,876,367	1,877,005
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	201,088	201,019	201,088
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	146,945	146,895	146,945
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	298,166	298,065	298,166
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.F.	0.51%	25,489	25,480	25,489
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.R.	0.51%	158,440	158,386	158,440
VRC	29-12-2006	02-01-2007	BBVA BHIF C. de B.	\$	D.P.R.	0.51%	206,457	206,387	206,457
VRC	29-12-2006	02-01-2007	BBVA BANCO BHIF	UF	D.P.R.	0.51%	6,327	6,325	6,327
VRC	29-12-2006	02-01-2007	Banco Santander Santiago	UF	D.P.F.	0.51%	2,086,973	2,086,264	2,086,973
VRC	29-12-2006	02-01-2007	Banco Chile	UF	D.P.F.	0.51%	512,294	512,120	512,294
VRC	29-12-2006	02-01-2007	Banco Estado	UF	D.P.F.	0.51%	505,435	505,263	505,435
VRC	29-12-2006	02-01-2007	Banco Crédito e Inversiones	UF	D.P.F.	0.51%	1,087,578	1,087,208	1,087,578
VRC	29-12-2006	02-01-2007	BBVA Banco BHIF	UF	D.P.R.	0.51%	729,817	729,569	729,817
VRC	29-12-2006	02-01-2007	Security	UF	D.P.R.	0.51%	629,001	628,787	629,001
VRC	29-12-2006	02-01-2007	Scotiabank	UF	D.P.R.	0.51%	512,638	512,464	512,638
<b>Total</b>							<b>48,872,100</b>	<b>48,842,436</b>	<b>48,872,100</b>

As of December 31, 2005									
Code	Date Start	End	Financial institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
VRC	29-dec-05	2-jan-06	Banco Central de Chile	\$	D.P.F.	0.50%	18,519	18,513	18,525
VRC	29-dec-05	2-jan-06	Banco Central de Chile	\$	D.P.F.	0.50%	5,393,871	5,392,073	5,356,033
VRC	30-dec-05	2-jan-06	Banco Central de Chile	\$	D.P.F.	0.42%	318,792	318,747	318,881
VRC	30-dec-05	2-jan-06	Corpbanca	\$	D.P.F.	0.42%	3,862	3,862	3,863
VRC	30-dec-05	2-jan-06	Banco Estado	\$	D.P.F.	0.42%	27	27	27
VRC	30-dec-05	2-jan-06	Banco Central de Chile	\$	D.P.F.	0.51%	3,184	3,184	3,186
VRC	30-dec-05	2-jan-06	Banco Santander Santiago	\$	D.P.F.	0.51%	921,545	921,387	921,858
VRC	30-dec-05	2-jan-06	Banco del Desarrollo	\$	D.P.F.	0.51%	51,785	51,777	51,802
VRC	30-dec-05	2-jan-06	Banco Chile	\$	D.P.F.	0.51%	1,854,651	1,854,335	1,855,282
VRC	30-dec-05	2-jan-06	Banco Boston	\$	D.P.F.	0.51%	209,686	209,650	209,757
VRC	30-dec-05	2-jan-06	Banco Central de Chile	\$	D.P.R.	0.51%	1,308	1,308	1,309
VRC	30-dec-05	2-jan-06	Banco Boston	\$	D.P.R.	0.51%	418,087	418,017	418,230
VRC	12-dec-05	19-jan-06	Valores Security	\$	P.R.C.	0.09%	12,866,273	12,829,708	12,902,837
<b>Total</b>							<b>22,061,590</b>	<b>22,022,588</b>	<b>22,061,590</b>

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment is as follows:

As of December 31, 2006

	Balance as of December 31	
	2006 ThCh\$	2005 ThCh\$
<b>Gross Fixed Assets</b>		
Land	132,604,494	129,843,148
Buildings and infrastructure	6,546,069,336	6,330,456,250
Distribution and transmission lines and public lighting	4,495,375,612	4,314,627,499
Less: third party contributions	(105,482,204)	(83,599,502)
<b>Sub-total</b>	<b>10,935,962,744</b>	<b>10,561,484,247</b>
Machinery and equipment	1,987,188,305	1,757,852,219
Other fixed assets		
Work in progress	282,997,996	171,584,764
Construction materials	50,950,519	47,230,684
Leased assets (*)	99,127,980	28,742,014
Furniture and fixtures, tools, and computing equipment	80,397,713	84,829,123
Vehicles	7,278,032	7,262,119
Equipment in transit	13,226,605	7,545,663
Other assets	73,507,649	91,634,127
<b>Sub-total</b>	<b>607,486,494</b>	<b>438,828,494</b>
<b>Technical appraisal</b>		
Buildings and infrastructure	185,762,956	183,107,327
Machinery and equipment	299,234	299,235
<b>Total technical appraisal</b>	<b>186,062,190</b>	<b>183,406,562</b>
<b>Total property plant and equipment</b>	<b>13,849,304,227</b>	<b>13,071,414,670</b>
<b>Depreciation</b>		
Accumulated depreciation at beginning of year		
Buildings and infrastructure	(4,427,593,232)	(4,108,596,188)
Machinery and equipment	(784,484,184)	(684,780,097)
Other assets	(80,599,386)	(50,003,980)
<b>Accumulated depreciation at beginning of year of technical appraisal</b>	<b>(5,292,676,802)</b>	<b>(4,843,380,265)</b>
Buildings and infrastructure	(54,164,397)	(45,644,528)
Machinery and equipment	(291,994)	(289,010)
Other assets	(116,880)	
<b>Total accumulated depreciation at beginning of year of technical appraisal</b>	<b>(54,573,271)</b>	<b>(45,933,538)</b>
Depreciation for the year (cost of sales)	(402,853,125)	(362,089,059)
Depreciation for the year ( administrative and selling expenses)	(11,763,630)	(13,255,021)
	<b>(414,616,755)</b>	<b>(375,344,080)</b>
<b>Total accumulated depreciation at the end of year</b>	<b>(5,761,866,828)</b>	<b>(5,264,657,883)</b>
<b>Total property, plant and equipment, net</b>	<b>8,087,437,399</b>	<b>7,806,756,787</b>

(\*) Leased assets

a. In Endesa Chile the amount of ThCh\$29,363,992 corresponds to a contract for power transmission lines and installations (Ralco-Charrúa 2X220 KV) between Empresa Nacional de Electricidad S.A. and Huelpil S.A. This contract has a 20-year maturity and earns interest at a 6.5% annual rate.

b. In the Peruvian subsidiary Edegel S.A., the amount of ThCh\$69,763,988 relates to contracts to finance the project of converting the thermo-electric plant to combination cycle (former Etevensa), being carried out by the Company and the financial institutions Banco de Crédito del Perú, BBVA - Banco Continental and Citibank. These contracts have a life of eight years and accrue interest at an annual rate of Libor + 3.65%.

The Company and its foreign subsidiaries have insurance contracts that include blanket, earthquake, and machinery failure policies up to a MUS\$200,000 limit. This coverage includes losses due to business interruption. Premiums prepaid associated with these policies are recorded in prepaid expenses and charged to income over the life of the policy.

## NOTE 11. INVESTMENT IN RELATED COMPANIES

a. Investments in related companies as of December 31, 2006 and 2005 are as follows:

Tax Payer Number	Related Companies	Country origin	Reporting currency	Number of shares	Percentage owned		Shareholders' equity of investee		Net income of investees		Equity in income		Investment book value	
					2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign	Cia. de Interconexión Energética S.A. (5)	Brazil	US dollar	-	-	45.00%	-	-	-	(17,497,116)	-	(7,873,702)	-	-
78.932.860-9	Gasatagama Generación S.A.	Chile	US dollar	-	0.05%	0.05%	25,992,826	40,700,209	(15,417,047)	(10,285,893)	(7,709)	(5,143)	12,996	20,350
78.952.420-3	Gasoducto Atacama Argentina S.A.	Chile	US dollar	-	0.05%	0.05%	73,302,051	61,743,533	10,544,902	8,645,600	5,272	4,323	36,651	30,872
78.882.820-9	Gasoducto Atacama Chile S.A.	Chile	US dollar	-	0.05%	0.05%	80,930,367	68,369,574	11,304,767	12,203,699	5,652	6,101	40,465	34,185
96.889.570-2	Inversiones Electrogas S.A.	Chile	Chilean Peso	425	42.50%	42.50%	17,159,888	17,939,876	4,393,321	4,203,589	1,867,161	1,786,525	7,292,952	7,624,447
Foreign	Cia. de Energía del Mercosur S.A. (2)	Argentina	US dollar	6.305.400	45.00%	45.00%	8,257,640	8,114,350	1,749	113,039	787	50,867	3,715,938	3,651,457
77.017.930-0	Transmisora Eléctrica de Quillota Ltda.	Chile	Chilean Peso	-	50.00%	50.00%	6,901,090	6,468,906	428,224	350,385	214,112	175,192	3,450,545	3,234,453
Foreign	Sacme	Argentina	US dollar	12.000	50.00%	50.00%	76,644	72,520	3,548	(2,203)	1,774	(1,101)	38,322	36,260
96.806.130-5	Electrogas S.A.	Chile	Chilean Peso	85	0.021%	0.021%	15,853,446	16,525,445	4,531,558	4,313,870	963	917	3,369	3,511
77.625.850-4	Consorcio ARA- Ingendesa	Chile	Chilean Peso	-	50.00%	50.00%	323,546	863,643	186,142	299,310	93,071	149,655	161,773	431,822
76.197.570-6	Sociedad Consorcio Ingendesa Ara Ltda (1)	Chile	Chilean Peso	-	50.00%	50.00%	154,620	136,862	117,360	125,513	58,680	62,757	77,310	68,432
77.573.910-K	Consorcio Ingendesa - Minmetal Limited (1)	Chile	Chilean Peso	-	50.00%	50.00%	29,154	183,176	147,002	219,558	73,501	109,779	14,577	91,588
96.830.980-3	Gasatagama S.A.	Chile	Chilean Peso	1.147	0.00115%	0.00115%	179,364,050	170,025,373	6,373,709	12,340,047	73	142	2,057	1,950
76.014.570-K	Inversiones Gas Atacama Holding Ltda.	Chile	Chilean Peso	-	50.00%	50.00%	178,505,773	169,777,794	5,686,489	12,697,243	2,843,246	6,348,622	89,252,887	84,888,897
Foreign	Central Geradora Termoeletrica Fortaleza S.A. (5)	Brazil	US dollar	20.246.908	-	48.82%	-	-	-	12,349,939	-	6,029,241	-	-
99.584.600-4	Sistemas SEC S.A. (3)	Chile	Chilean Peso	500.006	49.00%	49.00%	192,951	1,653,295	(240,088)	88,413	(117,643)	43,324	945,676	810,114
Foreign	Termoeletrica José de San Martín S.A. (4)	Argentina	US dollar	500.006	23.10%	23.10%	78,364	85,966	-	-	-	-	18,102	19,884
Foreign	Termoeletrica Manuel Belgrano S.A. (4)	Argentina	US dollar	1.020.000	23.10%	23.10%	78,359	85,966	-	-	-	-	18,101	19,884
76.652.400-1	Centrales Hidroeléctricas de Aysen S.A. (6)	Chile	Chilean Peso	-	51.00%	-	19,972,020	-	-	-	-	-	10,185,730	-
<b>Total</b>											<b>5,038,940</b>	<b>6,887,499</b>	<b>115,267,451</b>	<b>100,968,106</b>

- (1) Related companies of subsidiary Ingendesa Ltda.
- (2) Related company of subsidiary Endesa Argentina S.A.
- (3) Related company of subsidiary CAM Chile Ltda.
- (4) Related companies of subsidiaries Endesa Costanera S.A. and Hidroeléctrica El Chocon S.A.
- (5) See Note 11-1.
- (6) Related company of parent company Endesa (organization and development stage)

b. Income and (losses) recognized by Enersis S.A. based on the interest in the related companies as of December 31, 2006, amounted to ThCh\$5,164,292 (ThCh\$14,767,445 in 2005) and ThCh\$125,352 (ThCh\$7,879,946 in 2005) respectively.

c. In accordance with Technical Bulletin No.64 of the Chilean Institute of Accountants for the years ended December 31, 2006 and 2005, 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, 2006 and 2005 the corresponding amounts are as follows:

### 2006

Company	Country of origin	Investment ThCh\$	Reporting currency	Liability ThCh\$
Edesur S.A.	Argentina	158,353,824	US\$	57,081,416
Ampla Energía e Servicios S.A.	Brazil	151,159,521	US\$	139,525,671
Central Hidroeléctrica Betania S.A.	Colombia	331,103,269	US\$	244,249,312
Edegel S.A.	Peru	140,498,360	US\$	112,553,841
Hidroeléctrica El Chocón S.A.	Argentina	176,190,422	US\$	78,476,027
Comercializadora de Energía del Mercosur S.A.	Argentina	3,715,938	US\$	2,490,419
Endesa Brasil S.A.	Brazil	470,347,245	US\$	403,724,902
Endesa Costanera S.A.	Argentina	82,724,307	US\$	48,643,241
<b>Total</b>		<b>1,514,092,886</b>		<b>1,086,744,829</b>



2005

During the second quarter of 2004, Enersis (Parent Company) has contracted instruments (swap) redenominating to UF that debt, reason why debt is no longer hedge with the instrument.

Company	Country of origin	Investment ThCh\$	Reporting currency	Liability ThCh\$
Edesur S.A.	Argentina	163.594.644	US\$	78.362.197
Ampla Energía e Servicios S.A.	Brazil	140.816.971	US\$	137.133.588
Central Hidroeléctrica Betania S.A.	Colombia	319.463.341	US\$	240.501.705
Edegel S.A.	Peru	153.272.201	US\$	117.491.638
Hidroeléctrica El Chocón S.A.	Argentina	159.724.269	US\$	74.213.758
Comercializadora de Energia del Mercosur S.A.	Argentina	3.651.457	US\$	2.581.450
Endesa Brasil S.A.	Brazil	436.521.148	US\$	402.005.030
Endesa Costanera S.A.	Argentina	82.679.287	US\$	52.664.511
<b>Total</b>		<b>1.459.723.318</b>		<b>1.104.953.877</b>

d. The investments in related companies made by Enersis S.A. and its subsidiaries for the years ended December 31, 2006 and 2005, amounted to ThCh\$22,550,433 and ThCh\$33,837,526, respectively, which are detailed as follows:

Company	Balance as of December 31	
	2006 ThCh\$	2005 ThCh\$
Inversiones Lo Venecia Ltda. (San Isidro S.A.)	-	8.536.140
Ingendesa S.A.	-	61.879
Centrales Hidroeléctricas de Aysen S.A. (Endesa S.A.)	10.159.200	-
Pangue (Endesa S.A.)	9.152	-
Sistemas Sec S.A. (Cam)	258.372	429.112
Chilectra S.A. (ex Elesur S.A.) (1)	12.123.709	24.810.395
<b>Total</b>	<b>22.550.433</b>	<b>33.837.526</b>

(1) The payments made for the purchase of Chilectra S.A. (formerly Elesur S.A.) in May 2004 to Endesa International relate to partial disbursements made in June 2005 and March 2006. The balance outstanding is shown in long-term accounts payable to related companies.

e. Due to a corporate restructuring carried out in Colombia, on January 30, 2006, the company Capital de Energía S.A. (Cesa) was liquidated.

As a result of such restructuring, and in accordance with Technical Bulletin No. 72 of the Chilean Institute of Accountants, for this transaction carried out by companies under common control, a ThCh\$1,912,820 increase in reserves has been recognized under shareholders' equity (see note 22e).

f. On April 1, 2006, the subsidiaries Chilectra S.A. (formerly Elesur S.A.) and Chilectra S.A. merged, as was approved in a Meeting of Shareholders held on March 31, 2006. As a result of the merger and according to Technical Bulletin N°72 of the Chilean Institute of Accountants, this business combination subject to common control

was recorded under the pooling of interests methodology, causing an increase of ThCh\$3,019,591 in shareholders' equity (see note 22e).

g. In Peru, on June 1, 2006, Empresa de Generación Termoeléctrica Ventanilla S.A. (Etevensa) was upstream merged into the subsidiary Edegel S.A.

As a result of the merger and in accordance with Technical Bulletin N° 72 of the Chilean Institute of Accountants, this business combination subject to common control was recorded under the pooling of interests methodology and led to decreasing the interest in Edegel S.A. to 55.44% and recognizing a reduction in other reserves, under shareholders' equity, by ThCh\$5,757,792 (See note 22e).

h. On September 4, 2006, Endesa Chile and its subsidiary Endesa Inversiones Generales S.A. executed the incorporation deed that gave birth to a new subsidiary, whose name is Centrales Hidroeléctricas de Aysén S.A. and whose objective is the development, financing, ownership and operation of a hydroelectric project in the 11th Region (Aysen). The capital of the company is one million Chilean pesos divided into 100 ordinary, single-series, nominative, equivalent, no par-value shares. Endesa Chile subscribed 99 shares, representing 99% of the capital, and paid the total amount, a sum of ThCh\$990, while Endesa Inversiones Generales S.A. subscribed one share, representing 1% of the capital, and paid in Th\$10 for it.

On September 21, 2006 the First General Extraordinary Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A. was held and in it the increase in the paid-in capital of the Company to the new sum of ThCh\$20,000,000 divided into 2 million nominative, single-series, no par value shares, was approved. This will be subscribed and paid in within three years of the date of the above mentioned First Extraordinary General Shareholders' Meeting. In this way, of the 1,999,900 shares corresponding to the increase in paid-in capital, Endesa Chile would subscribe 1,019,900 shares, representing 51% of the increase in capital and 50.99995% of the new capital of the Company, while the new

shareholder Colbún S.A. would subscribe 980,000 shares, representing 49% of the increase in paid-in capital and 49% of the new paid-in capital. Endesa Inversiones Generales S.A. will not exercise its preferential subscription right, and therefore its interest in the paid-in capital of the Company will be 0.00005%.

On October 10, 2006, Endesa Chile subscribed 1,019,899 shares, paying in a total of Ch\$10,158,194,040 for them, or \$10,000 per share, a sum equivalent to the placement value agreed to in the First General Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A.. At the same time, it subscribed 1 share, paying in a total of \$10,000 for it, equivalent to the placement value agreed to in the First General Extraordinary Shareholders' Meeting of Centrales Hidroeléctricas de Aysén S.A.. However, the payment of this share was made in accordance with the terms set out in the public deed of "Payment of Shares Subscribed for Transfer of Bare Title and the Constitution of Usufruct on the Rights to Use the Water", which was executed by the parties as of the same date, and according to which Ch\$9,955 were paid in cash, plus a contribution, valued at Ch\$5, of the ownership of the bare title to the rights to use the water that are identified in the above deed.

i. Through a Memorandum of Understanding signed on October 5, 2004, the Corporación Financiera del Valle will stop being shareholder of the Central Hidroeléctrica de Betania S.A. through an asset exchange operation which will take place between the Corfivalle Group and Endesa Group when the legal processes defined by both parties prior to the delivery of the titles to the assets involved are completed. On December 29, 2006 the writ of the splitting of Betania was protocolized, and with that the transfer of ownership of the assets forming part of the Corfivalle group was formalized.

With this operation, the Endesa Chile Group gave to Corfivalle the electricity Sub-station of Betania S.A. E.S.P. and 3.81% of the ownership in Empresa de Energía de Bogotá S.A. E.S.P., in exchange for a 14.3% interest in Central Hidroeléctrica de Betania S.A. E.S.P. which at that date was owned Corfivalle; thus Endesa Chile Group increased its interest in Central Hidroeléctrica de Betania S.A. E.S.P. from 85.62% to 99.99%.

In accordance with Technical Bulletin N° 72 of the Chilean Institute of Accountants and Circular N°1697 of the Superintendency of Securities and Insurance, the Company evaluated the assets and liabilities acquired from Central Hidroeléctrica de Betania S.A. at their respective fair market values. As a result of this evaluation it was concluded that the fair market values do not differ substantially from the book values.

As a result, the above mentioned purchase of the minority interest was recorded in conformity with Technical Bulletin No. 72 of the Chilean Institute of Accountants and involved recognizing negative goodwill amounting to Th\$7,314,475. (See note 13b).

j. Business Structure - As a result of the reduction of available capacity for power generation and the physical guarantee of energy and associated wattage, Companhia de Interconexão Energética (CIEN) is struggling to focus its business on a different compensation structure which would not be dependant on the energy coming from Argentina and Brazil for purchases and sales of power across borders. In this regard,

CIEN is renegotiating its existing contracts for supplying energy while seeking at the same time a compensation that would be compatible with its position of transporter of energy across countries. CIEN expects to define its new business structure in the course of 2007.

k. On April 18, 2005, Endesa Chile and its subsidiary Enigesa executed the incorporation deed of a new subsidiary, bearing the corporate name of Endesa Eco S.A. and whose purpose will be to promote and develop projects associated with renewable energies. Endesa Eco S.A.'s capital amounts to ThCh\$580,000 and is divided into 5,800,000 nominative, no par value shares. Endesa Chile subscribed 5,799,420 shares, representing 99.99% of the corporate capital and paid in ThCh\$179,982, representing 1,799,820 shares while Enigesa subscribed 580 shares, representing 0.01 of the corporate capital and paid in ThCh\$18, representing 180 shares. Each shareholder will pay in its part of the balance of the capital over three years as from the date of incorporation.

l. On June 10, 2005, Endesa Brasil S.A. was incorporated; its purpose is to acquire paid-in capital in other companies operating, or that may be incorporated to operate, directly or indirectly, in any segment of the electrical sector, transmission, distribution, generation and marketing of electrical energy, in Brazil and other countries. Endesa Brasil S.A. was created as an energy holding concentrating all the electrical assets of Endesa Group in Brazil.

-Endesa Brasil S.A. holds ownership percentages in the following companies: Companhia de Interconexão Energética S.A. (CIEN), Central Geradora Termelétrica Fortaleza S.A. (CGTF), Companhia Energetica Do Ceara (COELCE), Ampla Energia e Servicos S.A. (formerly, Cerj), Ampla Investimentos e Servicos S.A., Ampla Generación S.A., Investluz and Centrais Eléctricas Cachoeira Dourada S.A. (CDSA).

Endesa Brasil's interest in these investees were contributed on October 25, 26 and 27, 2005 by Enersis S.A., Endesa Chile S.A., Chilectra S.A. and Endesa Internacional.

Contributions made by Enersis S.A. and its subsidiaries are detailed as follows:

- Endesa Chile S.A., through its subsidiaries Edegel S.A. and Companhia Eléctrica Cono Sur S.A., contributed its investment in Centrais Eléctricas Cachoeira Dourada S.A. (99.61%) and Companhia de Interconexão Energética S.A. (Cien) (45.00%), receiving in exchange an interest in Endesa Brasil S.A.: 4.18% for Edegel S.A. and 36.27% for Companhia Eléctrica Cono Sur S.A.
- Chilectra S.A., through its subsidiaries Chilectra Inversud S.A. and Luz de Río S.A., contributed its investments as follows:
  - Chilectra S.A. contributed 10.33% of its investment in Ampla Energia e Servicos S.A., receiving in exchange a 4.65% interest in Endesa Brasil S.A.
  - Chilectra Inversud S.A. contributed 10.42% of its investment in Investluz S.A., receiving in exchange a 2.37% interest in Endesa Brasil S.A.

- Luz de Río S.A. contributed 7.76% of its investment in Ampla Energía e Servicios S.A., receiving in exchange a 3.49% interest in Endesa Brasil S.A.
- Enersis S.A., contributed to Endesa Brasil S.A. the following investments:
  - Its 48.82% interest in Central Generadora Termeléctrica Fortaleza S.A., receiving in exchange an 8.84% interest in Endesa Brasil S.A.
  - Its 15.61% interest in Investluz S.A., receiving in exchange a 3.55% interest in Endesa Brasil S.A.
  - Its 18.10% interest in Ampla Energía e Servicios S.A., receiving in exchange an 8.15% interest in Endesa Brasil S.A.

To summarize the above, Enersis S.A. has a direct and indirect interest in Endesa Brasil S.A. amounting to 53.57%.

m. On August 11, 2005, the Company and its subsidiary Endesa Inversiones Generales S.A. acquired 99.999% and 0.001% of the ownership rights in Inversiones Lo Venecia Ltda., for ThCh\$8,360,472

and ThCh\$82, respectively. Inversiones Lo Venecia Ltda. is the indirect owner of 25.001% of the paid-in capital in Compañía Eléctrica San Isidro S.A., and as a result Endesa Chile S.A. has become, considered directly and indirectly, the owner of 100% of the stock capital in Compañía Eléctrica San Isidro S.A.

In accordance with Technical Bulletin N°.72 of the Chilean Institute of Accountants and Circular N°.1697 of the Superintendency of Securities and Insurance, the Company appraised the assets and liabilities acquired in Compañía Eléctrica San Isidro S.A. at July 31, 2005 at their respective fair values.

The difference determined by the Company between the fair value and the book value of the shareholders' equity in Compañía Eléctrica San Isidro S.A. at the acquisition date amounted to ThCh\$6,645,776 and is due to the greater economic value of the fixed assets relative to their book value. The amount allocated to fixed assets will be depreciated over 18 years, which is the remaining useful life of such assets.

As a result, the assets and liabilities of Compañía Eléctrica San Isidro S.A. stated at book value (for 74.999% of the interest) and at fair values (for 25.001% of the interest) which have been included in the consolidation of the Company at December 31, 2005, are as follows:

	Book value ThCh\$	Proportional difference ThCh\$	Adjusted value ThCh\$
<b>ASSETS</b>			
Total current assets	14,128,702	-	14,128,702
Total property, plant and equipment net	86,866,792	1,659,591	88,526,383
Total other assets	4,503,545	-	4,503,545
<b>TOTAL ASSETS</b>	<b>105,499,039</b>	<b>1,659,591</b>	<b>107,158,630</b>
<b>LIABILITIES</b>			
Total current liabilities	37,923,949	-	37,923,949
Total long-term liabilities	29,604,165	281,640	29,885,805
Total shareholders' equity	37,970,925	1,377,951	39,348,876
<b>TOTAL LIABILITIES</b>	<b>105,499,039</b>	<b>1,659,591</b>	<b>107,158,630</b>

The methodology applied in acquiring 25.001% of Compañía Eléctrica San Isidro S.A. was the purchase method.

## NOTE 12. INVESTMENTS IN OTHER COMPANIES

Investments in other companies at December 31, 2006 and 2005 are as follows:

Tax Payer Number	Company	Number of shares	Percentage owned	Balance as of December 31	
				2006 ThCh\$	2005 ThCh\$
77.286.570-8	CDEC-SIC Ltda.	-	14.84%	136,234	226,109
77.345.310-1	CDEC-SING Ltda.	-	7.83%	152,709	109,131
Foreign	Club de la Banca y Comercio	1	-	2,060	1,891
Foreign	Club Empresarial	1	1.00%	23,044	5,365
80.237.700-2	Cooperativa Eléctrica de Chillán	-	-	14,135	14,135
Foreign	Electrificadora de la Costa Atlántica	6,795,148	0.19%	91,500	23,330
Foreign	Electrificadora del Caribe	42,784,058	0.71%	1,212,261	1,249,998
88.272.600-2	Empresa Eléctrica de Aysen S.A.	2,516,231	-	2,158,060	2,168,431
Foreign	Empresa Eléctrica de Bogotá S.A.	2,124,047	2.10%	20,188,918	37,604,403
Foreign	Financiera Eléctrica Nacional S.A.	4,098	0.10%	110,256	108,609
Foreign	Dardanelos Participacoes S.A.	-	-	2,490	-
<b>Total</b>				<b>24,091,667</b>	<b>41,511,402</b>

## NOTE 13. GOODWILL AND NEGATIVE GOODWILL

a. In accordance with current standards, recognition has been given to the excess of purchase price of the proportional equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 2006 and 2005, as follows:

Tax Payer Number	Company	Balance as of December 31			
		2006		2005	
		Amortization for the year ThCh\$	Goodwill Net Balance ThCh\$	Amortization for the year ThCh\$	Goodwill Net Balance ThCh\$
96.800.570-7	Chilectra S.A. (ex Elesur)	(6,806,528)	89,151,363	(6,806,450)	95,957,890
Foreign	Codensa S.A.	(913,713)	9,898,552	(898,047)	10,626,895
Foreign	Edegel S.A.	(30,390)	329,224	(29,869)	353,449
Foreign	Emgesa S.A.	(724,050)	7,846,896	(1,176,818)	13,924,538
96.783.910-8	Empresa Eléctrica de Colina S.A.	(202,788)	1,977,185	(202,788)	2,179,973
96.589.170-6	Empresa Eléctrica Pangué S.A.	(183,157)	2,854,198	(183,157)	3,037,355
91.081.000-6	Empresa Nacional de Electricidad S.A.	(47,041,116)	542,932,105	(47,041,116)	589,973,222
78.882.820-9	Gasoducto Atacama Chile Ltda.	(5,226)	63,583	(5,225)	68,809
Foreign	Inversiones Distrilima S.A.	(1,111)	8,891	(1,092)	9,831
<b>Total</b>		<b>(55,908,079)</b>	<b>655,061,997</b>	<b>(56,344,563)</b>	<b>716,131,962</b>

b. Following current standards, recognition has been given to the excess of the equity in the net assets purchased over the purchase price (negative goodwill) in the purchase of shares as of December 31, 2006 and 2005 as follows:

Tax Payer Number	Company	Balance as of December 31			
		2006		2005	
		Amortization ThCh\$	Goodwill Net Balance ThCh\$	Amortization for the year ThCh\$	Goodwill Net Balance ThCh\$
Foreign	Endesa Costanera S.A.	2,578,829	(7,091,791)	2,534,616	(9,504,823)
Foreign	Central Hidroeléctrica Betania S.A. (*)	1,681,106	(7,314,475)	5,415,785	(1,703,645)
Foreign	Edegel S.A.	1,693,940	(22,162,386)	7,495,788	(23,447,324)
Foreign	Edelnor S.A.	-	-	150,346	-
Foreign	Emgesa S.A.	83,585	-	185,759	(2,226,482)
Foreign	Inversiones Distrilima S.A.	23,326	(359,616)	22,927	(376,377)
96.529.420-1	Synapsis Soluciones y Servicios IT Ltda.	16,771	(88,049)	16,771	(201,937)
<b>Total</b>		<b>6,077,557</b>	<b>(37,016,317)</b>	<b>15,821,992</b>	<b>(37,460,588)</b>

(\*) See Note 11i)

## NOTE 14. OTHER ASSETS

Other assets as of each year end are as follows:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Bond discount	14,824,231	18,122,213
Bond issuance cost	5,172,084	5,903,514
Deferred expenses	5,421,634	23,493,248
Bank fees and interest expense	7,767,199	16,294,953
Post-retirement benefits	2,893,528	2,997,785
Security deposits for judicial obligations	58,939,499	47,111,510
Presumed minimum income and taxes	72,208,739	31,194,724
Reimbursable contributions	815,229	1,007,208
Investment in Empresa Eléctrica de Bogotá S.A. (1)	-	39,598,937
Regulatory assets	71,047,279	61,672,226
Fair value derivative contracts	57,378,238	189,294
Other	3,521,903	6,265,515
<b>Total</b>	<b>299,989,563</b>	<b>253,851,127</b>

(1) See note 11i).

NOTE **15.**  
DUE TO BANKS AND FINANCIAL INSTITUTIONS

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

Rut	Financial Institution	Foreign currency								As of December 31,	
		US\$		Other foreign currency		\$ Readjusted		Ch\$		2006	2005
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Foreign	ABN Amro Bank	-	-	6,772,464	-	-	-	-	-	6,772,464	-
Foreign	Banco Av Villas	-	-	7,681,959	-	-	-	-	-	7,681,959	-
Foreign	Banco Bayerische Landes	14,716	-	-	-	-	-	-	-	14,716	-
Foreign	Banco BBVA	-	68,004,765	24,111,715	9,256,354	-	-	-	-	24,111,715	77,261,119
97.032.000-8	Banco BBVA Bhif	-	-	-	-	-	-	1	9	1	9
Foreign	Bnp Paribas	-	-	23,608	-	-	-	-	-	23,608	-
Foreign	Banco Continental	2,184	2,355,647	13,918,596	12,638,085	-	-	-	-	13,920,780	14,993,732
Foreign	Banco Credicoop	-	-	172,258	-	-	-	-	-	172,258	-
Foreign	Banco Crédito Perú	-	-	10,065,018	8,444,052	-	-	-	-	10,065,018	8,444,052
97.006.000-6	Banco Crédito e Inversiones	147,767	-	-	-	-	-	785	14,459	148,552	14,459
Foreign	Banco de Bogotá	-	-	19,712,752	-	-	-	-	-	19,712,752	-
97.004.000-5	Banco de Chile	-	-	-	-	-	-	200,409	-	200,409	-
Foreign	Banco de Galicia y Buenos Aires	591,097	570,880	-	-	-	-	-	-	591,097	570,880
Foreign	Banco de la Ciudad de Buenos Aires	-	-	2,102,568	2,116,073	-	-	-	-	2,102,568	2,116,073
Foreign	Banco de la Nación	-	-	22,647	-	-	-	-	-	22,647	-
Foreign	Banco de la Provincia de Buenos Aires	1,347,575	1,241,702	-	-	-	-	-	-	1,347,575	1,241,702
Foreign	Banco do Brasil	2,532,469	27,996	-	-	-	-	-	-	2,532,469	27,996
Foreign	Banco do Nordeste do Brasil	-	-	94,087	-	-	-	-	-	94,087	-
97.030.000-7	Banco Estado	71,274	-	-	-	-	-	-	-	71,274	-
Foreign	Banco Hipotecario	-	-	69,841	-	-	-	-	-	69,841	-
Foreign	Banco Itau	1,023,677	1,217,109	685,710	957,931	-	-	-	-	1,709,387	2,175,040
Foreign	Banco Lloyds	-	-	7,233,759	-	-	-	-	-	7,233,759	-
Foreign	Banco Real	-	-	11,705	245,649	-	-	-	-	11,705	245,649
Foreign	Banco Río de la Plata	-	-	245,920	-	-	-	-	-	245,920	-
Foreign	Banco Safra	-	-	732,477	-	-	-	-	-	732,477	-
Foreign	Banco Santander Central Hispano	115,767	113,782	4,566,626	2,955,910	-	-	-	-	4,682,393	3,069,692
97.036.000-K	Banco Santander Santiago	139	8,530	-	-	2,089	128	2,237	652	4,465	9,310
97.053.000-2	Banco Security	-	-	-	-	-	-	3,673	9,084	3,673	9,084
Foreign	Bank Boston	-	51,175	39,757	-	-	-	-	-	39,757	51,175
Foreign	Bancolombia	-	-	12,169,227	-	-	-	-	-	12,169,227	-
Foreign	Barings	-	605,415	-	-	-	-	-	-	-	605,415
Foreign	Bladex	2,439,560	615,357	-	-	-	-	-	-	2,439,560	615,357
Foreign	Citibank N.A.	4,951	-	9,917,513	343,784	-	-	-	-	9,922,464	343,784
97.008.000-7	Citibank (Agencia Chile)	-	-	-	-	-	-	1	23	1	23
Foreign	Comafi	-	-	19,625	7,178	-	-	-	-	19,625	7,178
Foreign	Compagnie Belge de la Webstlb	-	3,789	-	-	-	-	-	-	-	3,789
Foreign	Deutsche Bank	7,410	2,834	-	-	-	-	-	-	7,410	2,834
Foreign	Interbank	-	-	1,335,224	-	-	-	-	-	1,335,224	-
Foreign	JP Morgan	-	-	103,287	-	-	-	-	-	103,287	-
Foreign	Standard Bank	34,747	30,722	-	-	-	-	-	-	34,747	30,722
Foreign	Scotiabank - Perú	-	-	3,908,078	-	-	-	-	-	3,908,078	-
Foreign	Unibanco	-	-	-	978,383	-	-	-	-	-	978,383
<b>Total</b>		<b>8,333,333</b>	<b>74,849,703</b>	<b>125,716,421</b>	<b>37,943,399</b>	<b>2,089</b>	<b>128</b>	<b>207,106</b>	<b>24,227</b>	<b>134,258,949</b>	<b>112,817,457</b>
<b>Total principal</b>		<b>5,334,404</b>	<b>67,364,733</b>	<b>123,534,971</b>	<b>27,964,088</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,227</b>	<b>128,869,375</b>	<b>95,353,048</b>
<b>Weighted average annual interest rate</b>		<b>6.80%</b>	<b>4.73%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>0.30%</b>	<b>-</b>	<b>9.00%</b>	<b>7.85%</b>	<b>5.10%</b>

	As of December 31,	
	2006	2005
Percentage of liabilities in foreign currency	99.84%	99.98%
Percentage of liabilities in local currency	0.16%	0.02%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

b. Current portion of long-term debt due to banks and financial institutions:

Rut	Financial Institution	Foreign currency										As of December 31	
		US\$		Euros		Other foreign currency		Ch\$		\$ no Readjusted		2006	2005
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Foreign	Bancafe	-	-	-	-	1,224,653	1,203,288	-	-	-	-	1,224,653	1,203,288
Foreign	Banco Abn Amro Bank	36,246	929,278	-	-	-	-	-	-	-	-	36,246	929,278
Foreign	Banco Alfa	-	-	-	-	-	106,411	-	-	-	-	-	106,411
Foreign	Banco Bayerische Landes	661,430	8,026,740	-	-	-	-	-	-	-	-	661,430	8,026,740
Foreign	Banco BBVA	115,122	1,602	-	-	1,012,536	-	-	-	-	-	1,127,658	1,602
Foreign	Bnp Paribas	3,508,128	-	-	-	-	-	-	-	-	-	3,508,128	-
Foreign	Banco Colpatría	-	-	-	-	816,521	802,193	-	-	-	-	816,521	802,193
Foreign	Banco Continental	1,326,929	-	-	-	9,829,342	3,937	-	-	-	-	11,156,271	3,937
Foreign	Banco de Crédito (Perú)	-	-	-	-	10,125	3,034	-	-	-	-	10,125	3,034
Foreign	Banco Corfinsura	-	-	-	-	3,265,742	3,208,770	-	-	-	-	3,265,742	3,208,770
Foreign	Banco Davivienda	-	-	-	-	2,836,477	2,419,275	-	-	-	-	2,836,477	2,419,275
Foreign	Banco do Brasil	-	1,323,854	-	-	1,586,684	227,096	-	-	-	-	1,586,684	1,550,950
Foreign	Banco do Nordeste do Brasil	-	80,060	-	-	-	-	-	-	-	-	-	80,060
97.090.00-7	Banco Estado	-	-	-	-	-	-	386,869	1,825,596	-	-	386,869	1,825,596
Foreign	Banco Europeo de Inverntimentos	6,925,976	-	-	-	-	793,790	-	-	-	-	6,925,976	793,790
Foreign	Banco Interamericano de Desarrollo	-	11,608,238	-	-	-	-	-	-	-	-	-	11,608,238
Foreign	Banco Itau	-	-	-	-	-	1,856,924	-	-	-	-	-	1,856,924
Foreign	Banco Medio Crédito	-	-	-	-	2,028,368	1,841,361	-	-	-	-	2,028,368	1,841,361
Foreign	Banco Monte Paschi	12,427	175	-	-	-	-	-	-	-	-	12,427	175
Foreign	Banco Nazionale del Lavoro	-	-	-	-	-	606,534	-	-	-	-	-	606,534
Foreign	Banco Nazionale de Paris	-	3,493,888	-	-	-	1,243,640	-	-	-	-	-	4,737,528
Foreign	Banco Pactual	-	-	-	-	422,279	370,907	-	-	-	-	422,279	370,907
Foreign	Banco Safra	-	-	-	-	-	770,794	-	-	-	-	-	770,794
Foreign	Banco Santander Central Hispano	112,752	3,668,581	-	-	1,152,921	1,380,034	-	-	-	-	1,265,673	5,048,615
Foreign	Bancolombia	-	-	-	-	4,456,393	3,208,770	-	-	-	-	4,456,393	3,208,770
Foreign	Banesto	4,413,387	4,391,905	-	-	-	-	-	-	-	-	4,413,387	4,391,905
Foreign	Bank Boston	-	-	-	-	-	5,028,227	-	-	-	-	-	5,028,227
Foreign	Bank of Tokio - Mitsubishi	89,507	1,212	-	-	-	-	-	-	-	-	89,507	1,212
Foreign	Bndes	-	-	-	-	8,675,850	26,727,120	-	-	-	-	8,675,850	26,727,120
Foreign	Bradesco	-	-	-	-	28,739	887,144	-	-	-	-	28,739	887,144
Foreign	Caja de ahorros de galicia	24,853	-	-	-	-	-	-	-	-	-	24,853	-
Foreign	Caja de Ahorros y Monte de Piedad de Madrid	129,578	20,143	-	-	-	-	-	-	-	-	129,578	20,143
Foreign	Caixa General de Depósitos	-	-	823,824	728,517	-	-	-	-	-	-	823,824	728,517
Foreign	Citibank N.A.	2,249,817	1,010	-	-	-	-	-	-	-	355	2,249,817	1,365
97.008.000-7	Citibank (Agencia en Chile)	-	-	-	-	-	-	-	-	30	-	30	-
Foreign	Comafi	-	-	-	-	614,905	-	-	-	-	-	614,905	-
Foreign	Compagnie Belge de la Webstlb	3,863,683	2,110,853	-	-	-	-	-	-	-	-	3,863,683	2,110,853
Foreign	Conavi	-	-	-	-	2,041,089	2,005,482	-	-	-	-	2,041,089	2,005,482
Foreign	Credit Suisse First Boston	11,218	-	-	-	-	-	-	-	-	-	11,218	-
Foreign	Deutsche Bank A.G.	238,637	3,492,458	-	-	-	-	-	-	-	-	238,637	3,492,458
Foreign	Dresdner	24,854	505	-	-	-	-	-	-	-	-	24,854	505
Foreign	Export Develop. Corp.	1,800,708	1,733,770	-	-	-	-	-	-	-	-	1,800,708	1,733,770
Foreign	Granahorrar	-	-	-	-	1,224,653	1,203,288	-	-	-	-	1,224,653	1,203,288
Foreign	Hsbc	72,492	1,602	-	-	-	-	-	-	-	-	72,492	1,602
Foreign	Instituto crédito oficial	36,246	1,602	-	-	-	-	-	-	-	-	36,246	1,602
Foreign	International Fiance Corporation	4,725,494	-	-	-	-	-	-	-	-	-	4,725,494	-
Foreign	J.P. Morgan Chase Bank	13,405,136	93,751	-	-	-	-	-	-	-	-	13,405,136	93,751
Foreign	Kreditanstal Fur Weideraubau	300,064	8,273,583	-	-	-	-	-	-	-	-	300,064	8,273,583
Foreign	San Pedro IMI S.P.A.	86,990	1,212	-	-	-	-	-	-	-	-	86,990	1,212
Foreign	Scotiabank	-	-	-	-	91,477	-	-	-	-	-	91,477	-
Foreign	Skandinaviska Enskilda Banken	882,607	1,737,851	-	-	-	-	-	-	-	-	882,607	1,737,851
Foreign	Standard Bank	123,515	-	-	-	-	-	-	-	-	-	123,515	-
Foreign	Unibanco	-	1,085,185	-	-	8,466,259	9,511,991	-	-	-	-	8,466,259	10,597,176
Foreign	West LB	2,308,262	-	-	-	-	-	-	-	-	-	2,308,262	-
<b>Total</b>		<b>47,486,058</b>	<b>52,074,462</b>	<b>823,824</b>	<b>728,517</b>	<b>49,785,013</b>	<b>65,410,010</b>	<b>386,869</b>	<b>1,825,596</b>	<b>30</b>	<b>355</b>	<b>98,481,794</b>	<b>120,043,536</b>
<b>Total principal</b>		<b>36,701,521</b>	<b>49,475,489</b>	<b>823,821</b>	<b>725,426</b>	<b>49,785,013</b>	<b>46,795,927</b>	<b>386,869</b>	<b>1,643,036</b>		<b>355</b>	<b>87,695,224</b>	<b>98,640,233</b>
<b>Weighted average annual interest rate</b>		<b>7.85%</b>	<b>10.27%</b>	<b>4.03%</b>	<b>3.45%</b>	<b>10.92%</b>	<b>11.66%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>0.30%</b>		<b>9.37%</b>	<b>11.06%</b>

	As of December	
	2006	2005
Percentage of liabilities in foreign currency	99.61%	98.48%
Percentage of liabilities in local currency	0.39%	1.52%
<b>Total</b>		

## NOTE 16. LONG-TERM PORTION OF DEBT DUE TO BANKS AND FINANCIAL INSTITUTIONS

The detail is as follows:

As of December 31, 2006											
Rut	Financial Institution	Currency	After 1 year	After 2 years	After 3 years	After 5 years	After 10 years		Total Long-term portion 2006	Annual interest rate average	Total long-term portion - 2005
			but within 2 years	but within 3 years	but within 5 years	but within 10 years	Years	ThCh\$			
			ThCh\$	ThCh\$	ThCh\$	ThCh\$			ThCh\$		ThCh\$
Foreign	Bancafe	Col. \$	-	-	-	-	-	-	-	-	1,145,385
Foreign	ABN Amro Bank	US\$	6,876,704	-	1,885,548	-	-	-	8,762,252	5.74%	15,800,986
		Arg \$	-	1,158,944	579,472	-	-	-	1,738,416	13.25%	-
Foreign	Banco Alfa	Rs	-	-	-	-	-	-	-	-	6,706,488
Foreign	Banco Bayerische Landes	US\$	658,833	3,074,552	-	-	-	-	3,733,385	8.61%	-
Foreign	Banco BBVA	US\$	22,341,366	-	5,656,644	-	-	-	27,998,010	5.70%	14,380,375
		Col. \$	-	19,620,308	-	-	-	-	19,620,308	9.07%	-
Foreign	Banco Colpatría	Col. \$	-	-	-	-	-	-	-	-	763,591
Foreign	Banco Continental	US\$	-	10,257,565	8,656,800	-	-	-	18,914,365	5.00%	-
		Per. Sun	-	-	-	-	-	-	-	-	8,998,102
Foreign	Banco Crédito Perú	Per. Sun	16,990,017	-	-	-	-	-	16,990,017	5.00%	6,329,174
97.030.000-7	Banco Estado	US\$	-	-	549,027	-	-	-	549,027	5.71%	-
		Readj. Ch\$	-	-	-	-	-	-	-	-	971,845
Foreign	Banco Europeo de Inversiones	US\$	-	4,436,583	8,873,167	8,873,168	-	-	22,182,918	18.33%	26,163,125
Foreign	Banco Davivienda	Col. \$	-	7,502,299	-	-	-	-	7,502,299	9.07%	2,290,771
Foreign	Banco de la Provincia de Buenos Aires	US\$	-	-	-	-	-	-	-	-	523,263
Foreign	Banco do Brasil	US\$	198,064	198,064	307,650	235,237	8	1,478,200	2,417,215	4.31%	-
		Rs	8,228	1,480,913	2,961,826	4,841,762	-	-	9,292,729	16.25%	11,526,891
Foreign	Banco do Nordeste do Brasil	Rs	-	4,100,034	-	-	-	-	4,100,034	8.61%	-
Foreign	Banco Hipotecario	Arg \$	-	2,468,551	1,234,276	-	-	-	3,702,827	13.25%	-
Foreign	Banco Interamericano de Desarrollo	US\$	-	-	-	-	-	-	-	-	71,633,668
Foreign	Banco Itaú	Rs	-	-	-	-	-	-	-	-	22,181,363
Foreign	Banco Medio Crédito	Arg \$	2,022,063	2,022,063	3,033,467	-	-	-	7,077,593	1.75%	8,209,989
Foreign	Banco Monte Paschi	US\$	2,357,727	-	-	3,484,113	-	-	2,357,727	5.75%	635,393
Foreign	Banco Nationale de Paris	US\$	3,301,077	2,623,467	2,540,641	-	-	-	11,949,298	5.89%	14,204,026
		Arg \$	-	834,440	417,220	-	-	-	1,251,660	13.25%	-
Foreign	Banco Pactual	Rs	-	-	7,723,508	-	-	-	7,723,508	15.58%	6,669,085
Foreign	Banco Río de la Plata	Arg \$	-	8,692,082	4,346,041	-	-	-	13,038,123	13.25%	-
Foreign	Bancolombia	Col. \$	-	23,071,588	-	-	-	-	23,071,588	9.07%	3,253,820
Foreign	Banco Santander Central Hispano	US\$	14,019,603	-	7,004,256	-	-	-	21,023,859	6.72%	29,475,836
		Col. \$	-	22,337,554	-	-	-	-	22,337,554	9.07%	-
		Rs	-	-	-	149,407,800	-	-	149,407,800	14.84%	-
Foreign	Banesto	US\$	2,168,434	-	399,293	-	-	-	2,567,727	6.66%	6,393,772
Foreign	Bank Boston	Arg \$	7,822,874	-	-	-	-	-	7,822,874	14.05%	-
Foreign	Bank Tokio - Mitsubishi	US\$	16,504,090	-	5,872,925	-	-	-	22,377,015	5.74%	11,250,145
Foreign	BNDES	US\$	-	-	8,311,056	-	-	-	8,311,056	17.75%	-
		Rs	42,561,499	4,593,240	24,492,649	-	-	-	71,647,388	13.80%	67,537,292
Foreign	Bradesco	Rs	-	-	-	-	-	-	10,670,762	14.91%	8,941,983
Foreign	Caja de Ahorro de Galicia	US\$	4,715,456	-	10,670,762	-	-	-	4,715,456	5.75%	-
Foreign	Caja de Ahorros y Monte de Piedad de Madrid	US\$	22,341,366	-	2,941,455	-	-	-	25,282,821	5.75%	10,298,927
Foreign	Caixa General de Depósitos	Euro	-	-	-	-	-	-	-	-	725,880
Foreign	Citibank N.Y.	US\$	22,341,366	10,647,800	7,004,256	-	-	-	39,993,422	5.81%	12,209,458
Foreign	Compagnie Belge de la Webstlb	US\$	-	-	-	-	-	-	-	-	3,793,653
Foreign	Comafi	Arg \$	304,223	579,472	289,736	-	-	-	1,173,431	13.25%	1,207,860
Foreign	Conavi	Col. \$	-	-	-	-	-	-	-	-	1,908,976
Foreign	Corfinsura	Col. \$	-	-	-	-	-	-	-	-	3,054,361
Foreign	Credit Swiss First Boston	US\$	4,565,624	9,126,686	2,279,390	-	-	-	15,971,700	11.12%	15,697,875
Foreign	Deutsche Bank A.G.	US\$	27,666,584	12,870,052	18,811,113	-	-	-	59,347,749	7.65%	8,985,785
Foreign	Dresdner	US\$	4,715,454	-	-	-	-	-	4,715,454	5.75%	1,853,221
Foreign	Export Develop. Corp.	US\$	1,535,300	1,535,300	2,909,218	2,286,675	-	-	8,266,493	6.42%	8,652,627
Foreign	Granahorrar	Col. \$	-	-	-	-	-	-	-	-	1,145,405
Foreign	HBSC	US\$	13,753,408	-	3,771,096	-	-	-	17,524,504	5.74%	11,546,034
Foreign	ING Bank	US\$	-	-	7,240,504	-	-	-	7,240,504	5.71%	10,883,860
Foreign	Instituto de Crédito Oficial	US\$	6,876,704	-	2,684,134	-	-	-	9,560,838	5.74%	8,711,698
Foreign	International Finance Corporation	US\$	4,824,505	5,174,478	11,502,298	32,535,843	13	6,481,777	60,518,901	7.81%	-
Foreign	J.P.Morgan Chase Bank	US\$	-	-	-	-	-	-	-	-	13,081,563
		Arg \$	-	3,650,674	1,825,337	-	-	-	5,476,011	13.25%	-
Foreign	Kreditanstalt Fur Weideraubau	US\$	436,853	-	-	-	-	-	436,853	4.85%	42,756,680
Foreign	San Pablo IMI S.P.A.	US\$	16,504,090	-	4,525,315	-	-	-	21,029,405	5.74%	11,250,144
Foreign	Scotiabank	Per. Sun	8,326,400	-	-	-	-	-	8,326,400	6.75%	-
Foreign	Skandinaviska Enskilda Banken	US\$	-	-	-	-	-	-	-	-	864,649
Foreign	Standard Bank	US\$	13,753,407	6,211,218	17,302,675	-	-	-	37,267,300	8.81%	10,465,249
Foreign	The Royal Bank of Scotiand	US\$	-	-	399,293	-	-	-	399,293	5.71%	-
Foreign	Unibanco	Rs	10,056,608	8,137,099	8,957,085	12,887,636	-	-	40,038,428	9.99%	38,663,816
Foreign	West LB	US\$	-	8,518,240	-	-	-	-	8,518,240	6.45%	-
<b>Totals</b>			<b>300,547,927</b>	<b>184,923,266</b>	<b>197,959,133</b>	<b>214,552,234</b>	<b>21</b>	<b>7,959,977</b>	<b>905,942,537</b>		<b>565,455,648</b>

	As of December 31,	
	2006	2005
Percentage of liabilities in foreign currency	97.21%	97.29%
Percentage of liabilities in local currency	2.79%	2.71%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>



In November 2004 the Company obtained a syndicated loan amounting to MUS\$350 through overdraft (revolving) lines. In 2005, the amount of MUS\$265 was prepaid; and MUS\$80 were prepaid in 2006, leaving a balance of MUS\$5.

In November 2006, the Company made a second withdrawal, this time of MUS\$310, from the revolving line. The MUS\$315 balance is due in November 2008. 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.

On January 26, 2006, Endesa Chile entered into a Revolving Facility for MUS\$200, of which it has withdrawn MUS\$85 at September 30, 2006.

On December 7, 2006, Endesa Chile entered into a Revolving Facility for MUS\$200, of which it has withdrawn MUS\$0 at December 31, 2006.

In the case of Endesa Chile's revolving overdraft lines, it is possible to prepay and draw down funds throughout the contract period. These revolving overdraft lines mature on July 26, 2011 and on December 7, 2007, and have 0.300 and 0.250% Libor spreads, respectively.

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,	
	2006	2005
	ThCh\$	ThCh\$
Advances and guarantee on construction	47,394	43,233
Taxes payables	2,545,150	1,411,849
Contingencies - third party claims	23,406,960	7,048,506
Reimbursable contributions	1,049,136	1,743,750
Energy efficiency program (Brazil)	28,103,397	-
Azopardo provision	2,834,863	3,422,683
Accrued employees benefits - other	2,716,016	1,977,599
Forward contracts and swaps	4,180,744	16,859,856
Fair value - derivative contracts	1,965,181	8,807,763
Emergency energy provision (Brazil)	7,863,307	3,896,892
Obligations of payment to third parties	10,961,026	-
Other current liabilities	5,178,343	4,689,616
<b>Total</b>	<b>90,851,517</b>	<b>49,901,747</b>

**NOTE 18.**  
**BONDS PAYABLE**

a. Details of the current portion of bonds payable are as follows:

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,	
						2006 ThCh\$	2005 ThCh
Bond N°269 - Enersis	B-1	28,356	UF	5.50%	06-15-2009	799,912	162,304
Bond N°269 - Enersis	B-2	1,935,000	UF	5.75%	06-15-2022	903,634	780,002
Yankee Bonds - Enersis	One	300,000,000	US\$	6.90%	12-01-2006	-	157,881,378
Yankee Bonds - Enersis	Two	350,000,000	US\$	7.40%	12-01-2016	1,025,253	816,622
Yankee Bonds - Enersis	Three	858,000	US\$	6.60%	12-01-2026	2,512	2,469
Yankee Bonds II - Enersis	One	350,000,000	US\$	7.38%	12-01-2014	6,298,562	6,190,577
Bonds Edelnor	One	4,981,900	Per. Sun	9.61%	02-01-2011	6,779	5,271
Bonds Edelnor	I° Prog.	80,000,000	Per. Sun	VAC + 7.5%	07-01-2006	-	13,681,226
Bonds Edelnor	I° Prog.	100,000,000	Per. Sun	VAC + 6.9%	10-10-2006	-	16,744,396
Bonds Edelnor	I° Prog.	18,570,000	Per. Sun	VAC + 6.2%	04-26-2007	3,458,582	35,002
Bonds Edelnor	I° Prog.	40,000,000	Per. Sun	4.47%	09-11-2007	6,752,532	83,322
Bonds Edelnor	I° Prog.	30,000,000	Per. Sun	5.86%	01-15-2008	131,616	123,474
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	6.25%	01-15-2012	93,435	87,655
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	VAC + 5.4%	04-22-2014	35,637	33,089
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	8.56%	06-01-2009	16,641	15,965
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	VAC + 6.5%	06-01-2014	13,129	12,405
Bonds Edelnor	I° Prog.	40,000,000	Per. Sun	VAC + 6.5%	06-01-2014	7,489	7,883
Bonds Edelnor	I° Prog.	30,000,000	Per. Sun	7.38%	05-10-2010	20,476	19,689
Bonds Edelnor	I° Prog.	30,000,000	Per. Sun	8.75%	06-08-2009	24,293	23,360
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	7.31%	01-05-2011	118,428	-
Bonds Edelnor	II° Prog.	4,000,000	Per. Sun	7.84%	01-05-2013	25,406	-
Bonds Edelnor	II° Prog.	18,000,000	Per. Sun	8.16%	01-05-2016	118,884	-
Bonds Edelnor	II° Prog.	20,000,000	Per. Sun	7.06%	02-01-2011	97,386	-
Bonds Edelnor	II° Prog.	27,200,000	Per. Sun	8.00%	02-01-2016	150,027	-
Bonds Edelnor	II° Prog.	19,250,000	Per. Sun	6.63%	03-17-2009	60,782	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	6.79%	05-22-2009	17,803	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	7.56%	05-22-2013	19,946	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	7.22%	08-31-2016	60,125	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	6.66%	10-06-2013	38,808	-
Bonds Codensa	B3	50,000,000,000	Col. \$	8.84%	03-15-2009	58,262	61,851
Bonds Codensa	B5	200,000,000,000	Col. \$	10.05%	03-15-2011	266,338	274,893
Bonds Codensa	B8	250,000,000,000	Col. \$	10.24%	03-15-2014	338,869	349,342
Bonds Edesur	Five	40,000,000	Arg \$	8.50%	04-05-2006	-	5,546,761
Bonds Edesur	Six	80,000,000	Arg \$	10.41%	10-05-2007	10,436,461	3,456,707
Bonds Ampla	I° serie	290,000,000	Br. Real	CDI+1.2%aa	03-01-2008	3,288,428	4,027,908
Bonds Ampla	2° serie	110,000,000	Br. Real	IGP-M+11.4%	03-01-2010	2,663,888	2,338,356
Bonds Ampla	Unit	370,000,000	Br. Real	DI + 0.85% aa	08-01-2012	5,369,066	-
Bonds Coelce	Unit	88,500,000	Br. Real	CDI + 16%	02-20-2012	-	3,767,092
Bonds Endesa	E-1 y E-2	6,000,000	UF	6.20%	08-01-2006	-	112,915,513
Bonds Endesa	F	1,500,000	UF	6.20%	08-01-2022	699,850	700,457
Bonds Endesa	G	4,000,000	UF	4.80%	10-15-2010	724,858	725,487
Bonds Endesa	H	4,000,000	UF	6.20%	10-15-2008	933,132	933,940
Bonds Endesa	One	230,000,000	US\$	7.33%	02-01-2027	3,604,972	3,537,645
Bonds Endesa	Two	220,000,000	US\$	8.13%	02-01-2037	3,574,778	3,513,491
Bonds Endesa	Three	200,000,000	US\$	7.75%	01-02-2097	785,969	734,801
Bonds Endesa	One	400,000,000	US\$	8.50%	07-15-2008	7,564,374	7,434,687
Bonds Endesa	One	400,000,000	US\$	8.35%	01-04-2009	4,525,315	4,447,731
Bonds Endesa	144A	400,000,000	US\$	8.63%	01-08-2013	7,409,094	7,282,070
Bonds Endesa	144A	200,000,000	US\$	8.63%	01-08-2015	3,826,553	3,760,949
Bonds Endesa Chile Internacional	Unit	150,000,000	US\$	108.63%	01-04-2006	-	79,902,184
Bonds Edegel	One	30,000,000	US\$	8.41%	03-06-2006	-	15,806,229
Bonds Edegel	Two	30,000,000	US\$	8.75%	02-14-2007	16,480,993	503,052
Bonds Edegel	Three	30,000,000	US\$	3.75%	06-13-2007	16,042,565	71,032
Bonds Edegel	Three A	50,000,000	Per. Sun	5.88%	04-09-2006	-	7,726,866
Bonds Edegel	Three B	50,000,000	Per. Sun	5.88%	10-30-2006	-	7,687,466
Bonds Edegel	Four A	50,000,000	Per. Sun	8.50%	12-12-2006	-	7,643,621
Bonds Edegel	5 A 2° issue	10,000,000	US\$	6.00%	01-26-2009	85,404	83,940
Bonds Edegel	6 A 2° issue	30,000,000	Per. Sun	6.47%	02-27-2008	100,281	91,840
Bonds Edegel	6 B 2° issue	20,000,000	Per. Sun	6.91%	06-18-2006	10,223	9,363
Bonds Edegel	7 A 2° issue	10,000,000	US\$	6.72%	07-26-2009	167,150	126,819
Bonds Edegel	8 A 2° issue	22,370,000	Per. Sun	3.71%	10-03-2006	68,296	62,547
Bonds Edegel	8 b 2° issue	25,700,000	Per. Sun	6.47%	03-31-2008	69,212	63,386
Bonds Edegel	9 A 2° issue	70,000,000	Per. Sun	6.09%	01-06-2009	67,088	61,441
Bonds Edegel	10 A 2° issue	35,000,000	Per. Sun	6.16%	10-21-2010	75,057	68,739
Bonds Edegel	11 A 2° issue	20,000,000	US\$	3.71%	11-18-2012	75,311	73,979
Bonds Edegel	13 A 2° issue	25,000,000	Per. Sun	6.47%	10-29-2013	52,365	-
Bonds Edegel	14 A 2° issue	25,000,000	Per. Sun	6.09%	10-21-2010	44,397	-
Bonds Edegel	15 A 2° issue	30,000,000	Per. Sun	6.16%	11-27-2011	28,193	-
Bonds Emgesa	A-1	15,000,000,000	Col. \$	9.36%	01-26-2007	190,202	54,716
Bonds Emgesa	B-7	19,500,000,000	Col. \$	10.25%	02-23-2007	-	3,529,370
Bonds Emgesa	B-10	229,825,000,000	Col. \$	10.62%	09-10-2009	-	1,136,232
Bonds Emgesa	B-10	60,000,000,000	Col. \$	10.33%	10-11-2009	94,157	182,356
Bonds Emgesa	C-10	8,928,433,000	Col. \$	10.33%	09-10-2009	50,992	85,905
Bonds Emgesa	C-10	15,889,565,000	Col. \$	10.33%	09-10-2009	1,156,693	46,530
Bonds Emgesa	B-1 2° issue	50,000,000,000	Col. \$	10.25%	07-29-2006	-	12,707,360
Bonds Emgesa	B-1	85,000,000,000	Col. \$	10.62%	07-26-2006	-	1,054,346
Bonds Emgesa	A-10	210,000,000,000	Col. \$	10.33%	02-23-2015	579,485	4,467,004
Bonds Emgesa	A-1	15,000,000,000	Col. \$	10.33%	07-26-2006	-	19,471,554
Bonds Betania	B	400,000,000,000	Col. \$	10.70%	10-11-2011	1,401,250	1,115,597
<b>Total</b>						<b>113,207,598</b>	<b>526,349,244</b>

b. Details of the long-term portion of bonds payable are as follows:

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,	
						2006 ThCh\$	2005 ThCh
Bond N°269 - Enersis	B-1	28,356	UF	5.50%	15-06-2009	441,770	442,153
Bond N°269 - Enersis	B-2	1,935,000	UF	5.75%	15-06-2022	33,165,013	34,815,550
Yankee Bonds - Enersis	Two	350,000,000	US\$	7.40%	01-12-2016	132,955,886	130,676,437
Yankee Bonds - Enersis	Three	858,000	US\$	6.60%	01-12-2026	456,791	448,959
Yankee Bonds II - Enersis	One	350,000,000	US\$	7.30%	01-12-2014	186,336,500	183,141,875
Bonds Edelnor	One	4,891,900	Per. Sun	9.61%	01-02-2011	814,893	746,283
Bonds Edelnor	I° Prog.	18,570,000	Per. Sun	VAC + 6.2%	26-04-2007	-	3,085,553
Bonds Edelnor	I° Prog.	40,000,000	Per. Sun	4.47%	11-09-2007	-	6,102,188
Bonds Edelnor	I° Prog.	30,000,000	Per. Sun	5.86%	15-01-2008	4,997,403	4,576,640
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	6.25%	15-01-2012	3,331,602	3,051,093
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	VAC + 5.4%	22-04-2014	3,469,712	3,129,532
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	8.56%	01-06-2009	4,997,403	4,576,640
Bonds Edelnor	I° Prog.	20,000,000	Per. Sun	VAC + 6.5%	01-06-2014	3,462,470	3,123,001
Bonds Edelnor	I° Prog.	40,000,000	Per. Sun	VAC + 6.5%	01-06-2014	6,912,916	6,235,159
Bonds Edelnor	I° Prog.	30,000,000	Per. Sun	7.38%	10-06-2010	4,997,403	4,576,640
Bonds Edelnor	I° Prog.	30,000,000	Per. Sun	8.75%	08-06-2009	3,331,602	3,051,093
Bonds Edelnor	II° Prog.	20,000,000	Per. Sun	7.31%	05-01-2011	3,331,602	-
Bonds Edelnor	II° Prog.	4,000,000	Per. Sun	7.84%	05-01-2013	666,320	-
Bonds Edelnor	II° Prog.	18,000,000	Per. Sun	8.16%	05-01-2016	2,998,442	-
Bonds Edelnor	II° Prog.	20,000,000	Per. Sun	7.06%	01-02-2011	3,331,602	-
Bonds Edelnor	II° Prog.	27,200,000	Per. Sun	8.00%	01-02-2016	4,530,979	-
Bonds Edelnor	II° Prog.	19,250,000	Per. Sun	6.63%	17-03-2009	3,206,667	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	6.75%	22-05-2009	2,498,702	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	7.56%	22-05-2013	2,498,702	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	7.22%	31-08-2016	2,498,702	-
Bonds Edelnor	II° Prog.	15,000,000	Per. Sun	6.66%	06-10-2013	2,498,702	-
Bonds Codensa	B3	50,000,000,000	Col. \$	8.84%	15-03-2009	11,890,128	11,453,855
Bonds Codensa	B5	200,000,000,000	Col. \$	10.05%	15-03-2011	47,560,513	45,815,421
Bonds Codensa	B8	250,000,000,000	Col. \$	10.24%	15-03-2014	59,450,640	57,269,275
Bonds Edelsur	Six	80,000,000	Arg \$	10.41%	05-10-2007	-	10,353,091
Bonds Ampla	1° serie	290,000,000	Br. Real	CDI + 1.2% aa	01-03-2008	28,583,054	24,717,299
Bonds Ampla	2° serie	110,000,000	Br. Real	IGP-M+11.4%	01-03-2010	72,213,798	64,829,378
Bonds Ampla	Unit	370,000,000	Br. Real	DI + 0.85% aa	01-08-2012	92,134,846	-
Bonds Coelce	Unit	88,500,000	Br. Real	CDI + 16%	20-02-2012	-	14,842,630
Bonds Endesa	F	1,500,000	UF	6.20%	01-08-2022	27,504,570	27,528,422
Bonds Endesa	G	4,000,000	UF	4.80%	15-10-2010	73,345,520	73,409,124
Bonds Endesa	H	4,000,000	UF	6.20%	15-10-2008	73,345,520	73,409,124
Bonds Endesa	One	230,000,000	US\$	7.88%	01-02-2027	109,608,986	107,729,807
Bonds Endesa	Dos	220,000,000	US\$	7.33%	01-02-2037	117,125,800	115,117,750
Bonds Endesa	Two	200,000,000	US\$	8.13%	01-02-2097	21,517,074	21,148,177
Bonds Endesa	One	400,000,000	US\$	7.75%	15-07-2008	212,956,000	209,305,000
Bonds Endesa	One	400,000,000	US\$	8.50%	01-04-2009	212,956,000	209,305,000
Bonds Endesa	144A	400,000,000	US\$	8.35%	01-08-2013	212,956,000	209,305,000
Bonds Endesa	144A	200,000,000	US\$	8.63%	01-08-2015	106,478,000	104,652,500
Bonds Edegel	Two	30,000,000	US\$	8.41%	14-02-2007	-	15,697,875
Bonds Edegel	Three	30,000,000	US\$	8.75%	13-06-2007	-	15,697,875
Bonds Edegel	5 A 2° issue	10,000,000	US\$	3.75%	26-01-2009	5,323,900	5,232,625
Bonds Edegel	6 A 2° issue	30,000,000	Per. Sun	5.88%	27-02-2008	4,995,840	4,575,306
Bonds Edegel	6 B 2° issue	20,000,000	Per. Sun	5.88%	18-06-2008	3,330,560	3,050,204
Bonds Edegel	7 A 2° issue	10,000,000	US\$	8.50%	26-07-2009	5,323,900	5,232,625
Bonds Edegel	8 A 2° issue	22,370,000	Per. Sun	6.00%	10-03-2008	3,725,230	3,411,653
Bonds Edegel	8 B 2° issue	25,700,000	Per. Sun	6.47%	30-03-2008	4,279,769	3,919,512
Bonds Edegel	9 A 2° issue	70,000,000	Per. Sun	6.91%	01-06-2009	11,656,960	10,675,714
Bonds Edegel	10 A 2° issue	35,000,000	Per. Sun	6.72%	21-10-2010	5,828,480	5,337,857
Bonds Edegel	11 A 2° issue	20,000,000	US\$	3.71%	18-11-2012	10,647,800	10,465,250
Bonds Edegel	13 A 2° issue	25,000,000	Per. Sun	6.47%	20-10-2013	4,163,200	-
Bonds Edegel	14 A 2° issue	25,000,000	Per. Sun	6.09%	21-10-2010	4,163,200	-
Bonds Edegel	15 A 2° issue	30,000,000	Per. Sun	6.16%	27-11-2011	4,995,840	-
Bonds Emgesa	B-10	229,825,000,000	Col. \$	10.30%	09-10-2009	54,652,729	52,647,645
Bonds Emgesa	B-10	60,000,000,000	Col. \$	9.87%	10-11-2009	14,268,154	13,744,473
Bonds Emgesa	C-10	8,928,433,000	Col. \$	10.25%	09-10-2009	2,243,172	3,686,110
Bonds Emgesa	C-10	15,889,565,000	Col. \$	10.62%	09-10-2009	3,992,085	2,071,243
Bonds Emgesa	A-10	250,000,000	Col. \$	10.33%	26-07-2006	59,450,686	48,106,194
Bonds Betania	B	400,000,000,000	Col. \$	10.70%	10-11-2011	95,121,057	68,723,204
<b>Total</b>						<b>2,195,520,795</b>	<b>2,044,245,014</b>

## 18.1 CURRENT BONDS ARE AS FOLLOWS:

### 18.1.1 Domestic Bonds

On September 11, 2001, the Superintendency of Securities and Insurance registered the issue of adjustable bearer bonds of Enersis S.A. date June 14, 2001 in the Securities Register under No. 269. This placement was made in two series, as follows:

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

The scheduled maturity of the Series B-1 bonds is 8 years, with no grace period; interest and principal are payable semi-annually. Annual interest is 5.5%, compounded semi-annually.

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

### 18.1.2 International Bonds (Yankee Bonds)

On November 21, 1996, the Company, acting through its agency in the Cayman Islands, issued and placed Yankee Bonds for US\$800 million in the US market. This placement was made in three series, as follows:

Series	Total amount in US\$	Years to maturity	Stated annual interest rate
1	300,000,000	10	6.9%
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 quarter of 2004, UF/US\$ swap contracts were entered into for US\$100,000,000 associated with the series 1 bond and US\$250,000,000 associated with series 2.

During November, 2006 US\$ 300 million from series one of the Yankee Bonds were amortized. This operation meant liquidating swap for US\$ 100 million associated with this bond.

During November, 2001, Enersis Internacional made a Tender Offer for total or partial cash purchase of the series 2 Yankee Bonds, with a face value of ThUS\$ 350,000 maturing at 20 years in 2016, issued by the agency of the parent Enersis S.A.

As a result of this offer, which expired on November 21, 2001, series 2 bonds for ThUS\$ 95,536, with a face value of ThUS\$ 100,266, were purchased.

As a result of the liquidation of Enersis Internacional S.A. on September 21, 2006, the Agency of the parent Enersis S.A. was allocated the assets and liabilities, which included such bond repurchase among its assets.

Given the above, at December 31, 2006 the bonds are presented net of the repurchase.

### 18.1.3 International Bonds (Yankee Bonds II)

On November 24, 2003, the Company, through its Cayman Islands Agency, issued and placed Yankee Bonds on the American market for US\$350 million. This placement was made in a single tranche, whose features are as follows:

Series	Total amount in US\$	Years to maturity	Stated annual interest rate
1	350,000,000	10	7.375%

Interest is paid semi-annually and amortization of capital is a single installment at the end of the term.

During the second half of 2004, debts have been re-denominated through US\$/UF swap contracts for the total of this issue.

### 18.1.4 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.

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

First issue	
Date of Issue	: March 1, 1996
Number of bonds subscribed	: 48,919 bonds.
Face value	: S/. 100 (100 new soles) each
Redemption term	: 15 years
Interest rate	: 9.61% annual.
Interest payment	: Annually, on coupon maturity
Principal amortization	: Amortization of total principal upon maturity

## FIRST PROGRAM OF CORPORATE BONDS

## First issue

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Date of Issue	: October 29, 2001
Number of bonds subscribed	: 146,300 bonds
Face value	: 30,000 new soles each
Redemption term	: 5 years
Interest rate	: 7.50% annual
Interest payment	: Semi-annual

## Second issue

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Date of Issue	: October 19, 2001
Number of bonds subscribed	: 20,000 bonds.
Face value	: 5,000 new soles each
Redemption term	: 5 years
Interest rate	: 6.9% VAC + annual
Interest payment	: Semi-annual

## Fifth issue

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Date of issue	: March 1, 2003
Number of bonds subscribed	: 3,714 bonds.
Face value	: 5,000 new soles each
Redemption term	: 4 years
Interest rate	: 6.2 % VAC + annual
Interest payment	: Semi-annual

## Sixth issue

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Date of issue	: September 12, 2003
Number of bonds subscribed	: 8,000 bonds.
Face value	: 5,000 new soles each
Redemption term	: 4 years
Interest rate	: 4.47% annual
Interest payment	: Semi-annual

## Seventh issue

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Date of issue	: January 16, 2004.
Number of bonds subscribed	: 6,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 4 years.
Interest rate	: 5.86%.
Interest payment	: Semi-annual.

## Eighth issue

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Date of issue	: January 16, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 8 years.
Interest rate	: 6.25%.
Interest payment	: Semi-annual.

## Ninth issue

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Date of issue	: April 22, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 10 years.
Interest rate	: VAC + 5.4%.
Interest payment	: Semi-annual.

## Tenth issue

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Date of issue	: June 9, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 5 years.
Interest rate	: 8.56%.
Interest payment	: Semi-annual.

## Eleventh issue

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Date of issue	: June 9, 2004.
Number of bonds subscribed	: 4,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 10 years.
Interest rate	: VAC + 6.50%.
Interest payment	: Semi-annual.

## Twelfth issue

---

Date of issue	: June 24, 2004.
Number of bonds subscribed	: 8,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 10 years.
Interest rate	: VAC + 6.50%.
Interest payment	: Semi-annual.

## Thirteenth issue

---

Date of issue	: June 10, 2005.
Number of bonds subscribed	: 6,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 10 years.
Interest rate	: 7.38%.
Interest payment	: Semi-annual.

## Fourteenth issue

---

Date of issue	: June 10, 2005.
Number of bonds subscribed	: 6,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 15 years.
Interest rate	: 8.75%.
Interest payment	: Semi-annual.

## SECOND PROGRAM OF CORPORATE BONDS

## First issue

---

Date of Issue	: January 5, 2006
Number of bonds subscribed	: 4,000 bonds.
Face value	: 5,000 new soles each
Redemption term	: 5 years
Interest rate	: 7.31%
Interest payment	: Semi-annual

## Second issue

---

Date of Issue	: January 5, 2006
Number of bonds subscribed	: 800 bonds.
Face value	: 5,000 new soles each
Redemption term	: 7 years
Interest rate	: 7.84%
Interest payment	: Semi-annual

Third issue

---

Date of issue	: January 5, 2006
Number of bonds subscribed	: 3,600 bonds
Face value	: 5,000 new soles each
Redemption term	: 10 years
Interest rate	: 8.16%
Interest payment	: Semi-annual

Fourth issue

---

Date of issue	: February 1, 2006
Number of bonds subscribed	: 4,000 bonds
Face value	: 5,000 new soles each
Redemption term	: 5 years
Interest rate	: 7.06%
Interest payment	: Semi-annual

Fifth issue

---

Date of issue	: February 1, 2006.
Number of bonds subscribed	: 5,440 bonds.
Nominal value	: 5,000 new soles each.
Term	: 10 years.
Interest rate	: 8.00%.
Interest payment	: Semi-annual.

Sixth issue

---

Date of issue	: March 17, 2006.
Number of bonds subscribed	: 3,850 bonds.
Nominal value	: 5,000 new soles each.
Term	: 3 years.
Interest rate	: 6.63%
Interest payment	: Semi-annual.

Seventh issue

---

Date of issue	: May 22, 2006.
Number of bonds subscribed	: 3,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 3 years.
Interest rate	: 6.75%.
Interest payment	: Semi-annual.

Eight issue

---

Date of issue	: May 22, 2006.
Number of bonds subscribed	: 3,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 7 years.
Interest rate	: 7.56%.
Interest payment	: Semi-annual.

Third issue – Series B

---

Date of issue	: August 31, 2006.
Number of bonds subscribed	: 3,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 10 years.
Interest rate	: 7.22%.
Interest payment	: Semi-annual.

Tenth issue – Series B

---

Date of issue	: October 6, 2006.
Number of bonds subscribed	: 3,000 bonds.
Nominal value	: 5,000 new soles each.
Term	: 7 years.
Interest rate	: 6.66%.
Interest payment	: Semi-annual.

**18.1.6 Codensa S.A. issued bonds on March 11, 2004.**

First Issue

---

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	: 8.84% average annual rate.
Interest payment	: Quarterly. Interest accrued at year end is ThCh\$58,262 (ThCh\$61,851 in 2005), and it is presented in current liabilities.
2nd principal payment	: Maturity in 2011 for 200,000,000,000 Colombian pesos.
Nominal interest rate	: 10.05% average annual rate.
Interest payment	: Quarterly. Interest accrued at year end is ThCh\$266,338 (ThCh\$274,893 en 2005), and it is presented in current liabilities.
3rd principal payment	: Maturity in 2014 for 250,000,000,000 Colombian pesos.
Nominal interest rate	: 10.24% average annual rate.
Interest payment	: Quarterly. Interest accrued at year-end is ThCh\$338,869 (ThCh\$349,342 in 2005), and it is presented in the current liabilities.

**18.1.7 Edesur S.A.**

On October 5, 2004, under its medium-term certificate of indebtedness issue program, the Company issued negotiable bonds in Argentinean pesos for a total of ThUS\$40,302 in two series - 18 month (class 5) and 3 years (class 6), respectively.

Issuer	: Edesur S.A.
Issued securities	: Negotiable bonds in Argentinean pesos.
Amount issued	: ThUS\$13,434.
Principal due	: Maturity in 2006.
Nominal interest rate	: 8.50% average annual rate.
Interest payment	: Semi-annual.

This issue has been redeemed through payment at December, 2006

Issuer	: Edesur S.A.
Issued securities	: Negotiable bonds in Argentinean pesos.
Amount issued	: ThUS\$26,868.
Principal due	: Maturity in 2007.
Nominal interest rate	: 10.41% minimum annual nominal rate.
Interest payment	: Quarterly.

Series E-1 and E-2 were totally redeemed through payment at July 31, 2006.

- On November 26, 2002, it registered the fifth bond issue of U.F. 8,000,000 under Nos. 317 and 318 and then amended it on October 2, 2003; this issue was totally placed at December 31, 2003.

### 18.1.8 Ampla Energía e Servicios S.A.

On March 01, 2005, the Company issued bonds in reales for a total amount of R\$400,000,000 in two series.

#### First Series

Issuer	: Ampla Energía e Servicios S.A.
Issued securities	: Negotiable bonds in Brazilian reales.
Amount issued	: R\$290,000,000.
Principal due	: Maturity in 2008.
Nominal interest rate	: CDI + 1,2% per annum
Interest payment	: Semi-annual.
Principal due	: Maturity in 2008.

#### Second Series

Issuer	: Ampla Energía e Servicios S.A.
Issued securities	: Negotiable bonds in Brazilian reales.
Amount issued	: R\$110,000,000.
Principal due	: Maturity in 2010.
Nominal interest rate	: IGP - M + 11.4% per annum
Interest payment	: Annual.
Principal due	: Maturity in 2010.

One August 1, 2006, the Company issued bonds in reales for R\$370,000,000.00 in a single series.

Issuer	: Ampla Energía e Servicios S.A.
Issued securities	: Negotiable bonds in Brazilian reales.
Amount issued	: R\$370,000,000.
Principal due	: Maturity in 2012.
Nominal interest rate	: DI + 0.85% per annum
Interest payment	: Semi-annual.

### 18.1.9 Coelce S.A.

On February 29, 2004, the Company issued bonds in reales for a total amount of MR\$88,500 in a 12-year term series.

Issuer	: Coelce S.A.
Issued securities	: Negotiable bonds in Brazilian reales.
Amount issued	: ThR\$88,500.
Principal due	: Maturity in 2012.
Nominal interest rate	: CDI average annual rate 16%.
Interest payment	: Semi-annual.

### 18.1.10 Endesa Individual

At December 31, 2006, the following bond issues are current on the domestic market:

- On August 9, 2001, it registered the fourth bond issue of U.F. 7,500,000 under No.264; this was totally placed at December 31, 2001.

Risk rating of the last two bond issues is as follows at the date of these financial statements is as follows:

	Category
- Feller-Rate Clasificadora de Riesgo Ltda.	A+
- Comisión Clasificadora de Riesgo	A+
- Fitch Chile Clasificadora de Riesgo Ltda.	A+

#### ISSUANCE TERMS

##### Fourth Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Bearer bonds in local currency, denominated in Unidades de Fomento (UF-Inflation Index-linked Units of Account)

Issuance Value (1)	: Up to seven and a half million (UF7,500,000) divided into: Series E-1: 1,000 bonds at UF1,000 each. Series E-2: 500 bonds at UF10,000 each. Series F: 150 bonds at UF10,000 each.
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Adjustment base	: Variation in the UF
Amortization period	: Series E-1 and E-2: August 1, 2006. Series F: August 1, 2022.

Early redemption	: Only for Series F, beginning February 1, 2012.
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Nominal interest rate	: 6.20% annually, compounded semi-annually and effective on the outstanding principal adjusted for the value of the Unidad de fomento. The semi-annual interest rate will be 3.0534%.
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Placement period	: 36 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance
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Security	: There is no specific security, other than the general security of all the issuer's properties
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Interest payment	: Interest will be paid semi-annually each August 1 and February 1, starting August 1, 2001. Accrued interest at year end is ThCh\$699,850 (ThCh\$3,502,284 in 2005) and it is presented in current liabilities.
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##### Fifth Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Dematerialized bearer bonds in local currency, expressed in Unidades de Fomento (UF-Inflation Index-linked Units of Account)

Amount of issue	: Eight million Unidades de Fomento (U.F. 8,000,000) divided into: - Series G: 4,000 bonds U.F. 1,000 each. - Series H: 4,000 bonds U.F. 1,000 each.
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Adjustment base	: Variation in Unidad de Fomento.
Amortization period	: Series G: October 15, 2010. Series H: Semi-annually and successively as of April 15, 2010.
Early 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\$1,657,990 (ThCh\$1,659,429 in 2005) and it is presented in current liabilities.

a.2 The Company has issued and placed four public offerings of bonds in the international market as follows:

The risk ratings of these bond issues at the date of these financial statements is as follows:

	Rating entity
	Category
-Standard & Poor's	BBB-
-Moodys Investors Services	Ba1
-Fitch	BBB-

<b>First Issue</b>	
Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable bonds denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	: Six hundred and fifty million US Dollars (US\$650,000,000) divided into: Series 1: US\$230,000,000 Series 2: US\$220,000,000 Series 3: US\$200,000,000
Adjustment	: Variation in the US Dollar in relation to the Chilean peso

Amortization period	: Series 1 matures on February 1, 2027: Series 2 matures on February 1, 2037 (Put Option on February 1, 2009, on which date the holders may redeem 100% of bonds plus accrued interest). Series 3 matures on February 1, 2097.
Nominal interest rate	: Series 1: 7.88% annually Series 2: 7.33% annually Series 3: 8.13% annually
Interest Payments	: Interest will be paid semi-annually on February 1 and August 1 every year, starting January 27, 1997. Accrued interest at year end is ThCh\$11,197,384 (ThCh\$11,005,411 in 2005), and it is presented in current liabilities.

<b>Second Issue</b>	
Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable bonds denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	: Four hundred million US Dollars (US\$400,000,000)
Adjustment	: Variation in the US Dollar in relation to the Chilean peso
Principal due	: Series 1 matures on July 15, 2008
Nominal interest rate	: Series 1: 7.75% annually
Interest Payment	: Interest will be paid semi-annually on January 15 and July 15 of each year, starting January 15, 1999. Accrued interest at year end is ThCh\$7,564,374 (ThCh\$7,434,687 in 2005), and it is presented in current liabilities.

<b>Third Issue</b>	
Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable bonds denominated in US\$ (Yankee bonds) in the US market.
Issuance Value	: Four hundred million US Dollars (US\$400,000,000).
Adjustment	: Variation in the US Dollar in relation to the Chilean peso
Principal due	: Series 1 matures on April 1, 2009.
Nominal interest rate	: Series 1: 8.50% annually
Interest Payment	: Interest will be paid semi-annually on October 1 and April 1 of each year, starting October 1, 1999. Accrued interest at year end is ThCh\$4,525,315 (ThCh\$4,447,731 2005), and it is presented in current liabilities.

<b>Fourth Issue</b>	
Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Electronic bonds expressed in US dollars on the American and European markets, under "Rule 144A" and "Regulation S".



Amount of issue	: Six hundred million US dollars (US\$600,000,000) divided into: Series August 1, 2013: US\$400,000,000 Series August 1, 2015: US\$200,000,000
Adjustment	: Variation in US dollar.
Principal due	: Series of ThUS\$400 total maturity on August 1, 2013. : Series of ThUS\$200 total maturity on August 1, 2015.
Nominal interest rate	: Series of ThUS\$400 8.35% per year. Series of ThUS\$400 8.63% per year.
Payment of interest	: Interest will be paid semi-annually on February 1 and August 1 each year starting from July 23, 2003. Interest accrued at year-end was ThCh\$11,235,647 (ThCh\$11,043,019 in 2005) and it is presented in current liabilities.

#### REPURCHASE OF ENDESA CHILE INTERNACIONAL BONDS

This Company, 100% a subsidiary of Endesa Chile, made a tender offer in November 2001, for the total or partial purchase, in cash, of the first issue of the following bond series in US dollars (Yankee Bonds).

- Series 1: ThCh\$230,000 at 30 years, maturing in 2027.
- Series 3: ThCh\$200,000 at 100 years, maturing in 2097.

As a result of the offer which expired on November 21, 2001, series 1 and series 3 bonds, for ThUS\$21,324 and ThUS\$134,828, respectively, were purchased, whose nominal values amounted to ThUS\$24,119 and ThUS\$159,584 for each series.

#### 18.1.11 Subsidiaries of Endesa Chile S.A.

**b.1** Endesa Chile Internacional issued Yankee Bonds on April 1, 1996.

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

	Category
- Standard & Poor's	BBB-
- Moodys Investors Services	Ba 1

#### ISSUE TERMS

First Issuance	
Issuer	: Endesa Chile Internacional.
Securities issued	: Marketable bonds denominated in US\$ (150,000 bonds).
Issuance Value	: One hundred and fifty million US Dollars (US\$150,000,000):
Principal due	: Maturity as of April 1, 2006
Nominal interest rate	: 7.2 % per year in arrears.

Interest Payment	: Interest will be paid semi-annually in arrears starting October 1, 1996. Accrued interest at year end is ThCh\$ (ThCh\$1,412,809 in 2005).
Security	: Security from Empresa Nacional de Electricidad S.A.

This issue has been fully redeemed through payment at December 31, 2006.

**b2.** Edegel S.A. has made twenty bond issues on June 4, 1999, February 15, 2000, June 14, 2000, November 27, 2000, August 22, 2001, June 6, 2003, September 4, 2003, October 29, 2003, December 12, 2003, January 26, 2004, February 27, 2004, June 18, 2004, July 26, 2004, March 10, 2005, March 30, 2005, June 1, 2005, October 21, 2005, November 18, 2005, and the last three issues on November 18, 2006.

#### CURRENT ISSUES ARE AS FOLLOWS:

Terms of Issue	
Issuer	: Edegel S.A.
Securities issued	: Marketable bonds in US\$ (110,000 bonds).
Issuance value	: One hundred and ten million US dollars (US\$110,000,000)
Principal due	: June 3, 2006, February 14, 2007, June 13, 2007, and November 21, 2005, respectively.
Nominal interest rate	: 8.75%, 8.41%, 8.75% and 8.44% per year
Interest payment	: Interest will be paid semi-annually, starting December 3, 1999. Accrued interest at year end is ThCh\$708,922 (ThCh\$682,437), and it is presented in current liabilities.

Issuer	: Edegel S.A.
Securities issued	: Marketable bonds in new soles (10,000 bonds).
Issuance value	: Fifty million New Soles (NS50,000,000)
Principal due	: Maturity at September 4, 2006.
Nominal interest rate	: 4.13% annually
Interest payment	: Interest will be paid semi-annually. Accrued interest at year end is ThCh\$0 (ThCh\$101,356 in 2005) and it is presented in current liabilities.

At December 31, 2006, this issue has been fully redeemed through payment.

Issuer	: Edegel S.A.
Securities issued	: Negotiable Bonds in New Peruvian Soles (10,000 bonds)
Amount of issuance	: Fifty million new Peruvian soles (NS50,000,000).
Principal due	: Total maturity at October 30, 2006.

Nominal interest rate : 4.88% per year.  
 Interest payment : Interests will be paid semi-annually. Interest accrued at year-end is ThCh\$0 (ThCh\$61,956 in 2005) and it is presented in current liabilities.

At December 31, 2006, this issue has been fully redeemed through payment

Issuer : Edegel S.A.  
 Securities issued : Negotiable bonds in new Peruvian soles (10,000 bonds)  
 Amount of issue : Fifty million new Peruvian soles (NS50,000,000).  
 Principal due : Total maturity at December 12, 2006.  
 Nominal interest rate : 4.75% per year.  
 Interest payment : Interests will be paid semi-annually. Interest accrued at year-end is ThCh\$0 (ThCh\$18,110 in 2005) and it is presented in current liabilities.

At December 31, 2006, this issue has been fully redeemed through payment

Issuer : Edegel S.A.  
 Issued securities : Negotiable bonds in US dollars (10,000 bonds.)  
 Amount issued : Ten million US dollars (US\$10,000,000.)  
 Principal due : Total maturity on January 26, 2009.  
 Nominal interest rate : 3.75% per year  
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$85,404 (ThCh\$83,940 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Issued securities : Negotiable bonds in new Peruvian soles (6,000 bonds.)  
 Amount issued : Thirty million new Peruvian soles (NS 30,000,000.)  
 Principal due : Total maturity on February 27, 2008.  
 Nominal interest rate : 5.88% per year  
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$100,281 (ThCh\$91,840 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Issued securities : Negotiable bonds in new Peruvian soles (4,000 bonds.)  
 Amount issued : Twenty million new Peruvian soles (NS 20,000,000.)

Principal due : Total maturity on June 18, 2008.  
 Nominal interest rate : 5.88% per year.  
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$10,223 (ThCh\$9,363 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Issued securities : Negotiable bonds in US dollars (10,000 bonds.)  
 Amount issued : Ten million US dollars (US\$10,000,000.)  
 Principal due : Total maturity on July 26, 2009.  
 Nominal interest rate : 8.5% per year.  
 Interest payment : Semi-annual. Interest accrued at year end is ThCh\$167,510 (ThCh\$126,819 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in new Peruvian soles (4,474 bonds)  
 Amount of issue : Twenty two million three hundred seventy thousand new Peruvian soles (NS22,370,000).  
 Principal due : Total maturity on March 10, 2008.  
 Nominal interest rate : 6.00% per year.  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$68,296 (ThCh\$62,547 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in new Peruvian soles (5,140 bonds)  
 Amount of issue : Twenty five million seven hundred thousand new Peruvian soles (NS25,700,000).  
 Principal due : Total maturity on March 30, 2008.  
 Nominal interest rate : 6.47%  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$69,212 (ThCh\$ 63,386 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in new Peruvian soles (14,000 bonds)  
 Amount of issue : Seventy million new Peruvian soles (NS70,000,000).  
 Principal due : Total maturity on June 1, 2009.  
 Nominal interest rate : 6.91%

Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$67,088 (ThCh\$61,441 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in new Peruvian soles (7,000 bonds)  
 Amount of issue : Thirty five million new Peruvian soles (NS35,000,000).  
 Principal due : Total maturity on October 21, 2010.  
 Nominal interest rate : 6.72%  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$75,057 (ThCh\$68,739 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in US dollars (20,000 bonds)  
 Amount of issue : Twenty million US dollars (US\$20,000,000).  
 Principal due : Total maturity on November 18, 2012.  
 Nominal interest rate : 3.71%  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$75,311 (ThCh\$73,979 in 2005) and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in new Peruvian soles (5,000 bonds)  
 Amount of issue : Twenty Five million new Peruvian soles (NS25,000,000).  
 Principal due : Total maturity on October 20, 2013.  
 Nominal interest rate : 6.47%  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$52,365 and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in new Peruvian soles (5,000 bonds)  
 Amount of issue : Twenty five million new Peruvian soles (NS25,000,000).  
 Principal due : Total maturity on October 27, 2010.  
 Nominal interest rate : 6.09%  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$44,397 and it is presented in current liabilities.

Issuer : Edegel S.A.  
 Securities issued : Marketable bonds in Peruvian Soles (6,000 bonds)  
 Amount of issue : Twenty five million Peruvian Soles (S/. 30,000,000).  
 Principal due : Total maturity on November 27, 2011.

Nominal interest rate : 6.16%  
 Interest payment : Semi-annual. Interest accrued at year-end is ThCh\$28,193 and it is presented in current liabilities.

**b.3** Emgesa S.A. has made three bond issues on October 8, 1999, July 9, 2001 and February 23, 2005, which completes the first issue, and on February 26, 2003 for the second and February 23, 2005 for the third:

**First Issue**

Issuer : Emgesa S.A.  
 Securities issued : Marketable bonds in Colombian pesos  
 Issuance Value : \$Col 530,000,000,000  
 Principal due : Maturities between 2004 and 2009 amounting to Col\$449,554,880.000  
 Interest nominal rate : 8.97% per year average rate  
 Interest payment : Interest will be paid on a quarterly and yearly basis. Accrued interest at year end is ThCh\$1,492,044 (ThCh\$1,598,953 in 2005) and it is presented in current liabilities.

**Second Issue**

Issuer : Emgesa S.A.  
 Securities issued : Marketable bonds in Colombian pesos  
 Issuance value : \$Col 50,000,000,000  
 Principal due : Maturity on July 26, 2006.  
 Nominal interest rate : 12.43% annual average rate  
 Interest payment : Interest will be paid annually. Accrued interest at year end is ThCh\$ (ThCh\$1,784,508 in 2005) and it is presented in current liabilities.

At December 31, 2006, this issue has been fully redeemed through payment.

**Third Issue**

Issuer : Emgesa S.A.  
 Securities issued : Marketable bonds in Colombian pesos  
 Issuance value : \$Col 250,000,000,000  
 Principal due : Maturity at February 23, 2015.  
 Nominal interest rate : Consumer Price Index + 5.04% per quarter (10.33%)  
 Interest payment : Interest will be paid annually. Accrued interest at year end is ThCh\$579,485 (ThCh\$523,342 in 2005) and it is presented in current liabilities.

**b4** Central Hidroeléctrica Betania S.A. E.S.P. has made a bond issue on November 11, 2004, completing the first issue.

First issue	
Issuer	: Central Hidroeléctrica Betania S.A. E.S.P.
Issued securities	: Bonds in Colombian pesos.
Amount issued	: 400,000,000,000 Colombian pesos.
Principal due	: Maturity between 2009 and 2011, for 400,000,000,000 Colombian pesos.
Nominal interest rate	: Consumer Price Index + 6.29% (10.70%) per annum.
Interest payment	: Quarterly. Interest accrued at year end is ThCh\$1,401,205 (ThCh\$1,115,596 in 2005) and it is presented in current liabilities.

Deduction of the bond placements of Enersis and subsidiaries has been deferred in the same period as the respective issues. The long-term deferred value at December 31, 2006 is ThCh\$14,824,231 (ThCh\$18,122,213 in 2005) and it is presented in Other Long Term Assets (Note 14). The balance for deductions in short term bond placements classified under Other current assets is ThCh\$973,620 (ThCh\$975,562 in 2005) (Note 9)

## NOTE 19. ACCRUED EXPENSES

a. Short-term accruals:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Bonus and other employee benefits	39,434,992	35,332,828
Litigation and other contingencies	11,942,680	13,292,127
Energy purchases from others	-	822,448
Post-retirement benefits foreign subsidiaries	9,058,164	17,489,940
Post-retirement benefits local subsidiaries	1,109,950	991,044
Suppliers and services	15,969,804	5,763,474
Other	1,835,044	1,844,259
<b>Total</b>	<b>79,350,634</b>	<b>75,536,120</b>

b. Long-term accruals:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Post-retirement benefits-local subsidiaries	15,916,543	15,763,109
Employee and retired personnel benefits (Ampla-Coelce)	32,796,639	30,760,217
Severance indemnity	14,618,570	13,450,029
Legal, labor and tax contingencies (Ampla, Coelce and Cien)	166,933,247	254,401,205
Post-retirement benefits-foreign subsidiaries	71,761,136	68,441,868
Regulatory contingencies (Brazil)	21,759,376	24,353,683
Other	1,161,491	1,537,568
<b>Total</b>	<b>324,947,002</b>	<b>408,707,679</b>

During 2006, ThCh\$1,038,574 worth of bad debt (ThCh\$3,348,355 in 2005) was written off.

## NOTE 20. SEVERANCE INDEMNITIES

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

	2006 ThCh\$	2005 ThCh\$
Opening balance as of January 1	13,450,029	11,648,577
Increase in accrual	3,396,098	2,781,974
Transfer to short-term	(186,306)	(47,310)
Payments during the period	(2,041,251)	(933,212)
<b>Total</b>	<b>14,618,570</b>	<b>13,450,029</b>

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, 2006			As of December 31, 2005		
	Equity ThCh\$	Participation %	Total ThCh\$	Equity ThCh\$	Participation %	Total ThCh\$
Aguas Santiago Poniente	4,465,413	21.12%	943,299	2,175,170	45.00%	978,827
Ampla Energía e Servicios S.A.	481,905,893	8.07%	38,874,897	448,933,206	8.09%	36,215,022
Ampla Inversiones	40,805,135	8.07%	3,291,711	36,019,322	8.07%	2,905,645
Cam Argentina S.A.	317,868	0.001%	4	333,667	0.001%	4
Cam Brasil S.A.	3,306,198	0.0001%	5	861,876	0.0001%	1
Cam Colombia S.A.	2,964,877	0.001%	40	2,169,447	0.001%	29
Capital de Energía S.A.	-	-	-	360,943,855	49.00%	176,862,489
Central Hidroeléctrica Betania S.A.	338,438,193	0.01%	20,448	374,886,708	14.38%	53,900,461
Central Cachoeira Dourada	330,607,802	0.39%	1,302,991	331,584,644	0.39%	1,306,841
Chilectra S.A.	689,197,708	0.92%	6,270,631	481,233,183	1.76%	8,406,794
Cía. Peruana de Electricidad S.A.	21,352,538	49.00%	10,462,743	22,076,683	49.00%	10,817,575
Codensa S.A.	524,261,128	78.19%	409,895,674	569,255,183	78.19%	445,074,460
Comercial Mercosur S.A.	11,069,163	0.02%	1,018	8,970,421	0.02%	145
Companhia Energetica Do Ceara - Coelce	456,001,503	41.14%	187,584,584	442,881,698	41.14%	182,187,512
Constructora y Proyectos Los Maitenes S.A.	(1,477,728)	45.00%	(672,375)	(1,783,821)	45.00%	(802,719)
Edegel S.A.	464,027,142	44.56%	206,758,769	440,365,430	36.44%	160,485,896
Edelnor S.A.	141,565,767	40.00%	56,626,307	147,162,202	40.00%	58,864,881
Edesur S.A.	458,422,125	34.11%	156,337,020	473,552,393	34.11%	161,499,865
Chilectra S.A.	-	-	-	17,483,801	0.001%	188
Emgesa S.A.	618,289,529	76.55%	473,281,467	595,283,825	51.52%	306,671,773
Empresa Eléctrica Pangué S.A.	116,788,312	5.00%	5,858,335	97,690,887	5.02%	4,900,370
Endesa S.A.	1,794,309,851	40.02%	718,066,218	1,676,746,264	40.02%	671,018,358
Endesa Argentina S.A.	39,793,197	0.01%	3,979	41,485,034	0.01%	4,148
Endesa Brasil	1,005,342,841	28.48%	286,346,373	933,041,318	28.48%	265,753,122
Central Costanera S.A.	139,758,763	35.74%	49,949,665	143,443,519	35.74%	51,259,409
Generandes Perú S.A.	235,060,927	40.37%	94,891,793	256,441,790	40.37%	103,523,037
Hidroeléctrica El Chocón S.A.	188,190,814	34.81%	65,509,222	171,383,120	34.81%	59,658,465
Hidroinvest S.A.	76,517,705	30.07%	23,008,874	68,639,517	30.07%	20,639,903
Inversiones Distrilima S.A.	78,665,631	31.61%	24,866,206	88,364,078	31.61%	27,931,883
Pehuenche S.A.	216,563,914	7.35%	15,917,374	212,394,646	7.35%	15,611,006
Soc. Agrícola de Cameros Ltda.	7,366,591	42.50%	3,130,801	7,406,552	42.50%	3,147,784
Soc. Agrícola Pastos Verdes Ltda.	69,880,794	45.00%	31,446,358	66,719,139	45.00%	30,023,613
Túnel El Melón S.A.	(8,966,075)	0.05%	(4,483)	(10,732,330)	0.05%	(5,366)
<b>Total</b>			<b>2,869,969,948</b>			<b>2,858,841,421</b>

b. Minority shareholders' participation in the net (income) or loss of the Company's subsidiaries is as follows:

Company	As of December 31, 2006			As of December 31, 2005		
	Net income	Participation	Total	Net income	Participation	Total
	ThCh\$	%	ThCh\$	ThCh\$	%	ThCh\$
Aguas Santiago Poniente	100,158	41.70%	41,767	87,119	45.00%	39,203
Cía. do Electricidade do Río do Janeiro	(25,141,747)	8.07%	(2,028,162)	8,256,002	37.50%	3,096,128
Ampla Investimentos	(4,157,513)	8.07%	(335,383)	(1,403,437)	8.07%	(113,215)
Cam Argentina S.A.	21,619	0.001%	-	127,172	0.001%	1
Cam Brasil S.A.	662,012	0.0001%	1	-	-	-
Cam Colombia S.A.	(757,588)	0.001%	(10)	(851,349)	0.001%	(11)
Capital de Energía S.A.	-	-	-	(19,783,507)	49.00%	(9,693,918)
Central Hidroeléctrica Betania S.A.	(1,013,673)	0.01%	(61)	(2,480,263)	14.38%	(356,608)
Central Cachoeira Dourada	(34,674,029)	0.39%	(136,657)	(25,535,210)	0.39%	(100,639)
Chilectra S.A.	(232,037,916)	0.92%	(1,320,540)	(79,516,682)	1.76%	(1,389,098)
Cía. Peruana de Electricidad S.A.	(1,251,375)	49.00%	(613,174)	(2,783,688)	49.00%	(1,364,007)
Codensa S.A.	(87,150,758)	78.19%	(68,139,171)	(68,194,303)	78.19%	(53,317,991)
Compañía de Transmisión del Mercosur S.A.	(1,942,266)	0.02%	(338)	213,391	0.02%	202
Companhia Energetica Do Ceara - Coelce	(72,820,430)	41.14%	(29,956,020)	(13,586,759)	40.96%	(5,564,953)
Constructora y Proyectos Los Maitenes S.A.	(289,656)	45.00%	(130,345)	428,061	45.00%	192,628
Edegel S.A.	(8,637,978)	44.56%	(3,848,865)	(35,247,397)	36.44%	(12,845,491)
Edelnor S.A.	(8,469,675)	40.00%	(3,387,870)	(18,416,541)	40.00%	(7,366,616)
Edesur S.A.	23,390,653	34.11%	7,976,982	17,908,558	34.11%	6,107,518
Elesur S.A.	-	-	-	4,550,191	0.001%	49
Emgesa S.A.	(62,646,331)	76.55%	(47,953,824)	(41,236,222)	51.52%	(21,243,623)
Empresa Eléctrica Pangue S.A.	(38,948,354)	5.00%	(1,953,727)	(19,783,241)	5.02%	(992,367)
Endesa	(189,541,318)	40.02%	(75,852,684)	(112,946,076)	40.02%	(45,199,975)
Endesa Argentina S.A.	2,413,625	0.01%	241	9,716,647	0.01%	972
Endesa Brasil S.A.	(92,224,764)	28.48%	(26,267,882)	(32,452,492)	28.48%	(9,243,268)
Central Costanera S.A.	6,186,904	35.74%	2,210,884	11,048,688	35.74%	3,948,239
Generandes Perú S.A.	(6,372,945)	40.37%	(2,572,695)	(29,805,937)	40.37%	(12,032,365)
Hidroeléctrica El Chocón S.A.	(13,818,182)	34.81%	(4,810,109)	(2,638,290)	34.81%	(918,388)
Hidroinvest S.A.	(6,679,741)	30.07%	(2,008,598)	122,186	30.07%	36,742
Inversiones Distrilima S.A.	(4,850,516)	31.61%	(1,533,248)	(11,174,458)	31.61%	(3,532,247)
Inversiones Eléctricas Quillota S.A.	-	-	-	10,268,767	50.00%	5,134,383
Investluz	-	-	-	(8,571,935)	13.68%	(1,172,360)
Pehuenche S.A.	(67,661,976)	7.35%	(4,973,155)	(61,448,069)	7.35%	(4,516,433)
Soc. Agrícola de Cameros Ltda.	39,962	42.50%	16,984	66,402	42.50%	28,220
Soc. Agrícola Pastos Verdes Ltda.	(4,909,487)	45.00%	(2,209,269)	(1,542,661)	45.00%	(694,198)
Túnel El Melón S.A.	(1,766,256)	0.05%	(883)	1,823,705	0.05%	912
<b>Total</b>			<b>(269,785,811)</b>			<b>(173,072,574)</b>

NOTE **22.**  
SHAREHOLDERS' EQUITY

a. Consolidated statements of changes in shareholders' equity.

	Paid-in capital ThCh\$	Share premium ThCh\$	Other reserves ThCh\$	Retained earnings ThCh\$	Deficit of subsidiaries in development stage ThCh\$	Interim dividends ThCh\$	Net income (loss) for the year ThCh\$	Total ThCh\$
Balances at December 12, 2004	2,283,404,124	162,725,821	(122,588,994)	194,378,259	(2,673,664)	-	44,307,596	2,559,553,142
Distribution of prior year income	-	-	-	41,633,932	2,673,664	-	(44,307,596)	-
Investment equity variations	-	-	(5,851,418)	-	-	-	-	(5,851,418)
Final dividend N° 72	-	-	-	(13,600,517)	-	-	-	(13,600,517)
Reserve Technical Bulletin No. 72 (1)	-	-	(6,197,072)	-	-	-	-	(6,197,072)
Reserve cumulative translation adjustment	-	-	(97,676,664)	-	-	-	-	(97,676,664)
Price-level restatement of capital	82,202,548	5,858,130	(4,413,204)	7,979,618	-	-	-	91,627,092
Net income for the year	-	-	-	-	-	-	68,016,865	68,016,865
<b>Balance at December 31, 2005</b>	<b>2,365,606,672</b>	<b>168,583,951</b>	<b>(236,727,352)</b>	<b>230,391,292</b>	<b>-</b>	<b>-</b>	<b>68,016,865</b>	<b>2,595,871,428</b>
<b>Price-level restatement</b>	<b>49,677,740</b>	<b>3,540,263</b>	<b>(4,971,274)</b>	<b>4,838,217</b>	<b>-</b>	<b>-</b>	<b>1,428,354</b>	<b>54,513,300</b>
<b>Restated balance at December 31, 2005</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(241,698,626)</b>	<b>235,229,509</b>	<b>-</b>	<b>-</b>	<b>69,445,219</b>	<b>2,650,384,728</b>
Historic balance at December 12, 2005	2,365,606,672	168,583,951	(236,727,351)	230,391,292	-	-	68,016,865	2,595,871,429
Distribution of prior year income	-	-	-	68,016,865	-	-	(68,016,865)	-
Investment equity variations	-	-	(10,585,093)	-	-	-	-	(10,585,093)
Accumulated deficit of subsidiaries in development stage	-	-	-	-	(181,751)	-	-	(181,751)
Final dividend 2005 N° 73	-	-	-	(32,651,166)	-	-	-	(32,651,166)
Reserve Technical Bulletin No. 72 (1)	-	-	(825,381)	-	-	-	-	(825,381)
Cumulative translation adjustment reserve	-	-	14,766,794	-	-	-	-	14,766,794
Price-level restatement	49,677,740	3,540,263	(4,971,275)	5,522,778	-	-	-	53,769,506
Provisional dividend N° 74	-	-	-	-	-	(36,242,795)	-	(36,242,795)
Net income for the year	-	-	-	-	-	-	285,960,366	285,960,366
<b>Balance at December 31, 2006</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(238,342,306)</b>	<b>271,279,769</b>	<b>(181,751)</b>	<b>(36,242,795)</b>	<b>285,960,366</b>	<b>2,869,881,909</b>

b. Dividends

These are no restrictions to pay dividends.

Number of dividend	Payment Date	Historic Value	Type of dividend
72	Apr-05	0.41654	Final 2004
73	Mar-06	1.000	Final 2005
74	Nov-06	1.110	Final 2006

c. Number of shares.

Series	As of December 31, 2006		
	Number of Subscribed Shares	Number of Paid-in Shares	Number of Voting Shares
Single	32,651,166,465	32,651,166,465	32,651,166,465

d. Subscribed and paid in capital is as follows:

Series	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Single	2,415,284,412	2,415,284,412

e. Other reserves

	Initial balance at January 1, 2006 ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2006 ThCh\$
Reserve for entities using remeasurement method	(21,771,808)	(10,585,093)	(32,356,901)
Reserve for accumulated conversion differences	(226,284,354)	14,766,794	(211,517,560)
Reserve for Technical Bulletin No. 72 (1)	6,357,536	(825,381)	5,532,155
<b>Total</b>	<b>(241,698,626)</b>	<b>3,356,320</b>	<b>(238,342,306)</b>

(1) In the Jan-Dec 2006 period, Other Reserves diminished owing to the corporate restructuring conducted by generation companies subject to common control in Colombia and Peru, which had a net effect of ThCh\$3,844,972, offset by ThCh\$3,019,591 resulting from the Chilectra S.A. merger.

Other reserves at December 31, 2006 are composed of the following:

	Initial balance at January 1, 2006 ThCh\$	Reserve for assets ThCh\$	Reserve for liabilities ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2006 ThCh\$
Cumulative translation adjustment	(226,284,354)	18,731,782	(3,964,988)	14,766,794	(211,517,560)
<b>Total</b>	<b>(226,284,354)</b>	<b>18,731,782</b>	<b>(3,964,988)</b>	<b>14,766,794</b>	<b>(211,517,560)</b>

Detail of changes in the reserve for accumulated conversion differences is as follows:

	ThCh\$
Distrilec Inversora S.A.	(26,483,840)
Inversiones Distrilima S.A.	(11,039,298)
Cía. Peruana de Electricidad S.A.	(1,362,734)
Edesur S.A.	(36,273,768)
Ampla Energia e Servicios S.A.	(48,068,771)
Ampla Investimentos e Servicios S.A.	2,820,689
Codensa S.A.	(39,106,966)
Investluz S.A.	(6,260,384)
Central Geradora Termelétrica Fortaleza S.A.	(6,425,742)
Synapsis de Colombia S.A.	(963,768)
Endesa Market Place	397,933
Endesa Argentina S.A.	(2,742,948)
Endesa Chile Internacional S.A.	(3,202,893)
Endesa Brasil S.A.	(19,561,981)
Ingendesa Do Brasil Ltda.	(139,262)
Endesa Costanera S.A.	(773,235)
Conosur S.A.	(12,307,502)
Emgesa S.A.	(23,090)
<b>Total</b>	<b>(211,517,560)</b>



## NOTE 23. OTHER INCOME AND EXPENSES

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

	Year ended December 31,	
	2006 ThCh\$	2005 ThCh\$
Adjustments to investments in related companies	1,551,942	229,888
Gain on sale of property, plant and equipment and materials	23,532,274	9,719,125
Received compensations	-	4,669,263
Services - projects and inspections	504,588	1,876,364
Penalties charged to contractors and suppliers	3,125,137	3,147,849
CDEC-SING power settlement gain	9,039,962	7,695,386
Cost recoveries	4,960,900	3,465,839
Reversal of contingencies provision and other provisions	17,392,103	2,529,525
Fiscal benefits for Brazilian subsidiaries	22,501,782	8,464,117
Effect of application of BT 64	11,645,105	20,401,508
Indemnities and commissions	8,909,405	1,201,071
Dividend from investees	922,070	2,265,474
Other	6,467,357	6,798,243
<b>Total</b>	<b>110,552,625</b>	<b>72,463,652</b>

b. Other non-operating expenses are as follows:

	Year ended December 31,	
	2006 ThCh\$	2005 ThCh\$
Adjustments to investments in related companies	1,075,222	5,381,566
Loss on sale of fixed assets and materials	1,861,962	7,229,865
Obsolescence provision and write-off of fixed assets	12,838,033	11,163,472
Effect of application of BT 64	47,155,146	45,793,460
Contingencies and litigation	34,256,885	36,110,799
SIC power settlement loss	10,521,560	8,691,477
Pension plan expense	4,311,452	3,276,820
Index UFIR Brazilian subsidiaries	3,263,258	3,166,191
Penalties and fines	21,002,355	7,627,894
Other taxes Colombia	4,952,418	6,821,778
Other taxes Argentina and Brazil	9,167,270	10,411,316
Other taxes Perú	3,215,074	1,016,548
Energy efficiency Brazilian subsidiaries	12,244,926	-
Write-off of Copel and other contracts (Brazil)	30,518,164	-
Other	12,892,486	14,702,918
<b>Total</b>	<b>209,276,211</b>	<b>161,394,104</b>

## NOTE 24.

### PRICE-LEVEL RESTATEMENT

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

	Index	Year ended December 31,	
		2006 ThCh\$	2005 ThCh\$
<b>Assets</b>			
Inventory	I.P.C.	2,389,811	2,502,066
Current assets	I.P.C.	9,112,369	10,751,606
	U.F.	463,698	452,012
Property, plant and equipment	I.P.C.	48,406,222	83,773,671
Accounts receivable from subsidiaries	I.P.C.	1,825,882	3,863,870
Investment in subsidiaries	I.P.C.	2,076,719	7,037,490
Amortization of goodwill	I.P.C.	13,885,080	24,745,919
Other assets	I.P.C.	53,681,349	120,151,816
	U.F.	4,777,433	6,310,909
Price-level restatement of the income statement	I.P.C.	10,824,096	1,355,133
<b>Net credits - assets</b>		<b>147,442,659</b>	<b>260,944,492</b>
<b>Liabilities and Shareholders' equity</b>			
Shareholders' equity	I.P.C.	(53,769,506)	(93,551,261)
Current and long-term liabilities	I.P.C.	(42,846,521)	(102,062,662)
	U.F.	(20,406,848)	(37,206,833)
Minority interest	I.P.C.	(13,431,629)	(22,836,797)
Non-monetary liabilities	I.P.C.	(344,193)	(838,830)
	U.F.	-	(67,400)
Price-level restatement of the income statement	I.P.C.	(15,427,161)	(9,429,538)
<b>Net charge-liabilities and shareholders' equity accounts</b>		<b>(146,225,858)</b>	<b>(265,993,321)</b>
<b>Net credits (charge) to income</b>		<b>1,216,801</b>	<b>(5,048,829)</b>

## NOTE 25. EXCHANGE DIFFERENCES

The (charge) credit to income for foreign currency translation is as follows:

Assets	Currency	2006		2005		Liabilities	Currency	Year ended December, 31	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$			2006	2005
Cash and banks	US\$	426,778	2,064,363	-	-	Short-term debt due to banks and financial institutions	US\$	(23,315)	5,071
	Otras	(2,576)	(234,743)	-	-	Current portion of long-term debt due to banks and financial institutions	US\$	20,093	(3,245,814)
Time deposits	US\$	72,963	(961,188)	-	-	Current portion of bonds payable	Yen	-	(51,283)
Notes receivable (net)	US\$	69,525	(22,532)	-	-		Euro	-	1,264
	Others	11,599	-	-	-		Libra	(30,922)	(30,922)
Other receivables (net)	US\$	251,948	(749,527)	-	-	Current portion of notes payable	US\$	(1,764,564)	9,949,604
	Others	(9,060)	(22,397)	-	-	Accounts payable	US\$	(190,750)	(498,415)
	US\$	574	-	-	-	Miscellaneous payables	US\$	(190,750)	(1,876,197)
Prepaid expenses	US\$	-	-	-	-	Accrued expenses	Others	1,852	120
Other current assets	US\$	249,351	(6,634,958)	-	-	Deferred income	US\$	(158,658)	(10,013)
	Others	(2,472)	(22,934)	-	-	Other current liabilities	US\$	(5,427)	20,523
Amounts due from related companies	US\$	1,677,065	(156,439)	-	-	Amounts due to related companies	Others	-	16,215
				-	-	Long-term liabilities	US\$	(548,241)	1,263,049
Non-current assets				-	-	Due to banks and financial institutions	US\$	(11,009)	3,439
Long-term receivables	US\$	6,222,449	(2,862,090)	-	-	Bonds payable	US\$	-	53
Other long-term assets	US\$	209,375	-	-	-	Miscellaneous payables	US\$	-	-
Amounts due from related companies	US\$	-	-	-	-	Other long-term liabilities	US\$	-	3,130,240
Forward contracts	US\$	22,030	-	-	-	Forward	US\$	(474,916)	(238,321)
				(23,582,940)	(23,582,940)		US\$	-	(4,354,373)
				(12,458,654)	(12,458,654)				
				-	-				
<b>Total gain (loss)</b>		<b>9,199,549</b>	<b>(45,644,039)</b>			<b>Total gain (loss)</b>		<b>(3,872,038)</b>	<b>39,271,010</b>
						<b>Exchange difference - net income (loss)</b>		<b>5,327,511</b>	<b>(6,373,029)</b>

## NOTE 26. SHARE ISSUANCE COSTS

a. Expenses incurred for issuing and placing debt instruments incurred each year in placing bonds are as follows:

	As of December 31	
	2006 ThCh\$	2005 ThCh\$
Bank commissions	500.059	916.513
<b>Total</b>	<b>500.059</b>	<b>916.513</b>

These expenses are registered in other assets, and will be amortized in the corresponding bond period.

## NOTE 27. CASH FLOW STATEMENT

a. Other financing disbursements:

	As of December 31	
	2006 ThCh\$	2005 ThCh\$
Commissions on debt refinancing	592,597	-
Derivates contracts	6,171,736	16,610,130
Reimbursables contributions	473,114	1,074,908
Others	46,205	15,321
<b>Total</b>	<b>7,283,652</b>	<b>17,700,359</b>

b. Other investment receipts:

	As of December 31	
	2006	2005
	ThCh\$	ThCh\$
Receipts from loans granted to former subsidiary	542,842	2,106,789
Margin Call Premiums	405,546	-
Capital reduction Company Energy of Bogotá	456,401	5,135,933
Others	507,600	-
<b>Total</b>	<b>1,912,389</b>	<b>7,242,722</b>

c. Other investment disbursements:

	As of December 31	
	2006	2005
	ThCh\$	ThCh\$
Payments associated with derivative contracts	10,840,312	-
Intangible assets	1,197,015	2,920,172
Other	506,748	-
<b>Total</b>	<b>12,544,075</b>	<b>2,920,172</b>

## NOTE 28. FINANCIAL DERIVATIVES

As of December 31, 2006 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:

Derivative Type	Type Contract	Nominal Amount US\$	Date of Maturity	Item	Sales/ Purchase	Hedged Item	Amount ThCh\$	Amount Hedged ThCh\$	Accounts			
									Assets / Liabilities		Income	
									Account	Amount ThCh\$	Realized ThCh\$	Unrealized ThCh\$
S	CCTE	10,005,950	III quarter 07	Interest rate	C	Bank obligations	8,878,446	8,878,446	Other assets l/t	41,632	50,928	636
S	CCTE	90,000,000	IV quarter 12	Interest rate	C	Bank obligations	47,915,100	47,915,100	Other assets l/t	524,416	-	524,416
S	CCTE	26,070,991	II quarter 14	Interest rate	C	Bonds	13,879,935	13,879,935	Other liabilities s/t	19,698	-	22,360
S	CCTE	21,389,734	IV quarter 15	Interest rate	C	Bank obligations	11,387,680	11,387,680	Other liabilities l/t	219,355	-	219,355
S	CCTE	125,000,000	III quarter 08	Interest rate	C	Bonds	66,548,750	66,548,750	Other assets l/t	184,062	-	(61,309)
S	CCTE	2,468,231	IV quarter 08	Interest rate	C	Bank obligations	1,314,061	1,314,061	Other liabilities l/t	(901,468)	-	(901,468)
S	CCTE	350,000,000	I quarter 14	Interest rate	C	Bonds	186,336,500	186,336,500	Other liabilities l/t	(77,962,451)	(855,631)	(108,931)
S	COPE	250,000,000	IV quarter 16	Interest rate	C	Bonds	133,097,500	133,097,500	Other liabilities l/t	(64,414,666)	(470,600)	(915,686)
OE	CCTE	50,000,000	II quarter 12	Interest rate	C	Bank obligations	26,619,500	26,619,500	Other liabilities l/t	(3,317,305)	-	(3,317,305)
OE	CCTE	50,000,000	IV quarter 07	Interest rate	C	Bank obligations	26,619,500	26,619,500	Other liabilities l/t	-	-	-
OE	CCTE	120,000,000	IV quarter 08	Interest rate	C	Bank obligations	63,886,500	63,886,500	Other liabilities l/t	42,282	23,366	1,473
OE	CCTE	60,000,000	III quarter 09	Interest rate	C/V	Bank obligations	31,943,400	31,943,400	Otros act lp / Otros pas lp	17,528	-	17,528
OE	CCTE	50,000,000	IV quarter 09	Interest rate	C	Bank obligations	216,619,500	216,619,500	Other liabilities l/t	-	-	-
OE	CCTE	40,000,000	III quarter 10	Interest rate	C/V	Bank obligations	21,295,600	21,295,600	Other assets l/t	(43,242)	(385)	(43,242)

## NOTE 29. COMMITMENTS AND CONTINGENCIES

a. The detail of guarantees given by Enersis and its subsidiaries as of December 31, 2006 and 2005 is the following

Collateral held by third parties:

Guarantee	Subsidiary	Type guarantee	Type	Committed assets		Balance payable of related debt at December 31.		Release of guarantees 2007 ThCh\$	
				Currency	Book value of collateral	Currency	2006 ThCh\$		2005 ThCh\$
Banco Acreedores	Pangue S.A.	Mortgage and pledge	Red estate, properties	ThCh\$	91,220,201	ThCh\$	4,403,734	7,108,191	-
Banco Estado	Tunel el Melón	Pledge over 45% of operating income		ThCh\$	2,064,958	ThCh\$	386,869	2,797,441	-
Argentina	Costanera	Pledge	Shares	ThCh\$	72,580,273	ThCh\$	9,105,961	10,051,350	-
Mitsubishi	Endesa Costanera	Pledge	Combined cycle	ThCh\$	84,241,470	ThCh\$	30,130,080	20,383,142	-
Credit Suisse First Boston	Endesa Costanera	Pledge	Combined cycle	ThCh\$	24,978,865	ThCh\$	21,295,600	20,930,500	-
Miscellaneous Payable	Endesa Matriz	Bank bond		ThCh\$	-	ThCh\$	5,610,319	109,820	-
Miscellaneous Payable	Edegel S.A.	Pledge	Red estate, properties	ThCh\$	124,837,126	ThCh\$	84,298,633	62,581,672	-
Deutsche Bank	Enersis	Deposits accounts	Deposits accounts	ThCh\$	4,008,541	ThCh\$	39,415,282	-	-
Miscellaneous Payable	Ampla S.A.	Pledge over collections and others		ThCh\$	10,001,535	ThCh\$	24,473,045	-	-
Miscellaneous Payable	Coelce S.A.	Pledge over collections and others		ThCh\$	61,842,491	ThCh\$	78,286,545	-	-
International Finance Corporation	CGT Fortaleza S.A.	Mortgage and pledge	Red estate, properties	ThCh\$	213,152,560	ThCh\$	652,406,200	-	-
Bndes	Cachoeira Dourada S.A.	Pledge		ThCh\$	2,055,776	ThCh\$	36,106,450	-	-

Guarantees of subsidiary obligations:

Guarantee	Subsidiary	Type guarantee	Committed assets		Balance payable of related debt		Release of guarantees				
			Type	Book value of collateral	Currency	at December 31.		2006	2007	2008	2009
						2006	2005				
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
J.P. Morgan & Co. y C.S.F.B.	Endesa Chile Internacional	Guarantees	ThCh\$	-	M\$	-	78,489,375	-	-	-	-
2° Juzgado Civil de Quillota	Cía. Eléctrica San Isidro	Guarantees	ThCh\$	10,000	M\$	10,000	-	100,000	-	-	-
Compañía Vestas	Endesa Eco S.A.	Guarantees	ThCh\$	6,601,636	M\$	6,601,636	-	6,601,636	-	-	-
Vestas Elóicas S.A.U.	Endesa Eco S.A.	Guarantees	ThCh\$	5,439,682	M\$	5,439,682	-	-	5,439,682	-	-
Bco. Español de Crédito	Cía. Eléctrica Tarapacá S.A.	Filial	M\$	6,581,821	M\$	6,581,821	10,785,677	-	6,581,821	-	-

b. Litigation and other legal actions:

ENERSIS S.A.

**Plaintiff** : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A.

**Defendant** : The Republic of Argentina

**Court** : CIADI Arbitration Panel

**Case/Identification** : (CIADI Case ARB/03/21)

Compensation for losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation of the power distribution concessionaire Edesur S.A. on the grounds of violation of the Investment Protection and Promotion Agreement entered into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Concession Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Concession Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Concession Contract, therefore being harmful to the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested.

On April 6, 2005, the allegations of the parties regarding this jurisdiction issue took place. The court decided to accept the re-complaint and re-answer of the parties, setting a brief term for them. And the parties met the term. On June 15, 2005, Edesur S.A. entered with the Unit for Renegotiation and Analysis of Public Services Contracts (UNIREN) into an Understanding Letter within the framework of the process for renegotiating Edesur S.A.'s Concession Contract, envisaged in Law No.25,561 and supplementary regulation. As a result of the Understanding Letter, on August 29, 2005, the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy were entered into. At the

request of the Argentine Government, the Minutes of Agreement were executed again, on the same terms and conditions, on February 15, 2006, to include the new female Minister of Economy and Production. The Minutes envisage a Transitional Rate Regimen, retroactively effective beginning on November 1, 2005; require approval of the authorities for paying dividends during the life of the transitional regime; and include other aspects associated with investments, quality of service, penalties applied to Edesur, and unpaid penalties. Also, it establishes a Full Rate Revision, by which a new rate regime is to be set, which was scheduled to become effective on November 1, 2006, and for the next 5 years, under the supervision of the Ente Nacional Regulador de la Electricidad (ENRE), in accordance with law 24,065.

In addition, the Understanding Letter imposes the obligation of initially suspending, and subsequently dropping, all actions filed against the Argentinean State by Edesur S.A. and its shareholders. Such requirement would cause Enersis S.A. to suspend the international arbitration started on April 25, 2003 with the International Center for the Settlement of Disputes regarding Investments between States and Nationals of Other States (CIADI).

After publication in the Official Gazette of the Republic of Argentina of the resolution approving the rates arising from the Full Rates Revision, Enersis S.A. and its subsidiaries Chilectra S.A., Empresa Nacional de Electricidad S.A. and Edesur S.A. (currently, Chilectra S.A.) would drop the abovementioned international arbitration started with the CIADI.

On September 16, 2005 the Republic of Argentina made a filing requesting the suspension of the proceedings. It was answered on September 22, 2005 by the plaintiffs, who opposed the suspension. On September 30, 2005 the court rejected the Argentinean request, for lack for consent. On October 7, 2005, Argentina made a new filing on the same issue, which the court communicated to us on October 11, 2005, and we answered the filing on October 18, 2005.

On March 28, 2006, the court ordered the suspension of the proceedings for a term of 12 months, after which it will call on the parties to report on the status of the negotiation conducted in accordance with the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. Subsequently, the court will decide whether or not the proceedings should continue. The Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy,

after being approved by the Congress of the Argentine Nation, were ratified by the Executive National Argentine Power through decree 1959 of 2006, published on the Official Gazette on January 8, 2007, and now only their regulation by the ENRE is pending.

**Amount involved: US\$574,739,550.**

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 Concession Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Concession Contracts with the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In the practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Concession Contract, therefore being harmful to the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested.

On April 6, 2005, the allegations of the parties regarding this jurisdiction issue took place. The court decided to accept the re-complaint and re-answer of the parties, setting a brief term for them. And the parties complied with the term.

On June 15, 2005, Edesur S.A. entered with the Unit for Renegotiation and Analysis of Public Services Contracts (UNIREN) into an Understanding Letter within the framework of the process for renegotiating Edesur S.A.'s Concession Contract, envisaged in Law No.25,561 and supplementary regulation. As a result of the Understanding Letter, on August 29, 2005, the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy were entered into. At the request of the Argentine Government, the Minutes of Agreement were executed again, on the same terms and conditions, on February 15, 2006, to include the new female Minister of Economy and Production. The Minutes envisage a Transitional Rate Regimen, retroactively effective beginning on November 1, 2005; require approval of the authorities for paying dividends during

the life of the transitional regime; and include other aspects associated with investments, quality of service, penalties applied to Edesur, and unpaid penalties. Also, it establishes a Full Rate Revision, by which a new rate regime is to be set, which was scheduled to become effective on November 1, 2006, and for the next 5 years, under the supervision of the Ente Nacional Regulador de la Electricidad (ENRE), in accordance with law 24,065.

In addition, the Understanding Letter imposes the obligation of initially suspending, and subsequently dropping, all actions filed against the Argentinean State by Edesur S.A. and its shareholders. Such requirement would cause Enersis S.A. to suspend the international arbitration started on April 25, 2003 with the International Center for the Settlement of Disputes regarding Investments between States and Nationals of Other States (CIADI).

After publication in the Official Gazette of the Republic of Argentina of the resolution approving the rates arising from the Full Rates Revision, Enersis S.A. and its subsidiaries Chilectra S.A., Empresa Nacional de Electricidad S.A. and Elesur S.A. (currently, Chilectra S.A.) would drop the abovementioned international arbitration started with the CIADI.

On September 16, 2005 the Republic of Argentina made a filing requesting the suspension of the proceedings. It was answered on September 22, 2005 by the plaintiffs, who opposed the suspension. On September 30, 2005 the court rejected the Argentinean request, for lack of consent. On October 7, 2005, Argentina made a new filing on the same issue, which the court communicated to us on October 11, 2005, and we answered the filing on October 18, 2005.

On March 28, 2006, the court ordered the suspension of the proceedings for a term of 12 months, after which it will call on the parties to report on the status of the negotiation conducted in accordance with the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. Subsequently, the court will decide whether or not the proceedings should continue. The Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, after being approved by the Congress of the Argentine Nation, were ratified by the Executive National Argentine Power through decree 1959 of 2006, published on the Official Gazette on January 8, 2007, and now only their regulation by the ENRE is pending.

**Amount claimed by Chilectra S.A.: US\$22,969,910.**

**Plaintiff** : Chilectra S.A.  
**Defendant** : Superintendency of Securities and Insurance  
**Court** : 10th Civil Court of Santiago  
**Case/Identification** : 4394-97

Summary of proceedings: On October 31, 1997, the Superintendence of Insurance and Securities ("SVS") sanctioned Elesur S.A., today Chilectra S.A., with UF 100,000 and interest to the benefit of the state, for the use of privileged information contained in clause six of the Strategic Agreement subscribed by Enersis S.A. and Endesa España, on August 2, 1997.

Process status: On November 17, 2000, the first instance court admitted Elesur's claim and annulled the fine imposed by the SVS. The sentence, in brief, sustained that there had not been use of privileged information because it was information belonging to one of the contracting parties. The SVS appealed requesting procedural annulment and against the sentence. On June 6, 2006, the Santiago Court of Appeals, rejected the annulment of the procedure, but accepted the sentence appeal, revoking the sentence that annulled the fine imposed by the SVS. In opposition to the sentence of the Court of Appeals, on June 23 2006, an appeal was presented requesting procedural annulment and against the sentence, the resolution of which corresponds to the Supreme Court. Management believes, based on the opinion of the lawyer Pedro Hernán Aguila, from the Ortúzar, Aguila & Cía law firm, in charge of the case, that the lawsuit will probably be won.

**Amount involved: UF 100,000 (approximately US\$3.5 Million)**

EDESUR S.A.

**Plaintiff** : Asociación Coordinadora de Usuarios Consumidores y Contribuyentes - Ente Nacional Regulador de la Electricidad (ENRE).  
**Defendant** : Edesur S.A.  
**Court** : N°2 Federal Civil and Commercial First Instance Court, Registry of the Court N° 6, La Plata  
**Case/Identification** : 38676/03

Summary of proceedings: The said institution filed a measure through which it expects ENRE and EDESUR to be ordered to suspend cabling works in Quilmes, Province of Buenos Aires, as well as the company's "Sobra" sub-station due to the damage the installations may cause to the population's health.

Process status: After a hearing convened by the court and another hearing at the ENRE, which were attended by the parties and the other entities mentioned in the preceding paragraph, a number of technical measures were implemented to diminish the CEM values, even below the values set in the applicable norms. No new developments have occurred in this trial ever since.

**Amount: Undeterminable**

**Plaintiff** : Users affected by a mass power outage in Buenos Aires  
**Defendant** : Edesur S.A.  
**Court** : Courts and Civil and Commercial Courts of the Federal Capital of Buenos Aires  
**Case/Identification** : (Various processes)

Summary of proceedings: As a result of a prolonged outage in February, 1999, which affected 160,000 clients, a large number of claims for damages caused to such users began to be received as of mid 2000.

Process status: This involves several proceedings, started on different dates, so each is at its own procedural step depending on its degree of progress. Currently, 3496 proceedings are being handled.

**Amount involved: US\$7,983,931**

**Plaintiff** : Edesur S.A.  
**Defendant** : Transportes Metropolitanos Gral. Roca.  
**Court** : First Instance National Commercial Court, Registry of the Court N° 1  
**Case/Identification** : 87934/03

Summary of proceedings: Edesur promoted an action to declare settlements in public property free-of-charge, taking into consideration that the company Transportes Metropolitanos General Roca S.A. (T.M.R.) intends to charge an annual rent for every crossing or power line wiring along the rails (existing or future) over land designated as railroad service property.

Process status: Edesur obtained from the corresponding Court a precautionary measure through which the company is not obliged to pay rent while the procedure is pending resolution. The proceedings returned to the Federal Court of La Plata and the trial is in the status in which the judge must issue a first instance sentence.

**Amount: Undeterminable**

**Plaintiff** : Users and Consumers Union.  
**Defendant** : Edesur S.A.  
**Court** : N° 11 Federal Administrative First Instance National Court, Registry of the Court N° 21.  
**Case/Identification** : 142321/02

Summary of proceedings: The Users and Consumers Union 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 the future to these consortiums, as well as the obligation for retrospective reimbursement of "unduly" received amounts.

Process status: Evidence stage. Court is to issue ruling.

**Amount: Undeterminable**

**Plaintiff** : Edesur S.A.  
**Defendant** : National State (Ministry of Economy)  
**Court** : N° 3 Federal Administrative First Instance National Court, Registry of the Court N° 5.  
**Case/Identification** : 1856/97

Summary of proceedings: In accordance with a provision in Power Law 24065, the power sector concessionaire companies must pay a significant rate to the Power Regulating National Agency (ENRE) with the purpose of financing its controlling and regulating activities (the rate is paid by EDESUR, among other concessionaires.) These expenses must not exceed annually the amount of the rate paid, thus giving rise to a financial surplus which, instead of being allocated to the Argentinean government, must be refunded to the companies. In this regard, the action was filed to nullify a resolution of the General Agency for Management of the Economy Ministry, which allocates to the Argentinean Treasury these financial surpluses. Obviously, this resolution is confiscatory in nature, because the rate must always be a payment for a service provided, and no portion of it must become income for the government.

Process status: An extraordinary recourse was filed.

**Amount: Undeterminable.**

**Plaintiff** : Edesur S.A.  
**Defendant** : Municipality of Berazategui  
**Court** : N° 2 Federal Administrative First Instance Court for Civil, Commercial and Administrative Trials, Registry of the Court N° 5. in La Plata  
**Case/Identification** : 11,859/05

Summary of proceedings: Legal action was taken against the Municipality of Berazategui, to the effect of declaring the right of Edesur S.A. to continue the necessary works to construct the "Rigolleau" Substation, located in the department of Berazategui, which were suspended by the sued Municipality through Decree N° 758/05, whose unconstitutionality and unenforceability is requested in the lawsuit.

Process status: The Court accepted the request for a protection measure, suspending the application of Decree N.° 758/05 and ordering Municipal authorities to not impede the laying of the connections for the "Rigolleau" Substation, as well as its updating and remodeling. This protection measures has been appealed by the Chamber. On the other hand, the Municipality of Berazategui answered the demand. The file passed to the Chamber for it to resolve regarding the appeal against the protection measure favorable to Edesur S.A.

**Amount: Undeterminable.**

**Plaintiff** : Edesur S.A.  
**Defendant** : Secretaría de la Política Ambiental de la Provincia de Buenos Aires  
**Court** : N° 2 Federal Civil, Commercial and Administrative First Instance National Court, Registry of the Court N° 5, La Plata.  
**Case/Identification** : 9335/05

Summary of proceedings: An injunction petition was filed, in accordance with Law PBA No.7166, against the Secretaría de la Política Ambiental (SPA) de la Provincia de Buenos Aires, in connection with several infractions committed by this entity, which affect rights and guarantees established in the Argentinean Constitution, in particular, articles 14, 17, 18 and 31 of the Argentinean Constitution, as well as National Law No.25,760, because the provincial regulations (in particular Resolution SPA No.1118/02) have envisaged caps for PCB concentration in transformers which are not consistent with Argentinean or international standards.

Process status: The court accepted the plaintiff's petition, ordering Secretaría de la Política Ambiental to refrain from implementing Resolution SPA No.1118/02 and all the other measures related to it, and to suspend all proceedings already started and the execution of sanctions, if any, derived from them, until a final ruling is passed in the trial. The defendant appealed against this court resolution, and the trial is at the stage following the answer to the complaint.

**Amount: Undeterminable.**

**Plaintiff** : Edesur S.A.  
**Defendant** : Municipalidad de Berazategui.

**Court** : N° 2 Federal Civil, Commercial and Administrative First Instance National Court, Registry of the Court N° 5, La Plata.  
**Case/Identification** : 11.893/05

Summary of proceedings: A lawsuit was filed against the Municipalidad de Berazategui, so that it allows Edesur S.A. to render public services consisting in distributing electricity, for which it must install an underground electrical line under the western sidewalk of street 5, between Avenida Mitre and Calle 146, in Berazategui. The installation was suspended by the defendant through Decree No.1207/05, of which the plaintiff is seeking that it be pronounced unconstitutional and inapplicable. Also, an injunction was requested from the court. The court granted the injunction, suspending the application of Decree No. 758/05, and ordering the district authorities to refrain from stopping the development and/or completion of the installation of the underground 132-Kw line linking the sub-station located there, as well as the adequacy and remodeling of the line.

Process status: Given that the injunction has satisfied the plaintiff's petition, a filing was made suggesting that, if the judge issues a ruling favorable to the plaintiff's complaint, the injunction be upheld.

**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 Concession Contract.

Process status: First instance favorable ruling was appealed against by the GCBA.

**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: Court to issue ruling.

**Amount: Undeterminable**



AMPLA ENERGÍA E SERVIÇOS S.A. (AMPLA)

**Plaintiff** : Meridional S/A Servicios, Emprendimientos y Participaciones  
**Defendant** : Ampla  
**Court** : 9th Chamber of Rio de Janeiro Public Finance  
**Case/Identification** : 98.001.048296-8

Summary of Proceedings: Mistral and Civel, represented by Meridional, claim they are creditors of the former state electricity distribution company CELF, owing to the existence of contracts of jobs undertaken for said company. Meridional in its representation demands payment of invoices supposedly outstanding and the payment of contractual fines for rescission of the contracts for the above mentioned jobs, for the sum of R\$136,085,087.02.

Process status: The Plaintiff filed a recourse of appeal, and then Ampla was required to submit its allegations. On September 25, 2006, Ampla submitted its allegations and appealed.

**Amount US\$118,007,521.02**

**Plaintiff** : Enertrade - Comercializadora de Energía S.A  
**Defendant** : Ampla  
**Court** : Getulio Vargas Foundation Chamber for Conciliation and Arbitration  
**Case/Identification** : Arbitration procedure No. 03/2005

Summary of Proceedings: On December 22, 2002, Ampla and ENERTRADE signed a 20-year electric energy sales contract (40MW average). This contract was sent to ANEEL (Agencia Nacional de Energía Eléctrica) (National Electric Energy Agency) for its evaluation and resulting official approval. ANEEL approved the contract because certain conditions were fulfilled, among them, a 25% reduction in the price of the contracted energy (from R\$ 97,4 t R\$ 72,6/MWh). Given this determination, Ampla only paid the value authorized by ANEEL. ENERTRADE sustained that the contract was tacitly approved by ANEEL due to the passage of time and obtained, through judicial demand n° 2003.34.00.023785-2 against ANEEL, a provisional judicial measure that suspended the effects of the condition imposed by ANEEL, declaring the contract tacitly approved by that entity.

ANEEL has not yet been able to have this provisional measure annulled. With the purpose of confirming the right assured by the provisional measure, ENERTRADE, in December 2005, established an arbitration procedure against AMPLA, under n° 3/2005 in the Cámara de Conciliación y Arbitraje of the Fundación Getúlio Vargas/RJ. Ampla continued to pay the reduced rate because, in addition to not being part of the process, it was not authorized to transfer the full cost to its tariffs.

Process status: On July 17, 2006, Enertrade presented its first arguments, sustaining that Ampla is delinquent in its payments of the amounts owed, according to the electric energy sales contract signed and that Ampla has been paying for the contracted electric energy at the price established

in the official letter n° 696/2003, from ANEEL, while it should have paid the contract price, since due to the provisional measure obtained by ENERTRADE, the effects of the ANEEL official letter are suspended. On August 17, 2006, Ampla presented its answer; sustaining: a) the question is not subject to arbitration; b) that the provisional measure does not produce any effect in relation to it, since it is not part of the judicial demand; c) that it cannot pay for energy at a higher price than the price authorized by ANEEL, under the risk of violating the economic-financial equilibrium of the concession.

**Amount involved: US\$ 91,070,534.13**

**Plaintiff** : Ampla  
**Defendant** : Enertrade - Comercializadora de Energía S.A  
**Court** : Getulio Vargas Foundation Chamber for Conciliation and Arbitration  
**Case/Identification** : Arbitration procedure No. 04/2006

Summary of Proceedings: Counterclaim by Ampla against ENERTRADE. The facts of this procedure are the same as arbitration procedure 03/2005. Bearing in mind that the arbitration rules of this Chamber do not consider counterclaims, Ampla petitioned for a new arbitration to be established, with a view to decreeing the nullity of the contract or, alternatively, its avoidance. In this case, the same arbitration court has jurisdiction for hearing the case, which shall be processed together with the other proceeding.

On August 28, 2006, Ampla petitioned in the arbitration court for the nullity of the contract entered into with ENERTRADE, or, alternatively, its avoidance, maintaining simply that the contract is null and void, since it was not ratified by ANEEL, as stipulated in the law, which was an essential condition for entering into the contract; also null and void because it infringes Law 8.884/94; it was entered into in unfair terms and conditions, typifying the abuse of the power of control; and the contract fails to comply with its business function.

Process status: Ongoing proceedings, the plea period has been concluded and it is now in the period allowed for producing evidence. Bearing in mind that this proceeding shall be heard together with No. 03/2005, the pleadings of both parties regarding the submission of evidence will also be applied to this proceeding.

**Amount involved: US\$ 18,742,278.79.**

**Plaintiff** : Cibrapel S/A Industria de Papel y Embalajes  
**Defendant** : Ampla  
**Court** : Single Chamber of Guapimirim County  
**Case/Identification** : 1998.073.000018-6

Summary of Proceedings: 1) Plaintiff asks the court to order Ampla to indemnify the material and other damages caused by the poor quality of the services rendered by Ampla between the years 1991 and 1998. 2) Plaintiff asks the court to order Ampla to refund the amounts paid as a result of the price increase implemented following administrative resolutions 38 and 45 of 1986, which have been considered illegal, both by the government and by the courts.

Process status: On September 18, 2006, Ampla submitted a filing making observations about the report of the expert appointed by the court. On November 14, 2006, the court issued a resolution requiring the parties to submit final allegations within 10 days.

**Amount involved: US\$ 31,347,290.86.**

**Plaintiff** : Qualita's Tecnología y Servicios Ltda and Symon de Souza Coury  
**Defendant** : Ampla  
**Court** : 4th Civil Court of Niteroi County  
**Case/Identification** : 2005.002.024695-9

Summary of Proceedings: The plaintiff brought this suit pleading that it had been created to serve Ampla since October, 1999 and that this contract should be in force until March 31, 2009, being able to be extended. The plaintiff petitioned for redress for material damages and moral prejudice caused by an alleged unilateral annulment of the contract by Ampla, which would have caused the plaintiff damages of about R\$ 54,000,000 (fifty four million reales).

Process status: On September 15, 2006, Ampla filed a petition stating that it intended to produce expert accounting evidence, evidence of witnesses and supplementary proof of private documents. On November 14, 2006, Ampla lodged an appeal against the terms of the decision rejecting the preliminary petitions (delaying actions) brought in its first plea for the defense.

**Amount involved: US\$ 27.367.908,14**

**Plaintiff** : General Attorney's Office  
**Defendant** : Ampla and the Municipality of Sao Goncalo  
**Court** : 4th Civil Court of Sao Goncalo County  
**Case/Identification** : 2000.004.012307-7

Summary of Proceedings: Towards the end of 2002, there was a charge for financing street lighting of the municipalities, called "Street Lighting Charge" (TMIP). Ampla had signed agreements with municipalities inside its concession area with a view to collecting this TMIP charge, including it in its bills. The constitutional validity of this charge has been challenged, so Ampla, who is simply the collector, has been involved as a defendant in this proceeding, in which the charge is being challenged. Consistent with the above, Ampla alleges in the proceeding that it is simply the collector of this charge, and is not liable.

Process status: Ampla was ruled to not be liable. The ruling declared the charge of the Street Lighting Maintenance Tariff (TMIP) to be illegal, determining that the Municipality of São Gonçalo should abstain from collecting the tax via Ampla. On July, 27, 2005, the Public Prosecutor's Office requested that the court records of the 6th Civil Court of the Region of São Gonçalo should be sent to it. The judge determined that Ampla should abstain from including the TMIP or other charges, taxes or services in the monthly invoices of the consumers of São Gonçalo without the express authorization of each consumer individually. Ampla was enjoined to comply with the ruling of the Courts of Law. On July 13, 2006, Ampla's injunction was attached to the court records.

**Amount involved: Undeterminable.**

**Plaintiff** : AFCONT – Asociación Fluminense del Consumidor y Trabajador y ANACONT – Nacional de Asistencia al Consumidor y al Trabajador  
**Defendant** : AMPLA, LIGHT, ANEEL, Unión Federal, Eletropaulo Metropolitana de São Paulo, CEMIG Companhia Energética de Minas Gerais.  
**Court** : 7° Juzgado Federal de la Comarca de Río de Janeiro.  
**Case/Identification** : 2004.51.01010086-9.

Summary of Proceedings: Civil Class Action brought on June 1, 2004 petitioning the review of the Defendants' tariffs, by reason of the ruling by the Official Auditing Office of la Unión, which ruled that the tax benefit generated by the distribution of interest on the corporate equity should not be considered for tariff review purposes. The suit is for restitution of twice the amounts paid for supply tariffs as of 11/2003, as well as compensation for moral prejudice.

Process status: On July 1, 2005 and August 8, 2005, the letters of summons of Eletropaulo Metropolitana de São Paulo S.A. (Eletropaulo) and Companhia Energética de Minas Gerais (CEMIG), respectively, were attached. Eletropaulo raised a plea of Lack of Jurisdiction, which was admitted, and the decision was handed down for the proceeding involving Eletropaulo to be continued in the 11th Federal Court of São Paulo. On September, 6, 2006, the court records were remitted to the Public Prosecutor's Office and returned on September 11, 2006.

**Amount involved: Undeterminable.**

**Plaintiff** : Association of Townspeople of Recanto dos Arcanjos-Amora  
**Defendant** : Ampla  
**Court** : 1st Civil Chamber of the Town of Saint Gonzalo  
**Case/Identification** : 2002.004.003639-2

Summary of Proceedings: The people of Recanto dos Arcanjos-Amora, through their Association of Inhabitants, launched this action requiring that Ampla carry out the installation of an electricity network for all inhabitants currently without electricity in the Recanto dos Arcanjos housing development.

Process status: On May 22, 2006, the court handed down a ruling rejecting the recourse of appeals filed by Ampla and upholding instead the lower court ruling. On July 12, 2006, the court ordered the compliance with the ruling against which Ampla appealed. Afterwards, the plaintiff started the execution of a penalty for late compliance. On November 6, 2006 the proceedings were remitted to the Attorney General's Office and returned to the court on November 16, 2006 with a decision favorable to Ampla.

**Amount: Undeterminable**

**Plaintiff** : Consumer Defence Commission of the Legislative Assembly of the State of Rio de Janeiro

**Defendant** : Ampla  
**Court** : 8th Business chamber of the County of Rio de Janeiro  
**Case/Identification** : 2002.001.115854-5

Summary of Proceedings: Plaintiff launched this action stating that on September 7, 2002, there was a wind storm in the entire state of Rio de Janeiro that affected the supply of electrical energy and caused damaged to the population. It charges that Ampla failed to provide adequate service due to the storm, but that this event cannot be considered Force Majeure because it was perfectly predictable. Plaintiff demands that Ampla pay its consumers the amount of 1/30 of the basic rate multiplied by the No. of days (three) in which service was not provided, as well as that Ampla be ordered to pay all damages suffered by consumers, including the pain caused to them by the inability to function with electricity.

Process status: Plaintiff filed a Special Recourse which entered the court under No. 2006.135.11857. On August 31, 2006 Ampla filed its allegations against the Special Recourse. On November 23, 2006, the Special Recourse was dismissed.

**Amount: Undeterminable**

**Plaintiff** : Núcleo de Defesa do Consumidor - NUDECON  
**Defendant** : Ampla and Light  
**Court** : 8th Chamber of Rio de Janeiro Commercial  
**Case/Identification** : 1999.001.168990-1

Summary of Proceedings: Group civil action launched on December 13, 1999, with the objective of preventing the cut of the electrical supply to consumers late in payment of their bills, as well as consumers who have stolen electricity.

Process status: The actions submitted to the higher courts: Extraordinary injunction 2004.134.02040 and Special Injunction 2004.135.04122. The Extraordinary Injunction was not accepted by the Court of Justice of Rio de Janeiro. This decision was appealed by means of Instrument 2004.136.06485, by Ampla, to get the injunction accepted. While this appeal is awaiting resolution, the Special Injunction was admitted and redirected to the high court of justice on March 15, 2005 and is also awaiting judgement. On March 7, 2006, the Special Injunction sent to the high court of justice was voted upon, and a unanimous decision pronounced as illegitimate the NUDECON.

**Amount: Undeterminable**

**Plaintiff** : Brazilian Consumer Defence Association (ADCON)  
**Defendant** : Ampla  
**Court** : 8th Business chamber of the County of Brasilia  
**Case/Identification** : 2004.001.017223-0

Summary of Proceedings: (i) No registration of consumers late in payments on records of Services for Credit Protection, and removal of registrations already made, while proceedings continue at court of law; (ii) the restoration of electric energy supply to all consumers whose

supply was shut off and refrain from further electric energy shut-offs of any user or consumer due to illegal actions performed by them (whether stealing of energy or fraud) or because of the fact that they may be late in payments, if no ordinary administrative or legal proceedings have been started in connection with them; (iii) no collection of debts from consumers, unless they arise out of a regular court trial.

Process status: Ampla appealed against the decision that did not accept attachments on July 17, 2006, and the appeal was rejected. Against such court decision, Ampla filed a Special Recourse on August 28, 2006. On September 19, 2006, the court called on the Plaintiff to submit allegations. On October 27, 2006, the recourse went to "Procuraduría General de Justicia". On December 6, 2006, the recourse is sent to the 3rd Vice President, who must decide whether or not the recourse meets the requirements to be discussed by the court.

**Amount: Undeterminable**

**Plaintiff** : Consumer Defence Commission of the Legislative Assembly of the State of Rio de Janeiro  
**Defendant** : Ampla  
**Court** : 7th Business chamber of the State of Rio de Janeiro  
**Case/Identification** : 2005.001.084370-8

Summary of Proceedings: This is a Public Civil action launched in order to prevent the installation of electronic measurement meters. The plaintiff states that this modernisation's only purpose is to prevent theft of electricity and would actually deprive consumers of their right to information. Plaintiff argues that it is Ampla's responsibility to detect electricity theft in other ways and not put the burden on the consumer.

Process status: Ampla submitted allegations against the Appeal filed by the Plaintiff and the proceedings were then remitted to the Justice Court. The Appeal entered the court under No. 2006.001.22785 and was distributed to the 15th civil chamber of the court. The court, by unanimous decision, rejected the appeal, which was published on August 16, 2006. The Plaintiff then filed a Special Recourse, with the proceedings being remitted to the 3rd Vice-presidency of the court. On October 16, 2006 Ampla submitted its allegations. On October 25, 2006, the proceedings were remitted to the "Procuraduria General de Justicia" and were returned on November 22, 2006.

**Amount: Undeterminable**

**Plaintiff** : State Attorney General's Office  
**Defendant** : Ampla  
**Court** : 2nd Civil Chamber of Town of Saint Gonzalo  
**Case/Identification** : 2003.004.034117-9

Summary of Proceedings: Plaintiff launched the Public Civil Action requesting first that Ampla be ordered to "supply the regular consumers of Saint Gonzalo a quality electrical energy service without interruptions, and take all measures necessary to prevent such interruptions, even if in order to achieve this it must restructure all of its equipment; in the event it is absolutely necessary to interrupt the supply, then the restoration of

supply must be immediate or the fine shall be R\$10,000 a day.

Process status: The Ampla appeal was accepted by the court, which called upon the plaintiff to submit allegations against it. On November 6, 2006, the plaintiff's allegations were added to the proceedings., which were sent to the judge since November 28, 2006.

**Amount: Undeterminable**

**Plaintiff** : Town of Itaborai  
**Defendant** : Ampla  
**Court** : 2nd Civil Chamber of County of Itaborai  
**Case/Identification** : 2003.023.041682-7

Summary of Proceedings: The Town of Itaborai filed a Public Civil Action against Ampla so that the Defendant (i) refrains from interrupting the supply of electrical energy of the consumers of this Town, even if they are in debit, because this is an essential and continuous service, compelling Ampla to forthwith take measures necessary to provide continuity and reliability of the supply service in the entire town, under penalty of a fine of R\$200 (200 reales) per day for each consumer inconvenienced; (ii) be ordered to pay a fine of R\$10,000 for each day that it fails to comply with the sentence in (i).

Process status: Court to hand down its ruling.

**Amount: Undeterminable**

**Plaintiff** : Town of Niterói  
**Defendant** : Ampla  
**Court** : 6th Civil Chamber of Niterói County  
**Case/Identification** : 2000.002.007345-7

Summary of Proceedings: The Town of Niterói launched this action requiring the removal of posts situated in places that are supposedly inadequate. At issue is the question of paying for the removal of the posts.

Process status: On April 10, 2006, the proceedings returned from the court of appeals to its original lower court. On May 29, 2006 the order requiring that the court decision appealed against be complied with, was published. On August 29, 2006, the proceedings were remitted to the Attorney General's Office and were returned on September 21, 2005.

**Amount: Undeterminable**

**Plaintiff** : Anacont National Association of Consumer and Worker Assistance  
**Defendant** : Ampla and Town of Angra dos Reis  
**Court** : 2nd Civil Chamber of the County of Angra dos Reis  
**Case/Identification** : 2002.003.001624-5

Summary of Proceedings: This is a Public Civil Action in which the plaintiff requires that Ampla be condemned to refrain from charging a fee for the public lighting of the Town of Angra dos Reis, as well as to refund double the amount paid by the consumers for the inappropriate charge. It bases its petition on the illegality and unconstitutionality of the charge and requires the suspension of the charge for public lighting

until the case is decided.

Process status: Ampla and the Plaintiff filed Appeals. The court has not yet issued a resolution regarding those appeals.

**Amount: Undeterminable**

**Plaintiff** : National Association of Consumer and Worker Assistance  
**Defendant** : Ampla  
**Court** : 1st Civil Chamber of the County of Angra dos Reis  
**Case/Identification** : 2003.003.003327-0

Summary of Proceedings: Plaintiff required Ampla to give early warning to its customers in the event of shut-off of electric supply due to default in payments, asking the court to set a daily fine to ensure effectiveness.

Process status: On November 7, 2006 a resolution was issued denying jurisdiction to the Federal Justice, given the obvious interest of ANEEL in the suit.

**Amount: Undeterminable**

**Plaintiff** : National Consumer and Worker Assistance Association and Attorney General's Office  
**Defendant** : Ampla and Town of Cachoeiras de Macacu  
**Court** : 2nd Civil Chamber of the County of Cachoeiras de Macacu  
**Case/Identification** : 2004.012.000013-9

Summary of Proceedings: The plaintiff launched this action requiring the suspension of the CIP (Contribución de Iluminación Pública) charge and that the Defendants be ordered to refund amounts charged.

Process status: The appeal filed the General Attorney's Office entered the court under No. 2006.001.26010. The proceedings have already been sent to the judge.

**Amount: Undeterminable**

**Plaintiff** : Marcos Enrique Sousa de Magalhães  
**Defendant** : Ampla, State of Rio de Janeiro, EDP - Electricidade de Portugal S/A (EDP), Sociedad Panameña de Electricidad S.A., Endesa Desarrollo S.A., and Empresa Eléctrica de Panamá S.A.  
**Court** : 2nd Public Finance Chamber of the County of Brasília  
**Case/Identification** : 1996.001.128021-4

Summary of Proceedings: The plaintiff objects to the sale by the state of Rio de Janeiro of its shares in the equity of the former Cerj and requests the annulment of the edict, the suspension of the sale of the shares and the declaration of nullity of the bidding as well as the sentencing of the Defendants to compensate the public treasury for the damages it has suffered.

Process status: The Securities Commission answered the court order,

reporting that, since a closely-held company is involved, it has no way of knowing its address, because it only oversees publicly-traded corporations. The court called on the parties to discuss the Securities Commission report. On September 27, 2006 the proceedings were remitted to the General Attorney's Office.

**Amount: Undeterminable**

**Plaintiff** : Macao Consumer and Worker Defence Association  
**Defendant** : Ampla  
**Court** : Single Chamber of the County of Rio das Ostras  
**Case/Identification** : 2004.068.001287-1

Summary of Proceedings: The plaintiff launched this action requesting partial power in advance to prevent the Defendant from charging the TMIP ("Tasa Municipal de Iluminación Pública"), and requesting that Ampla be required to refund the amounts wrongly charged and pay the costs of the trial.

Process status: The court called on the plaintiff to make a filing regarding the answer filed by Ampla.

**Amount: Undeterminable**

**Plaintiff** : National Citizen and Consumer Defence Institute (INDECCON)  
**Defendant** : Ampla  
**Court** : Single Chamber of the County of Rio das Ostras  
**Case/Identification** : 2005.001.069542-2

Summary of Proceedings: The plaintiff launched this action requesting that the bill for the consumption of electricity be sent to the customer with two different bar codes, one referring to the actual consumption and the other for the levying of the CIP. It requested power in advance with erga omnes effect for the whole state of Rio de Janeiro, the input of the Attorney General's Office as well as a list of cities that levy the CIP collected by Ampla.

Process status: On August 1, 2006, Ampla alleged that INDECCON does not have legitimacy, adding to the trial a report stating some courts which have pronounced INDECCON's illegitimacy to file public actions. On November 27, 2006, the proceedings were remitted to the General Attorney's Office.

**Amount: Undeterminable**

**Plaintiff** : National Institute of Defence of Citizen Consumer - INDECCON  
**Defendant** : Ampla and Light  
**Court** : 7th Business Chamber of the County of Rio de Janeiro  
**Case/Identification** : 2005.001.073480-4

Summary of Proceedings: The plaintiff launched this action requesting power in advance to order the suspension of the charge of a fee for normal reconnection, or any fee with this intention, with effect erga omnes for the entire state of Rio de Janeiro, the ordering of the Defendants

to reimburse double the amount received for this charge, and that the Defendants pay the costs related to the trial.

Process status: On July 17, 2006, Ampla informed the court that it was not interested in a conciliation hearing. The judge called on the General Attorney's Office to decide on the granting of power in advance. On September 11, 2006, the proceedings were remitted to the General Attorney's Office. On October 31, 2006 a ruling was handed down denying the plaintiff's petitions.

**Amount: Undeterminable**

**Plaintiff** : General Attorney's Office of the State of Rio do Janeiro  
**Defendant** : Ampla  
**Court** : 5th Civil Court of Niteroi County  
**Case/Identification** : 2005.002.024755-1

Summary of Proceedings: The plaintiff launched this action requesting that the bill for the consumption of electricity be sent to the customer with two different bar codes, one referring to the actual consumption and the other for the levying of the CIP. It requested power in advance so that bills allow to pay the consumption of electricity separately from the CIP.

Process status: On March 8, 2006 the court accepted Ampla's argumentation regarding the interest of the State in the issue. As a result, on March 8, 2006, a decision was published that denies the jurisdiction of that court in favor of the 6th Civil Court of the Niteroi County/Ministry of Finance, given the interest of the State in the issue. The General Attorney's Office objected to this decision, which was rejected, a resolution published in the Official Gazette of May 9, 2006.

**Amount: Undeterminable.**

**Plaintiff** : Commission for the Defense of Consumer in the Legislative Assembly of the State Rio de Janeiro  
**Defendant** : Ampla and ANEEL  
**Court** : 5th Federal Court of Rio de Janeiro  
**Case/Identification** : 2006.51.01.003191-1

Summary of Proceedings: The plaintiff requests: 1) That the Authorizing Resolution nº 201, of May 30, 2005, which authorized the installation of electronic metering, be revoked, for Ampla to return to the use of the old consumption metering system. 2) That Ampla be prohibited to suspend the supply of electric energy to those clients that stop paying the invoices sent after the implementation of the electronic metering system due to differences between the consumption measured during this period with their previous consumption. 3) The granting of a protective measure inhibiting the cutting of supplies to those clients that cease to pay the invoices sent after the implementation of the new electronic metering system. 4) The setting of a daily fine to insure compliance with the protective measure if it were granted. 5) Condemn Ampla to publish the sentence ruling in two large circulation newspapers in the Capital. 6) Condemn Ampla to pay back twice the amounts overcharged the clients. 7) That Ampla be condemned to pay for material and moral harm suffered by the clients.

Process status: On September 4, 2006, Ampla presented its reply,

arguing, in brief, the efficiency of the electronic metering system and constitutionality of the ANEEL resolution, which authorized Ampla to implement the electronic metering system. On September 29, 2006, the resolution denying the protective measure requested, was published.

**Amount: Undeterminable.**

**Plaintiff** : General Attorney's Office of the State of Rio do Janeiro  
**Defendant** : Ampla  
**Court** : 1st Civil Court of Cabo Frio County  
**Case/Identification** : 2005.011.005968-1

Summary of Proceedings: The plaintiff filed this lawsuit requesting that in anticipation of protection, that Ampla perform an enquiry among all electric energy consumers, for them to authorize the joint charge for the electric energy tariff and the Contribution for Public Lighting (CPL) in the consumption invoices, or opt for the separate payment of each of these.

Process status: On July 26, 2006, Ampla answered arguing that it does not choose the way CPL is charged, and that it is merely the collection agent for the tax. On October 30, 2006, the plaintiff answered. On November 17, 2006, a resolution was published for the parts to present evidence. On November 24, 2006, Ampla presented a request stating that it does not plan to submit evidence.

**Amount: Undeterminable.**

**Plaintiff** : Centro Comunitario de los Residentes y Asistencia Social del Apolo y Adyacencias Itaboraí  
**Defendant** : Ampla  
**Court** : 1st Civil Court of Itaboraí County  
**Case/Identification** : 2005.023.009672-2

Summary of Proceedings: The plaintiff filed this lawsuit to request: 1) The granting of the protective measure for Ampla to not withdraw the meters from the homes of consumers. 2) The confirmation of the protective measure, condemning Ampla to not withdraw the meters. 3) As an alternative request, that Ampla be obliged to reconstitute twice the amount consumers had to pay for the purchase of new meters. 4) Condemn Ampla to perform the substitution of the new meters by the old meters, without cost to the consumer. 5) Condemn Ampla to publish the sentence ruling in two large circulation newspapers in the Capital.

Process status: On January 27, 2006, was published a resolution accepting the protective measure and ordering Ampla to abstain from disconnecting the meters already installed in the homes of the consumers which are proven members of the plaintiff. Process in the instruction stage. On October 24, 2006, Ampla presented a request informing that it plans to submit oral and documentary supplementary evidence.

**Amount: Undeterminable.**

**Plaintiff** : General Attorney's Office of the State of Rio do Janeiro  
**Defendant** : Ampla and Municipality of Paraty  
**Court** : Single Court of Paraty County

**Case/Identification** : 2005.041.001008-9

Summary of Proceedings: The plaintiff brought this suit petitioning, by way of advanced tutelage, sentencing of the Municipality of Paraty to abstain from collecting the Contribution for Street Lighting (CIP), under penalty of a fine of R\$ 50,000.00 (US\$23,277.46) and, additionally, that Ampla should be compelled to collect the CIP separately, although on the same energy consumption bill, using different bar codes, under penalty of a fine of R\$ 10,000.00 (US\$ 4,666.79).

Process status: Ampla submitted its plea for the defense on July 4, 2006, pleading preliminarily the lack of legitimacy of the Public Prosecutor's Office to bring this suit, and that the Public Criminal Indemnification Action is not the appropriate medium for discussing collection of the tax. It also proved that it was not infringing Resolution 456/2000.

**Amount: Undeterminable.**

**Plaintiff** : Municipality of Paraty  
**Defendant** : Ampla  
**Court** : Single Court of Paraty County  
**Case/Identification** : 2005.041.001124-0

Summary of Proceedings: The plaintiff brought this suit petitioning for: 1) Acceptance of the precautionary measure for Ampla to abstain from shutting off the power supply services, under penalty of a fine of R\$10,000.00 (US\$4,666.79) to be applied to each non-compliance of the delegated order, without detriment to any other possible penalties; 2) That Ampla should maintain the regularity of the system of supply and maintenance of the power transmission grid in satisfactory conditions for the users; 3) That Ampla should be sentenced to submit and execute within a reasonable period of time a project to modernize the grid, consisting of improvements to the power transmission equipment and lines in the area of the Municipality of Paraty; 4) the injunction for the Public Prosecutor's Office to be a party to or to act in the case as custos legis; and 5) The injunction of the Granting Power in the case, the State of Rio de Janeiro, to express an interest in the case through its legal representative.

Process status: On November 10, 2006, the court records were remitted to the lawyer's office of the Municipality and returned on November 13, 2006. The court records are expected to be remitted to the Public Prosecutor's Office.

**Amount: Undeterminable.**

**Plaintiff** : Núcleo de Primer Atendimento de la Defensoría Pública de la Comarca de Três Rios  
**Defendant** : Ampla and Light  
**Court** : 1st Civil Court of Tres Rios County  
**Case/Identification** : 2003.063.009822-6

Summary of Proceedings: The Plaintiff petitions for: a) Articles 75 and 76 of Resolution DNAEE No. 466 of November 12, 1997, which stipulate the causes for suspension of the power supply, to be declared unconstitutional; b) specific granting of advanced tutelage to (1) determine the immediate reestablishment of power to consumers with the above

service cut off; (ii) suspend collection of debts imposed unilaterally by the Defendants in light of the verification of irregularities in consumption, and (iii) exclusion of the name of delinquent consumers from the record of debtors; c) that the petition to make the granting of advanced tutelage definitive should be deemed admissible.

Process status: On May 29, 2006, the sentence deeming the petition admissible was decreed, determining that the Defendants should abstain from suspending or interrupting the power supply.

**Amount: Undeterminable.**

**Plaintiff** : Brazilian bar of lawyers, Section of the Rio de Janeiro State, Subsection 15th  
**Defendant** : Municipality of Conceicao of Macabu and Ampla  
**Court** : Single Court of Conceicao of Macabu County  
**Case/Identification** : 1998.018.000024-9

Summary of Proceedings: The Plaintiff brought this suit petitioning for a precautionary measure to determine that the Municipality of Conceição de Macabu should be compelled to not enforce collection of charges for Urban Services and Street Lighting, and on the intrinsic rights determined by substance rather than form for the precautionary measure to be ratified, with Ampla being notified to abstain from incorporating the Street Lighting Charge (TIP) into its electricity bills.

Process status: On November 13, 2006, the sentence was handed down stating that the proceeding involving the petition to cease collecting the TIP had abated due to a lack of any surviving procedural interest (insofar as the question of the TIP has already been ruled on by the Courts), determining the petition made to declare the collection of the TSU improper to be admissible and to consider the proceeding to have been abated, without analyzing the rights and wrongs of the substance of the case, based on article 267, VI of the CPC, with regard to Ampla.

**Amount: Undeterminable.**

**Plaintiff** : Organization of the Society of Angra dos Reis (OSCAR)  
**Defendant** : Ampla and Town of Angra dos Reis  
**Court** : 2nd Civil Chamber of the County of Angra dos Reis  
**Case/Identification** : 2002.003.005590-1

Summary of Proceedings: In this action the plaintiff requires the suspension of the charging of the "Tasa de Iluminación Pública" (TIP) incorporated in the electricity consumption bills of the consumers of the Town of Angra dos Reis, starting on the date on which the defendant is summoned to the court, and that the court pronounce that the charge is not effective.

Process status: On November 14, 2006, the proceedings were remitted to the General Procurator's Office so that they hand down a ruling.

**Amount: Undeterminable**

**Plaintiff** : Casimiro de Abreu Municipal Chamber

**Defendant** : Ampla  
**Court** : Single Court of Casimiro de Abreu County  
**Case/Identification** : 2006.017.000168-5

Summary of Proceedings: The Plaintiff asks for: a) concession of guarantee so that AMPLA can grant in the electricity accounts of registered consumers in the City of Casimiro de Abreu, to be issued and in those that were already issued, and in which they were issued but not paid, a discount of 50% of the price to pay for energy supply, until they finish the work of connection with the Silva Jardim Sub-station or a Casimiro de Abreu sub-station is built, to minimize the problems from which the population suffers from the blackouts and power fluctuations; b) the application of a daily fine of R\$10,000 (US\$ 4,666.79), to be reverted to the Plaintiffs for the improvement or enlargement of the network of electrical energy within the City's jurisdiction, until the conclusion of the work of connection with the Silva Jardim sub-station; and c) the finding of indemnification of damages to property exiting until the end of the suit.

Process status: Trial in evidence presenting stage. On November 21, 2006, Ampla presented an answer pointing out, in summary, that the connection work of the Silva Jardim and Rocha León sub-stations were finished in August, for which reason the said action lost its objective.

**Amount: Undeterminable**

**Plaintiff** : Organization of the Society of Angra dos Reis (OSCAR)  
**Defendant** : Ampla  
**Court** : 1st Civil Chamber of the County of Angra dos Reis  
**Case/Identification** : 2003.003.010569-4

Summary of Proceedings: In this action the plaintiff requires that the court prohibits Ampla to suspend the supply of electrical power to consumers late in payments, and that it condemns Ampla to a penalty of 1,000 reales for each consumer late in payments to whom the electricity supply has been cut off.

Process status: Court is examining complaint. On November 21, 2006, a ruling was handed down pronouncing that the facts invoked no longer exist.

**Amount: Undeterminable**

**Plaintiff** : Jorge Luiz Gasco  
**Defendant** : Ampla  
**Court** : 4th Civil Court of Sao Goncalo County  
**Case/Identification** : 2005.004.074298-1

Summary of Proceedings: The Plaintiff presented this action requiring the concession of a guarantee so that Ampla could interrupt the operation of substitution of the electricity consumption meters in the City of São Gonçalo and that such substitution be declared illegal.

Process status: On July 26, 2006, sentence was handed down and the trial was declared finished.

**Amount involved: Undeterminable.**

**Plaintiff** : ASOBRAEE – Brazilian Association of

**Consumers of Water and Electricity**

**Defendant** : Ampla  
**Court** : 5th Civil Court of Niteroi County  
**Case/Identification** : 2006.002.002621-4

Summary of Proceedings: The Plaintiff presented this action requiring that the DNAEE nº 038 and 045 Resolutions of 1986 be declared null. These resolutions established the rate adjustment, for which AMPLA may be condemned to the restitution of the improper charge, equivalent to 20% of what it would have charged all the consumer in the period from March to November 1986, as well as to force Ampla to present the complete schedule of payments made for all of the consumers in the period from March to November 1986.

Process status: The Plaintiff was required to respond to the answer offered by Ampla.  
**Amount involved: Undeterminable.**

**Plaintiff** : ANDEC – National Association of Credit Consumers  
**Defendant** : Ampla  
**Court** : 3rd Business Court of Rio de Janeiro County  
**Case/Identification** : 2006.001.024920-5

Summary of Proceedings: The Plaintiff presented this action requiring the condemnation of Ampla in the return to all the consumers who fall into the definition of “consumer” contained in art. 2º of the CDC, the amounts paid in excess for the use of electrical energy in the period between February 27, 1986 until November 27, 1986, on account of the presumed illegal increase imposed by the Ports DNAEE nº 038 045 of 1986, duly increased with statutory interest and inflation adjustment; “the settlement and carrying out of the sentence, as well as the reversion of the Fund, created by Law nº 7347/85, will be performed in accordance with the rules established by the CDC and in the Law of Civil Public Action.

Process status: Awaiting the requirement for the parties to present their evidence.  
**Amount involved: Undeterminable.**

**Plaintiff** : ANDEC – National Association of Credit Consumers  
**Defendant** : Ampla  
**Court** : 2nd Business Court of Rio de Janeiro County  
**Case/Identification** : 2006.001.024911-4

Summary of Proceedings: The Plaintiff presented this action requiring the condemnation of Ampla in the return to all the consumers who do not fall into the definition of “consumer” contained in art. 2º of the CDC, the amounts paid in excess for the use of electrical energy in the period between February 27, 1986 until November 27, 1986, on account of the presumed illegal increase imposed by the Ports DNAEE nº 038 045 of 1986, duly increased with statutory interest and inflation adjustment; “the settlement and carrying out of the sentence, as well as the reversion of the Fund, created by Law nº 7347/85, will be performed in accordance

with the rules established by the CDC and in the Law of Civil Public Action.

Process status: Awaiting the requirement for the parties to present their evidence.  
**Amount involved: Undeterminable.**

**Plaintiff** : Consumer Defense Association  
**Defendant** : Ampla  
**Court** : 5th Civil Court of Niteroi County  
**Case/Identification** : 2002.002.025734-2

Summary of Proceedings: This is a Collective Civil Indemnification Action promoted by the Consumer Defense Association, with a view to receiving refunds of the amounts paid in excess by their associates for use of electricity from February 27, 1986 to November 27, 1986, by reason of the allegedly illegal increase as a result of Resolution DNAEE 038 045 of 1986, duly increased by legal interest and monetary correction.

Process status: Ampla was summoned on November 28, 2006, and, after attaching the certificate of due compliance with the summons in the court records, such will be picked up from the Notary Public’s Office so that it can presents its defense.  
**Amount involved: Undeterminable.**

**Plaintiff** : Ampla  
**Defendant** : Cooperativa de Electrificación Rural Sanjoanense (CERSAN)  
**Court** : 1st Federal Chamber of Niteroi County  
**Case/Identification** : 99.020.8621-7

Summary of Proceedings: This action seeks rescission of the electrical energy supply contract and federal permit of the Rural Electrification Co-operative, because service is to customers in the Ampla Concession area, and because monthly bills are overdue for electrical energy supplied for the past few years and which add up to R\$ 15 million. There are other actions to collect the debt from the Co-operative that have been launched by Ampla before the State justice system.

Process status: Court is to hand down ruling.  
**Amount: Undeterminable**

**Plaintiff** : Ampla  
**Defendant** : Teresópolis-Friburgo Electrification Co-operative (CERTEF)  
**Court** : 1st Federal Chamber of Niteroi County  
**Case/Identification** : 2000.51.02.000030-1

Summary of Proceedings: This action seeks rescission of the electrical energy supply contract and federal permit of the Rural Electrification Co-operative, because service is to customers in the Ampla Concession area, and because monthly bills are overdue for electrical energy supplied for the past few years and which add up to R\$ 9 million. There are other actions to collect the debt from the Co-operative that have been launched by Ampla before the State justice system

Process status: The ANEEL informed the court that it is interested in the



issue and that it is finishing a report with the findings of the examination of CERTEF. The court is becoming acquainted with the proceedings.

**Amount: Undeterminable**

**Plaintiff** : Co-ordination of Consumer Defence - CODECON/SG  
**Defendant** : Ampla  
**Court** : 4th Civil Chamber of the Town of Saint Gonzalo  
**Case/Identification** : 2003.004.043260-4

Summary of Proceedings: This is the Public Civil Action in which CODECON/ Saint Gonzalo required that AMPLA be prohibited from suspending the supply of electrical energy to the consumers of Saint Gonzalo when they fail to pay their monthly bill, under penalty of a fine of R\$ 500 per day, and that Ampla be ordered to refrain from suspending the supply of electrical energy to the consumers of Saint Gonzalo for delay in payment of their monthly bill. Input is required from the Attorney General's Office.

Process status: On July 6, 2006, a ruling was handed down, rejecting the petition contained in the Public Civil Action, on the grounds that Ampla is under no obligation of performing its operations free of charge.

**Amount: Undeterminable**

**Plaintiff** : Union of Workers in the Niterói Electrical Energy Industry representing a class action suit by 2841 employees  
**Defendant** : Ampla  
**Court** : Niterói Work Chamber  
**Case/Identification** : Labour Complaint 884/1989

Summary of Proceedings: In April 1989, the Niterói Union, in representation of 2841 employees, launched an action claiming salary differences of 26.05% since February 1989 that were related to the economic plan instituted by Decree Law 2.335/87, or "Summer Plan".

Process status: Ordinary proceedings have finished. The current discussion centers around the execution of the ruling, because in this regard a filing has been made arguing that the ruling has already been executed.

**Amount: US\$18,735,556.27**

**Plaintiff** : Selma de Souza and 122 other plaintiffs  
**Defendant** : Ampla  
**Court** : 2nd Employment Chamber of Niterói  
**ID Number** : Work Complaint No.3142/1995

Summary of Proceedings: The plaintiffs were fired by the Company and demand to be reinstated and to have their right of employment stability recognized.

Process status: Through an Unnamed Incidental Precautionary Action, filed in Rio de Janeiro, it was possible to carry out the termination of these employees, which occurred on December 7, 2005.

**Amount: US\$ 27,278,537.53**

**Plaintiff** : Ampla

**Defendant** : Federal Union  
**Court** : 2nd Federal Chamber and 4th TRF Chamber of the 2nd Region  
**Case/Identification** : Ordinary Action No.96.0035653-0 and Civil Appeal No.98.02.21000-5 (d.1)

Summary of Proceedings: Plaintiff is asking from the court the following: 1) The declaration of Ampla's immunity from payment of the tax called COFINS; and 2) That the Federal Union be ordered to refund payments made under COFINS in the past five years, adjusted and increased as statutorily required and based on the ruling of the court handed down in trial No.92.0113589-4.

Process status: On December 6, 2006, the court decision rejecting Ampla's recourse was published. On December 11, 2006, a filing was made asking the court to clarify its omission of the second point of Ampla's petition.

**Amount: US\$ 36,741,510.19**

**Plaintiff** : Federal Union  
**Defendant** : Ampla  
**Court** : Special Body of TRF in the 2nd Region  
**Case/Identification** : Rescission Action No.97.02.09655-3 (d.2)

Summary of Proceedings: The Federal Union filed a rescission action against Ampla with the TRF 2nd region, in order to rescind the decision (passed in trial No.92.0113589-4) that recognized Ampla's immunity from the requirement to withhold the COFINS tax. The lower court ruling in the rescission action was favorable to Ampla. If the higher court grants the rescission action of the Federal Union, Ampla would have to pay in all the COFINS that it did not pay over as a result of the ruling passed in trial No.92.01134894, which recognized Ampla's immunity from the requirement to withhold the COFINS tax.

Process status: On November 3, 2005, the resolution of the Rio de Janeiro Tribunal was published (TRF – decision of Dec/03) that rejected the rescission action filed by the Ministry of Finance meant to repeal the ruling favorable to Ampla that granted the latter immunity from the COFINS tax. The publication of this resolution was critical if the Federal Union was to appeal against it with the Superior Tribunal of Justice in Brasilia. On December 1, 2005, the Ministry of Finance filed, with the Rio de Janeiro Tribunal, a recourse seeking a clarification of the resolution.

**Amount: US\$ 217,963,885.95**

**Plaintiff** : Ampla  
**Defendant** : Federal Union  
**Court** : 4th Federal Chamber of Niterói and 4th Group of the TRF of the 2nd Region  
**Case/Identification** : Ordinary Action No.96.0035387-5 and Civil Appeal No.1999.02.01.047064-8 (d.4)

Summary of Proceedings: Ampla seeks to obtain the declaration that the tax-legal relationship (tax immunity) does not exist as regards the payment of the tax called FINSOCIAL, which would have an impact on its gross monthly revenue. It also seeks to have the Federal Union forced

to refund the total amount collected in the last five years, starting from October 1996 and, if the foregoing is not possible, that the Federal Union be made to refund the difference between the amount paid in accordance with Laws 7,787/89 , 7,784/89 and 8,147/90, and that due in accordance with Decree Law No.1.940/82, in the same period referred to above.

Process status: The lower court's decision declared without grounds the request for immunity, but accepted the petition to declare unconstitutional the increases in the FINSOCIAL tax rate above 0.5% and the right to offset the said excess in current and future taxes due. The appeals of Federal Union and Ampla were filed. The proceedings were sent to Federal Regional Court where they are currently awaiting a judgement on the two appeals.

**Amount: US\$ 15,295,482.56**

**Plaintiff : Ampla**  
**Defendant : Federal Union**  
**Court : 3rd Group – Federal Regional Court of the 2nd Region and 1st Federal Court of Niterói.**  
**Case/Identification : Lawsuit 98.02.07129-3 and Appeal against Lawsuit 1998.51.02.207129-6 (d.5) Lawsuit 98.02.02033-8 and Appeal against Lawsuit 2000.02.01.055412-5 (d.6).**

Summary of Proceedings: Compensation of Tax Losses – This is about a lawsuit against the Commissary in charge of collection of federal income taxes in Niterói, that seeks to ensure that Ampla has the right to recover wholly the tax losses in order to determine the calculation basis for its income tax on a legal person and the negative calculation basis for the purposes of the Corporate Contribution on Net Profit for the years 1993, 1995 and 1996, with the profits generated in the base-years 1998 and following, without submitting to the limit of 30% of the taxable profit.

Process status: On December 14, 2006 the decision by the Regional Federal Court of the 2nd Region on one of the two lawsuits was published. This decision was unfavorable to Ampla. From this time, a period of 30 days commenced, which ended on January 12, to pay the difference in taxes to the Brazilian treasury without applying the fine of 20%. The amount associated with this process was R\$ 234.9 million (US\$ 109.3 million).

However, given the unlikelihood of being successful in the superior courts of justice, the decision of Ampla was to pay the total sum associated with the two lawsuits initiated by Ampla, which amounted to R\$ 240.7 million (US\$ 111.9 million) with the purpose of ending the contingency involved in the trials and all the records of infraction against the tax code already reported. On January 11, 2007 Ampla paid to the Brazilian government the sum of R\$ 240.7 million (US\$ 111.9 million).

**Amount: US\$ 111,949,118,37**

**Plaintiff : Secretary of the Federal Collection Tax (Brazilian IRS)**  
**Defendant : Ampla**  
**Court : Federal Income Tax Commissary**  
**Case/Identification : Infraction Proceeding No.00218 and Administrative Trial No.10730.002007/99-24.**

Summary of Proceedings: A demand for tax credit relating to the PIS

contribution, with the objective of preventing the prescription of amounts entered judicially plus interest due on arrears.

Process status: On June 7, 1999, Ampla presented its opposition to the Infraction Proceeding, which was accepted by the Federal Collection Tax court. As a result of this, Ampla tabled a voluntary action, which was partially recognized by the 3rd Chamber of the 2nd Council of taxpayers of the Ministry of Finance, at least to exclude the interest charged on arrears by the Federal Collection Tax (IRS) Court. Currently the proceedings are in the Federal Collection Tax court of Niterói.

**Amount: US\$ 23,814,436.91**

**Plaintiff : Secretary of Federal Collection Tax (Brazilian IRS)**  
**Defendant : Ampla**  
**Court : Commissariat of the Niterói Federal Collection Tax**  
**ID Number : Infraction Proceeding 0710200/00112/05 and Administrative Trial 10730.003110/2005-55**

Summary of Proceedings: Sanction action filed by the Federal Tax Collection Office (SRF) on July 1, 2005 for the alleged failure to withhold and collect the Income Tax on remittance of amounts abroad. The SRF filed such sanction action, as it considered that the mutual contracts entered into by Ampla and Cerj Overseas are a simulation of what actually is the payment (amortization) of Fixed Rate Notes (FRN'S). Accordingly, the SRF concluded that the average term required by law of 96 months for the application of the aliquot of zero income tax was not complied. Ampla is obliged to withhold and pay the income tax on the remittances abroad as an amortization of the FRN's.

Process status: March 8, 2006: Ampla was notified in regard to the judicial decision of administrative first instance, which maintained the decision against it. April 5, 2006: The Company filed an appeal at the Tax Payers Council (second administrative instance). For this purpose, the Company indicated assets for 30% of the updated minute..

**Amount: US\$ 242,196,158.70.**

**Plaintiff : Ampla**  
**Defendant : State of Rio de Janeiro**  
**Court : Superior Court of Justice**  
**Case/Identification : Trial No.2002.001.110494-9**

Summary of Proceedings: Lawsuit filed with the aim that the authorities refrain from taking any action to collect the ICMS tax established by Decree No.31.632/02.

Process status: On September 2, 2002 Ampla filed a claim and obtained a preventive measure; however, such measure was nullified by the judicial decision that considered such claim as inadmissible. Ampla filed an appeal, which was also rejected by the 15th Civil Chamber. Finally, the Company filed special and extraordinary appeals, which were originally admitted but subsequently rejected by the Judge at the Supreme Court. On December 15, 2005 the decision made by Judge João Otávio of Noronha was published. This decision refused Ampla's request regarding the appeal being

urgently ruled, as the emergency need was not considered as such. On September 21, 2006 the Minister of Economy decided the closing of the administrative proceeding and the start of the judicial collection of the debt, based on Rio de Janeiro State Prosecuting Attorney's opinion that states that this proceeding cannot follow its normal steps, as Ampla had filed a claim before against the law of the State that decided the prepayment of the tax.

**Amount: US\$ 50,760,861.41**

COELCE S.A.

**Plaintiff** : Inácio Nunes Arruda & Others.  
**Defendant** : Coelce.  
**Court** : 2nd Court of Public Finance - Ceará  
**Case/Identification** : 2000.01122.6248-0/0

Summary of proceedings: Popular action whose objective is to cancel the sales process of Coelce. The plaintiffs allege that in the process of privatization of Coelce there was no participation of the employees of Coelce; shares were not offered to the employees in sufficient numbers, and thus they were prevented from gaining control of the Company; that the bidding terms and conditions favored the participation of foreign companies and removed the incentive for employees of the Company; that there was insufficient publicity in the bidding; that the public stockholders' equity of Fortaleza was damaged; etc.

Process status: Faced with the activation of the process there was no protest of any kind by the plaintiffs. The trial awaits the judge's verdict.  
**Amount: Undeterminable.**

**Plaintiff** : Libra - Ligas Do Brasil S/A.  
**Defendant** : Coelce.  
**Court** : Court of Ceara State, in Brazil  
**Case/Identification** : 2000.0013.4212-7 (Court of appeals) – 1997.02.22643-0 (lower court)

Summary of proceedings: This is a "Trial for Tarifazo", that corresponds to the different trials begun as a result of the dictation of rate decrees 38, 45 and 153 of 1986, by the National Department of Water and Electrical of Brazil (formerly ANEEL), which enabled the different electricity companies of Brazil to increase their rates considerably between the months of March and November 1996.

Process status: The trial returned to the lower court for the performance of an expert investigation, for which Coelce was ordered to show certain documents. Now it is waiting for the resolution signaling the beginning of the investigation.

**Amount: US\$ 16,029,263.37**

**Plaintiff** : Bar of Lawyers of Brazil and Others  
**Defendant** : Coelce.  
**Court** : Supreme Court of Justice  
**Case/Identification** : None

Summary of proceedings: Civil public action launched with the objective

of preventing the application of the rate adjustment (percentage 23.59%) authorized by ANEEL in April 2005.

Process status: The Supreme Court judge suspended on October 7, 2005 the guarantee that prevented the adjustment from being applied. Thereby, the concessionaire may apply from that date on the above mentioned adjustment. Coelce had to suspend the retroactive collection of the installments generated by the time in which the guarantee made it impossible to put the adjustment into effect. The guarantees are expected to be annulled and Coelce will be able to re-begin collecting the remaining installments.

**Amount: US\$ 44,000,000**

COMPAÑIA DE INTERCONEXION ENERGÉTICA S.A.

**Plaintiff** : Maximiliano Nagl Garcez and Aldino Beal  
**Defendant** : Companhia Paranaense de Energia (COPEL), Companhia de Interconexao Energética (CIEN), Governor of Paraná: Jaime Lerner, State of Paraná, Agencia Nacional de Energia Eléctrica (ANEEL).  
**Court** : 8ª Federal Court of Curitiba - PR  
**Case/Identification** : 2001.70.00.039775-7

Summary of proceedings: A politically motivated lawsuit presented October 22, 2001 (i) to pay for the privatization of COPEL and (ii) to annul the contracts signed with CIEN for the sale of 800 MW with the following data: The reasons presented by the Plaintiffs to back up their claims are, among others, the following: (i) The contracts between Cien and COPEL bring significant losses to COPEL and also the real intention of the parties to the contract were to obtain, via a contract for the purchase of energy, the financing of private companies; (ii) COPEL supplies the energy at a lower price than that stated in the contract with CIEN; (iii) The energy supplied by Cien through 20 years is not necessary, because in Paraná there is an energy surplus; (iv) The fine specified in case of rescission is illegal, providing a great advantage to Cien and none to COPEL; (v) There was no bidding for contract that was awarded to Cien; (vi) Absolutely no public objective existed; (vii) Although the government of the State of Paraná recognized that COPEL is a highly productive and competitive company, the only justification for privatizing it was that its potential share value was at an all time high; (viii) The advantages of controlling COPEL are much greater than any other program that the government can carry out.

Process status: The lawsuit was launched on December 7, 2001. On March 1, 2006 the judge declared the trial at an end, without a resolution and without awarding fines, since (i) the privatization process of Copel was cancelled and (ii) there was a renegotiation of the contracts, implying the loss of a reason to sue. Copel and the plaintiffs presented an appeal, respectively, July 12 and 18 of 2006, and on August 14, 2006. Copel asked in its request for the case to be thrown out of court, while the plaintiffs presented a recourse asking for the respondent (Copel) to be required to pay settlement and costs. On October 23, 2006 the trial was remitted to the Regional Federal Court of the 4th Region. A second instance decision is expected.

**Amount involved: US\$227,893, 917.10.**

**Plaintiff** : Municipality of Garruchos

**Defendant** : **Companhia de Interconexao Energética (CIEN)**  
**Court** : **1st Civil Chamber of the Court of the State of Rio Grande do Sul**  
**Case/Identification** : **70013356134**

Summary of proceedings: Appeal for “agravio de instrumento” (where case is remitted to another court without being ended) with application for guarantee launched by City of Garruchos against the decision handed down in the Ordinary Lawsuit nº 10500005929, presented in July 2005 against Cien and against the State of Rio Grande do Sul, which decided to send the case to the Law Judge of the district of Itá - Santa Catarina for the verdict, according to the decision of the Code of Brazilian Civil Trial, considering that the lawsuits are connected (with identical objectives).

Process status: August 15, 2006 - Cien presented an appeal for the case to be thrown out on a technicality with a request for attribution of the moderating effects, questioning the active legitimacy of the City of Garruchos in the absence of the necessary “interest in suing” and of the legal impossibility of the initial request for the ordinary lawsuit and, therefore, the total rejection of the suit. On October 4, 2006, the request by Cien for the case to be thrown out was deemed inappropriate. Considering that Cien is already a respondent in the case, the Company is now deciding whether or not to appeal against this decision.

**Amount involved: None.**

CENTRAIS ELÉTRICAS CACHOEIRA DORADA S.A.

**Plaintiff** : **Wildson Sebastiao Fraga Guimaraes (shareholder of Centrais Elétricas de Goiás (CELG) and chairman of the “Sindicato dos Trabalhadores nas Industrias Urbanas no Estado de Goiás”.**  
**Defendant** : **State of Goiás, Centrais Elétricas de Goiás (CELG), Centrais Elétricas Cachoeira Dourada S/A (CDSA).**  
**Court** : **3rd Court of Public Finance of the County of Goiania**  
**Case/Identification** : **97009045073**

Summary of proceedings: Politically motivated lawsuit launched on September 23, 1997, asking for the cancellation of the public auction to privatize Cdsa. This lawsuit has been presented against the State of Goiás, CELG and Cdsa. The plaintiff asks also for free justice.

Process status: The suit was launched on September 23, 1997 against the State of Goiás, which required the participation of CELG and of Cdsa as necessary co-litigants. On March 12, 2001 CELG took exception to the value initially given to its case, and its request was granted. Cdsa presented a response and the plaintiff presented a reply. On August 29, 2003 ordered the plaintiff to prove his state of poverty, and accordingly, the plaintiff presented proof of his state. On July 18, 2005, the Justice Daily Newspaper published the decision giving the plaintiffs free access to the justice system. On July 27, 2005 a resource was presented against the decision granting free justice. On October

11, 2005 free justice was finally awarded to the plaintiffs. On November 4, 2005 the decision was published in the government press. The return of the court proceedings to the lower court is expected, so that the suit can continue.

**Amount involved: Undeterminable**

**Plaintiff** : **Municipality of Cachoeira Dourada**  
**Defendant** : **Centrais Elétricas Cachoeira Dourada S.A. – CDSA**  
**Court** : **Public Finance Court of Itumbiara County**  
**Case/Identification** : **200503342330**

Summary of proceedings: Treasury Action: Payment by Cdsa of the tax on the transmission of real estate already argued judicially and won by Cdsa, with sentence in judicial suit Nº 9801713704.

Process status: On November 14, 2006 the judge handed down a decision rejecting the defense of Cdsa, respecting the wishes of the public prosecutor in the sense that the tax collected is not the same collected in the Treasury Action of 2000, whose decision was favorable to our company. Cdsa asked for this decision to be thrown out on a technicality and, failing that, might still launch “Debtor Embargos” as defense in the execution by presenting guarantees in the trial.

**Amount involved: R\$200.000.000.**

**Plaintiff** : **Municipality of Cachoeira Dourada**  
**Defendant** : **Centrais Elétricas Cachoeira Dourada S.A. – CDSA**  
**Court** : **Municipal Secretary of Finance**  
**Case/Identification** : **None**

Summary of proceedings: Administrative (Infraction notification). The city of Cachoeira Dourada has informed CDSA through an “Infraction notification” that this Company owes the city the tax on services for the generation of electrical energy.

Process status: An administrative appeal is launched, considering that the federal constitution prohibits the incidence of tax o services to be applied to electrical energy. The City is expected to answer our defense.

**Amount involved: R\$ 23.640.824,59**

CENTRAL GERADORA TERMELECTRICA FORTALEZA S.A.

**Plaintiff** : **Secretariat of the Federal Collection Office**  
**Defendant** : **CGTF**  
**Court** : **3rd Fiscal Region: Alfândega do Porto de Fortaleza**  
**Case/Identification** : **0317600/00212/04**

Summary of proceedings: “Infraction notification” launched to prevent the loss of the right to charge import tax and tax on industrialized products in importation, imposed on the assets imported for the construction of the generating station. The import tax was not accepted, due to the incorrect recording on the declaration of import of the government classification of machines, systems and equipment. This Infraction notification refers to the tax not accepted by virtue of the guarantee granted for these

procedures in the Ordinary Lawsuit n° 2002.81.00.020687-1.

Process status: On January 31, 2006 the Infraction Notification was learned about. On February 24, 2006 – an appeal against it was launched. Management will speak up about this only after a verdict is reached.

**Amount involved: R\$ 56,696,112.50**

**Plaintiff** : CGTF - Central Geradora Termelétrica Fortaleza S.A.  
**Defendant** : Federal Union  
**Court** : 1st Federal Court of Ceará  
**Case/Identification** : 2002.81.00.020687-1

Summary of proceedings: CGTF presented a lawsuit against Federal Union, objecting to the issue of only one declaration of imports for the two functional units composed of gas turbo-generators and for the functional unit composed of steam turbo-generators and other equipment, as well as to proceed to the partial customs dispatch, the early delivery of the imported equipment and the treasury classification as electrogenic group (portion 0% of import tax and tax on industrialized products, which means a tax saving of approximately US\$ 15 million.

Process status: In the main lawsuit: Cgtf required the verdict ahead of time because it considers there was already enough evidence in the case. In the case “Declaratória Incidental” (declaration of the existence of a right) : The Union presented resource and the proceedings have been finished since June 24, 2004. Second instance verdict is expected for the appeal launched by he Union from June 24, 2005, against the resolution that was favorable to Cgtf.

**Amount involved: R\$ 147.483.066,71**

COMERCIALIZADORA DE ENERGIA DEL MERCOSUR S.A.  
(CEMSA)

**Plaintiff** : Central Piedra Buena S.A.  
**Defendant** : CEMSA  
**Court** : Buenos Aires Stock Exchange  
**Case/Identification** : 718/06

Summary of proceedings: On November 17, 2006, CPB sued Cemsa for the damages caused by the rescission of the agreement of 250MW, (supposedly) exclusively the responsibility of Cemsa. The amount asked for is US\$ 12,225,525 plus interest for damages, plus the cessation of profits, an indeterminate sum.

For damages, CPB means the price of the 250 MW of firm energy committed in the agreement for 250 MW and that CIEN did not pay and that Cemsa has invoiced partially to CIEN in virtue of considering exclusively the technical availability of the CPB power plant, less than the 250 MW committed, and the price of the totality of the energy that was supplied from the month of April 2005 until the date of this report, and which was not paid, with more contractual interest on the amount unpaid.

As for cessation of profits, CPB demands for the rescission of the

agreement of 250 MW of firm power, owing to Cemsa’s responsibility, and not being able to sell in the futures market or in other exporting operations, the power committed in the agreement. The suit also asks for the declaration of rescission of the agreement for 250 MW from February 1st, 2006 and that a direct order be issued to CAMMESA so that the energy from the generating units of CPB be removed from the export to Brazil and CPB may sell it them in the futures market.

CPB also accuses Cemsa of gravely illegal conduct by charging a commission and breaking the rules set by CPB when it charged CIEN for amounts of energy that did not match, in the opinion of CPB, what was indicated in the agreement for 250 MW and what was instructed by CPB. It also states that Cemsa gave priority to its own personal interests and to the interests of third parties who form part of the group of control of Cemsa over the interests of the client (CPB) when it did not sue and thus favored CIEN.

Process status: On November 22, 2006, Cemsa answered the suit rejecting it in all its terms and launched a counter suit against CPB for the damages it suffered from the untimely ending of the contractual relationship. Similarly, it formulated reservations to demand the possible damages that could stem from CPB’s attitude.

**Amount involved: US\$12,225,525 plus interest on damages and undetermined cessation of profits.**

TRANSPORTADORA DE ENERGÍA S.A. (TESA)

**Plaintiff** : Transportadora de Energía S.A. (Tesa)  
**Defendant** : Province of Corrientes  
**Court** : Supreme Court of the Nation  
**Case/Identification** : T-53/03

Summary of proceedings: Tesa initiated a statement of certainty action against the Province of Corrientes, for the Supreme Court to declare that the activity carried out by the company in the province is under federal jurisdiction and therefore exempt from the Gross Business Income Tax that the Province of Corrientes currently demands.

It also requested an injunction, to order the General Revenue Department of the Province of Corrientes to abstain from demanding Tesa the payment of the mentioned tax.

Process status: The Supreme Court (the “Court”) on July 15, 2003, resolved

(i) That it was competent to see the cause;

(ii) Notify the Province of Corrientes of proceedings;

(ii) Issue the injunction requested by Tesa (to not innovate) in relation to the payment of the gross business income tax included in the Fiscal Code of the Province of Corrientes with regard to the activity carried out by Tesa, in the following terms: “Decree the injunction requested, and consequently, orders the Province of Corrientes to abstain from pursuing the fiscal execution of the gross business income tax regarding the contract signed on July 12, 2002 between the National State and

Transportadora de Energía S.A. for the construction, operation and maintenance of the second circuit for electric energy transport of the Nodo Rincón de Santa María-Nodo Frontera Garabí section (Province of Corrientes).

On August 29, 2003, the Government of Corrientes was notified by official letter of the injunction granted by the Court.

After being notified, the Province of Corrientes answered the demand stating that the Provincial Revenue Department had made no current and concrete requirement to Tesa for the payment of the Gross Business Income Tax and therefore there was no controversy between the parts that entitled the intervention of the Court.

In spite of the Province having stated in their reply that it corresponded charging Tesa the Gross Business Income Tax to the activity performed by Tesa, the Court stated that no there was no case, since the there is no requirement from the Provincial Revenue Department demanding the payment of the Gross Business Income Tax. Once there is a requirement to pay the Gross Business Income Tax, the demand can be raised again. Notwithstanding the archiving of the demand, the Court regulated fees in favor of the lawyer for the Province of Corrientes for \$37.600, amount that has already been paid by Tesa. On July 6, 2005, the lawyer for the Province of Corrientes presented a letter of payment in favor of Tesa and manifesting that he had no further claim. In the case that the Provincial Revenue Department makes a concrete requirement that Tesa pay the Gross Business Income Tax, the demand must be reopened. Until that happens, this is the last report regarding this lawsuit.

**Amount involved: Undeterminable**

COMPAÑÍA DE TRANSMISIÓN DEL MERCOSUR S.A. (CTM)

**Plaintiff** : **Compañía de Transmisión del Mercosur S.A. (CTM)**  
**Defendant** : **Province of Corrientes (in Argentina)**  
**Court** : **Supreme Court of the Nation**  
**Case/Identification** : **C-222/03**

Summary of proceedings: Ctm initiated a statement of certainty action against the Province of Corrientes, for the Supreme Court to declare that the activity carried out by the company in the province is under federal jurisdiction and therefore exempt from the Gross Income Tax that the Province of Corrientes currently demands. It also requested an injunction, to order the General Revenue Department of the Province of Corrientes to abstain from demanding Ctm the payment of the mentioned tax.

Process status: The Supreme Court (the "Court") on August 21, 2003, resolved

- (i) That it was competent to see the cause;
- (ii) Notify the Province of Corrientes of proceedings;
- (ii) Issue the injunction requested by Ctm (to not innovate) in relation to the payment of the gross business income tax included in the Fiscal Code of the Province of Corrientes with regard to the activity carried

our by Ctm, in the following terms: "Decree the injunction requested, and consequently, orders the Province of Corrientes to abstain from pursuing the fiscal execution of the gross business income tax regarding the contract signed on June 14, 2000 between the National State and Compañía de Transmisión del Mercosur S.A. for the construction, operation and maintenance of the second circuit for electric energy transport of the Nodo Rincón de Santa María-Nodo Frontera Garabí section (Province of Corrientes). The Province of Corrientes was notified of the demand and answered stating that there was no current and concrete requirement for the payment of the gross business income tax.

Likewise, it stated that according to express dispositions of the Provincial Fiscal Code, it corresponded that CTM S.A. pay the Gross Business Income Tax and the inapplicability Federal Pact for Employment, Production and Growth by which some provinces, including Corrientes, had committed to eliminate the Gross Business Income Tax. CTM S.A. rebutted each of the arguments invoked by the province in its presentation.

Later, the Province of Corrientes requested the lifting of the injunction, presentation that was opportunely answered by Ctm S.A. On April 5, 2005, the Court rejected the request for the lifting of the injunction.

On September 9, 2005, Ctm S.A. requested the cause be opened to evidence and the CSJN set the conciliation audience for November 9, 2005.

In the mentioned audience, the parts manifested that it was not possible to achieve conciliation. As a result, the case was opened to evidence.

On March 13, 2006 the Court certified that the term for evidence was expired without any evidence pending and it instructed the parts to present their arguments regarding the evidence presented.

CTM argued on the evidence produced. The proceedings passed to the Attorneys Office on September 8, 2006. At December 27, 2006, the proceedings had not returned from the Attorneys Office.

**Amount involved: Undeterminable**

CODENSA S.A.

**Plaintiff** : **Roberto Ramírez Rojas (Class action lawsuit).**  
**Defendant** : **Codensa, Bogotá Capital District and Alcaldía Zonal de San Cristóbal.**  
**Court** : **Cundinamarca Administrative Court, Third Section - Sub-section "B".**  
**Case/Identification** : **Case file 03-1473.**

Summary of proceedings: The Circo Victoria transmission line I and II was built by Empresa Eléctrica de Bogotá in 1962, when the site in which the towers holding it are located, was not populated. However, when Codensa was born as a legal entity, on October 23, 1997, one of those towers (No.731) was surrounded by buildings put up after 1983 but prior to 1996. The plaintiff demands protection for the following

collective rights: a healthy environment; sanitization, security and prevention of technically foreseeable disasters; that buildings abide by statutory regulations.

Process status: The State Council is to decide on the appeals filed by each party.

**Amount: Undeterminable.**

**Plaintiff** : Conjunto Residencial Iguazú (Class act-like lawsuit).  
**Defendant** : Codensa and Soacha City Government.  
**Court** : Cundinamarca Administrative Court, Fourth Section - Sub-section "B".  
**Case/Identification** : 03-01342.

Summary of proceedings: Codensa S.A. ESP was providing the service of public lighting to the Soacha district since the inception of the company (on October 23, 1997). The public lighting infrastructure in the Soacha district is mostly owned by Codensa, through a contribution from Empresa Eléctrica de Bogotá (together with other assets).

Soacha district called on bidders for the service of public lighting, the winner being "Soacha Ciudad Luz", a temporary entity with which district representatives entered into concession contract No.004 on January 19, 1999. Codensa did not take part in the concession contract. However, after that contract had been executed, Sociliz hired Codensa to supply electricity, and rented the Codensa infrastructure, billing and collection systems. These are the conditions under which Codensa is related to the rendering of public lighting services in Soacha.

Process status: The State Council is to decide on the appeals filed by all the parties.

**Amount: Undeterminable.**

**Plaintiff** : Jorge Ernesto Salamanca Cortés y Luis Alejandro Montero.  
**Defendant** : Codensa, Nación – Ministerio de Minas – Unidad de Planeación Minero Energética.  
**Court** : 3rd Administrative Court of Bogotá Circuit  
**Case/Identification** : 05-2357

Summary of proceedings: In 14 areas of Bogotá there are at least 35 built-up quarters more than 25 years old where the high and medium voltage grid is "located in an anti-technical manner at several points, including in the front gardens of several houses", so that people are seen to be exposed to the risk of electrocution. The players consider that, as it is laid out, the grid creates a huge risk to which Codensa has not paid sufficient attention. Consequently, they are petitioning the Constitutional Judge to order the Company to lay the grid underground.

Process status: It is in the period allowed for producing evidence.

**Amount: Undeterminable.**

ENDESA S.A. (PARENT)

**Plaintiff** : Maria Elena Teresa Sola Ruedi  
**Defendant** : Endesa, Minister of Economy, and Superintendent of Electricity and Fuels.  
**Court** : Santa Barbara Court of First Instance  
**Case/Identification** : 4340-2004

Summary of proceedings: The demand is to change the easement regime for expropriation, and payment for a larger flooded surface. If the foregoing fails, re-assessment of the indemnity amount paid for the easement is demanded.

Process status: The court rejected Endesa's allegations that the court was incompetent and the plaintiff had abandoned the proceedings. Endesa appealed against this court resolution.

**Amount: Undeterminable.**

**Plaintiff** : Jaime Arrieta Correa and others  
**Defendant** : Treasury of Chile, General Direction of Water and Endesa S.A.  
**Court** : First Civil Court of Valdivia  
**Case/Identification** : 198-2005

Summary of proceedings: The annulment by operation of public law is requested of the resolution No.134, of March 22, 2000, issued by the General Direction of Water, which constitutes in favor of Endesa a right to use water to carry out the Neltume Power Plant project, with payment of damages. Failing the foregoing, plaintiffs request payment of damages supposedly caused to them, namely the fact that their properties no longer are located on the shores of Lake Pirehueico and the deterioration of their value.

Process status: Endesa made pleas for its defense, whereas the Treasury of Chile made a filing requesting the court to correct the proceedings, in connection with which the court asked the submission of evidence.

**Amount: Undeterminable**

**Plaintiff** : Inversiones M.D. Ltda. and others  
**Defendant** : Treasury of Chile, General Direction of Water and Endesa S.A.  
**Court** : 24th Civil Court of Santiago  
**Case Identification** : 7957-2005

Summary of proceedings: The annulment by operation of public law is requested of the resolution No.134, of March 22, 2000, issued by the General Direction of Water, which constitutes in favor of Endesa a right to use water to carry out the Neltume Power Plant project, with payment of damages. Failing the foregoing, plaintiffs request payment of damages supposedly caused to them, namely the fact that their properties no longer are located on the shores of Lake Pirehueico and the deterioration of their value.

Process status: The court issued a resolution prohibiting that contracts or other legal actions be executed in connection with Endesa's water rights associated with the Neltume Project. The court suspended the proceedings until it decides whether or not the case must be accumulated with the following: Lawsuit of the 9th Civil Court, case No. 15279-2005,

called "Arriega vs. Treasury of Chile and Others"; and the lawsuit in the 10th Civil Court, case No. 1608-2005, called "Jordan vs. Treasury of Chile and Others". As to the proceedings themselves, now comes the stage when the court will have to call on the parties to produce evidence.

**Amount: Undeterminable**

**Plaintiff** : José Manuel Jordán Barahona and others  
**Defendant** : Treasury of Chile, General Direction of Water and Endesa S.A.  
**Court** : 10th Civil Court of Santiago  
**Case Identification** : 1608-2005

Summary of proceedings: The annulment by operation of public law is requested of the resolution No.134, of March 22, 2000, issued by the General Direction of Water, which constitutes in favor of Endesa a right to use water to carry out the Neltume Power Plant project, with payment of damages. Failing the foregoing, plaintiffs request payment of damages supposedly caused to them, namely the fact that their properties no longer are located on the shores of Lake Pirehueico and the deterioration of their value.

Process status: Endesa is yet to appeal against the court resolution that resolved on the petitions, submitted by the parties, requesting that the proceedings be corrected. The court issued a resolution indicating the points about which the parties can produce evidence. The term for submitting evidence has been suspended, however, because the court has not yet decided on Endesa's petition that the notification made to it of the resolution indicating the points about which the parties can produce evidence, be declared null and void.

**Amount: Undeterminable**

**Plaintiff** : Endesa Pangué S.A. and Pehuenche S.A.  
**Defendant** : Treasury of Chile  
**Court** : Ninth Civil Court of Santiago  
**Case Identification** : 13084-04

Summary of proceedings: The annulment by operation of public law is requested of ministerial resolution No.35, dated June 15, 2004, issued by the Minister of Economy, Development and Reconstruction, in which the latter authority pronounces on an issue that was originally not contentious, that of instructing CDEC-SIC to determine the times of day with the highest probability of loss of electric current.

Process status: The court summoned the parties to hear the judgement.

**Amount: Undeterminable**

**Plaintiff** : Luis Danús Covian and other fifteen people  
**Defendant** : Endesa and Pangué S.A.  
**Court** : Santa Bárbara lower court  
**Case/Identification** : 4563

Summary of proceedings: A lawsuit was filed calling on the court to declare that over Fundo Ralco (Ralco Ranch) there is a commonwealth of which plaintiffs and defendants are members and on which they all have co-owners' rights.

Process status: Endesa and Pangué S.A. dropped the request that the lawsuit be notified to approximately 600 people as co-plaintiffs, because the court ruled that Endesa and Pangué S.A. had to pay for these notifications. The defendants made filings requesting the court to correct the proceedings.

**Amount involved: Undeterminable.**

**Plaintiff** : Endesa  
**Defendant** : YPF  
**Court** : Arbitration Court of the International Chamber of Commerce (CCI)  
**Case Identification** : 14210/CCO

Summary of proceedings: Compensation for damages caused to Endesa is being claimed by reason of non performance by YPF of contracts for the supply of natural gas signed by the parties for the Tal Tal Power Station.

Process status: On October 5, the court issued Procedural Order No. 1, which sets the calendar for the proceedings and the rules for producing evidence, with this period for producing evidence now ongoing.

**Amount involved: The current damages to Endesa at December, 2005 are estimated at US\$ 31,442,461 and future damages are assessed at US\$ 322,412,217.**

PANGUE S.A.

**Plaintiff** : Endesa, Pangué S.A. and Pehuenche S.A.  
**Defendant** : Treasury of Chile  
**Court** : Ninth Civil Court of Santiago  
**Case Identification** : 13084-04

Summary of proceedings: The annulment by operation of public law is requested of ministerial resolution No.35, dated June 15, 2004, issued by the Minister of Economy, Development and Reconstruction, in which the latter authority pronounces on an issue that was originally not contentious, that of instructing CDEC-SIC to determine the times of day with the highest probability of loss of electric current.

Process status: The court summoned the parties to hear the judgement.

**Amount: Undeterminable**

**Plaintiff** : Luis Danús Covian and other fifteen people  
**Defendant** : Endesa and Pangué S.A.  
**Court** : Santa Bárbara lower court  
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Summary of proceedings: A lawsuit was filed calling on the court to declare that over Fundo Ralco (Ralco Ranch) there is a commonwealth of which plaintiffs and defendants are members and on which they all have co-owners' rights.

Process status: Endesa and Pangué S.A. dropped the request that the lawsuit be notified to approximately 600 people as co-plaintiffs,



because the court ruled that Endesa and Pangué S.A. had to pay for these notifications. The defendants made filings requesting the court to correct the proceedings.

**Amount involved: Undeterminable.**

PEHUENCHE S.A.

**Plaintiff** : Endesa, Pangué S.A. and Pehuenche S.A.  
**Defendant** : Treasury of Chile  
**Court** : Ninth Civil Court of Santiago  
**Case Identification** : 13084-04

Summary of proceedings: The annulment by operation of public law is requested of ministerial resolution No.35, dated June 15, 2004, issued by the Minister of Economy, Development and Reconstruction, in which the latter authority pronounces on an issue that was originally not contentious, that of instructing CDEC-SIC to determine the times of day with the highest probability of loss of electric current.

Process status: The court summoned the parties to hear the judgement.

**Amount: Undeterminable**

CENTRAL HIDROELÉCTRICA DE BETANIA S.A.

**Plaintiff** : Fariel San Juan  
**Defendant** : Central Hidroeléctrica de Betania S.A. E.S.P.  
**Court** : 3th and 4th Civil Courts of Neiva Circuit  
**Case/Identification** : Class action motivated by the impact that the construction of the dam will have on the economy of the region.

Summary of proceedings: Construction of system that would allow transit of fish at mating season.

Keeping water at equitable level and ordering Central Hidroeléctrica de Betania S.A. to conduct compensatory development projects, such as a fish processor and packing.

Process status: The proposed compliance agreement was submitted to the 3rd Court on April 18 of this year. This agreement was approved by the judge by means of a judicial writ issued on September 25, 2006. This activity is already being carried out through the Company's Environmental Division. Once the commitments acquired have been complied with, the termination of the proceedings and filing of the case records will be decided.

The compliance agreement hearing was held last August 30, 2006 in the Fourth Court. The resulting obligation for the Company involves undertaking two studies for developing tourist projects in the region, which shall be developed by the municipality of Yaguará and/or by the Governor's Office of Huila. The deadline for submitting the studies is February 1, 2007. This compliance agreement was approved by judicial writ on September 8, 2006. Once the studies have been delivered, the

termination and archiving of the proceedings will be ordered.

**Amount: Undeterminable.**

**Plaintiff** : 380 people of different locations  
**Defendant** : Central Hidroeléctrica de Betania S.A. E.S.P.  
**Court** : Several courts in the departments of Huila and Tolima  
**Case/Identification** : Non-contractual civil liability

Summary of proceedings: Central Hidroeléctrica de Betania S.A. ESP. is being sued for its liability in the floods occurring in 1986, 1989, 1994 and 1999, which allegedly swept away and damaged crops and lands of the various plaintiffs.

Process status: Some lawsuits have already received their first appealable judgment; others are in the evidence state, and in others the pleas for the defense are being made; in other words, they are in the initial stage.

**Amount involved: US\$8.909.980**

EMGESA S.A.

**Plaintiff** : Orlando Enrique Guaqueta and Inhabitants of Sibaté  
**Defendant** : Emgesa S.A. ESP. Empresa de Energía de Bogotá S.A. ESP.- EEB-Corporación Autónoma Regional - CAR -  
**Court** : Administrative Court of Cundinamarca - First Section  
**Case/Identification** : Class Action

Summary of proceedings: The claim was filed so that the Entities are severally liable for the damage caused by the pollution in El Muña dam, as a result of the pumping by Emgesa S.A. ESP of polluted waters from the river Bogotá.

Process status: In a resolution of August 9, 2006, notified to the parties on August 10, 2006, the court decided to accumulate this lawsuit with the class action of Miguel Angel Chávez.

**Amount: US\$1,200,000,000**

**Plaintiff** : Gustavo Moya  
**Defendant** : Emgesa S.A. ESP, Empresa de Energía de Bogotá S.A. ESP, the Capital District of Bogotá, Empresa de Acueducto y Alcantarillado de Bogotá, the City Hall of Sibaté and other plants and government agencies that presumably contribute to the pollution of the river Bogotá by action or omission.  
**Court** : Administrative Court of Cundinamarca - Fourth Section  
**Case/Identification** : Class Action

Summary of proceedings: That the entities being sued should be declared liable for damages caused to the environment as a result of storing raw

sewage above the El Muña Reservoir. This proceeding was added to the proceedings addressing the pollution of the Bogotá River.

Process status: Via judicial writ dated November 30, 2006, Section One of the State Council, in a tutelage decision of November 30 of the same year, confirmed the decision of Section Five of the same body, which rejected the tutelage suite instituted by the Ministry of the Environment, Housing and Territorial Development against the Magistrate Nelly Villamizar, who forms part of Subsection "B" of Section Four of the Administrative Court of Cundinamarca, as being unfounded.

**Amount involved: Undeterminable.**

**Plaintiff/Tax Creditor :** Emgesa S.A. ESP.  
**Defendant/Taxpayer :** Corporación Autónoma Regional de Cundinamarca - CAR  
**Court :** Administrative Court of Cundinamarca – First Section  
**Case/Identification :** Action seeking nullification of decrees and then re-establishment of right

Summary of proceedings: That the administrative decrees issued by the CAR (Resolution 506 of March 28, 2005 and 1189 of July 8, 2005) should be declared null and void and Emgesa's rights, which had been violated by their issue, since they impose works to be performed in the Muña reservoir, on whose effectiveness maintenance of the water concession depends, should be reestablished. The grounds for dissent are: (i) Imposition of the obligations of others on the Company. (ii) Imposition of a nonexistent community of interests. (iii) Disregard and obligatory jurisdiction of court decisions. (iv) It imposes a countervailing measure in favor of the Municipality of Sibaté unjustly and without any legal foundation.

Process status: On October 6, 2006, the defendant was ordered to proceed to defend the suit, after which such defendant took exception to all the plaintiff's claims.

**Amount involved: US\$ 70,700,000 (approx.)**

EDEGEL S.A.

**Plaintiff/Tax Creditor :** Sunat  
**Defendant/Taxpayer :** Edegel  
**Court :** Sunat  
**Case/Identification :** n/n

Summary of proceedings: Tax Note - 2000 Supervision - 2000 Fiscal Year Income Tax

Process status: Court is yet to issue a resolution.

**Amount involved: US\$24,511,109.38**

ENDESA COSTANERA S.A.

On July 25, 1990 the Italian Government authorized Banco Medio Crédito Centrale to grant the Argentinean Government a loan up to US\$93,995,562 intended for financing the acquisition of assets and the rendering of Italian source services, used in the reconditioning of four

groups of the steam-electric powerplant owned by Servicios Eléctricos del Gran Buenos Aires ("SEGBA"). Such loan financed the acquisition of assets and services indicated in the Work Order No.4322 (the Order) issued by SEGBA on behalf of a trust led by Ansaldo S.P.A., an Italian company.

In virtue of the terms in the "Agreement regarding the Work Order No.4322": i) SEGBA granted Endesa Costanera S.A. a mandate through which it administered the rendering of the services included in the Order and performed the work and services that corresponded to SEGBA, in conformity with the Order; and ii) Endesa Costanera S.A. was obliged to pay the Energy Department the capital installments and interest related to the loan granted by Medio Crédito Centrale, at a 1.75% annual rate (the Agreement).

To guarantee the compliance with the financial obligations assumed by Costanera S.A., the buyers (holders of class "A" shares of Endesa Costanera S.A.) pledged all their own class "A" shares. In the event of non-compliance resulting in executing the guarantee, the Energy Department could immediately sell the pledged shares through public bidding and could exercise the political rights applicable to pledged shares.

In accordance with Law No.25,561, decree No.214/02 and regulatory provisions, the payment obligation of Endesa Costanera S.A. as a result of the Agreement has become "pesified" to the peso exchange rate equivalent to one US dollar, plus the application of the reference stabilization coefficient and maintaining the original interest rate of the obligation.

On January 10, 2003 the National Executive issued decree No.53/03, which modified decree 410/02 and added subsection j) in Article 1. In conformity with this regulation, the "pesification" is not applied to the obligation of the provincial states, city halls, private and public companies of giving sums of foreign money to the National Government as a result of subsidiary or other loans and guarantees, originally financed by multilateral credit entities, or as a result of liabilities assumed by the National Treasury and refinanced by other external creditors.

Endesa Costanera S.A. considers that the loan resulting from the Agreement does not agree with any of the assumptions include in Decree No.53/03 and even though in the assumption that it agrees, there are strong arguments that determine the unconstitutionality of Decree No.53/03, because it would violate the principle of equality and the right of property established by the National Constitution. The most significant contingency that could result, if the aforementioned assumption becomes real at September 30, 2006, would be a shareholders' equity decrease, net of tax effects, of approximately US\$20 million. To date the Energy Department has not filed a claim for the "pesified" payments made by Endesa Costanera S.A.

At December 31, 2006, Costanera S.A.'s debt in regard to the Agreement on account of the principal and interest is US\$17,103,426.

Eneris S.A. and its Subsidiaries are the plaintiffs or defendants in other minor suits with the risk of eventual or reasonably possible loss, whose

individual effects, in the event of an adverse resolution, are not significant in these 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:

- Ratio of debt and cash flow for four quarters of Enersis and its Chilean subsidiaries does not exceed 6.5 in 2006, ending at 6.00 in 2008;
- The ratio of consolidated debt to consolidated EBITDA for four consolidated quarters, does not exceed 4.5 in 2006, ending at 3.00 in 2008;
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.80 in 2006, ending at 2.20 in 2008;
- The consolidated debt to shareholders' equity plus minority interest does not exceed 77.5% in 2006, ending at 70% in 2008;
- No less than 50% of the total consolidated assets of Enersis S.A., steadily until 2008, should belong to companies whose business is regulated;
- Minimum shareholders' equity at least equal to U.F.27 million

As of December 31, 2006 and 2005 all these obligations have been met.

##### CHILECTRA S.A.

The Company did not have any restrictions nor financial covenants during the periods ended December 31, 2005 and 2006.

##### ENDESA S.A. (PARENT COMPANY)

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

- Ratio between debt and cash flow for four quarters of Endesa Chile and its Chilean subsidiaries does not exceed 9.25x in 2006, which evolves up to 7.5X in 2010;
- The ratio of consolidated debt to consolidated EBITDA for four consolidated quarters, not exceeding 5.90x in 2006, which evolves up to 4.2X in 2010;
- The ratio of Endesa Chile and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.5x in 2006, which evolves up to 2.00X in 2010;
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 107% in 2006, which evolves up to 100% in 2010;
- 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 U.F.45 million.

The financial covenants for loans entered into in January 2006 are less strict than those indicated above.

As of December 31, 2006 all these obligations have been met.

##### PEHUENCHE S.A.

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 UF9,500,000.

As of December 31, 2006 all these obligations have been met.

##### ENDESA COSTANERA S.A.

In virtue of the arrangement in Annex VI-A of the International Public Tender for the Sale of shares of Central Costanera S.A., the ownership of Central Costanera S.A.'s land was transferred subject to the condition that it must be used as the location for an electric power plant for a term of twenty five years as of the date of possession.

If under any circumstance whatsoever the land ceases to be used for that purpose during the indicated years, its ownership shall be considered revoked due to this cause, and return of such title will be effective immediately, and as a matter of law, to SEGBA S.A. or, as applicable, to the Chilean State.

The most demanding requirements in respect to financial coefficients are those contained in the loan, as amended at September 30, 2005, with CSFBi, which are the following: The long-term debt with third parties may not exceed US\$215 million (excluding short-term debt, commercial debt, inter-company loans and balance of debt with MedioCrédito Italiano); the debt for less than 180 days may not exceed US\$10 million. There are, also, clauses restricting the change of control of the company and clauses that restrict payments to shareholders, including subjecting the related debt to meeting certain financial indicators.

As of December 31, 2006 these obligations have been met.

##### EL CHOCÓN S.A.

The loan obtained on September 7, 2006 requires the Company to comply with the following financial covenants: ratio of Ebitda to financial expenses not lower than 3.5, debt to Ebitda not greater than 3.0; net shareholders' equity not lower than 690 million Argentine pesos.

As of December 31, 2006 these obligations have been met.

**EDEGEL S.A.**

Financial indicators originated by credit contracts, Bonds Programs and Short-term instruments:

- Debt ratio no greater than 0.90

As of December 31, 2006 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 1.3
- Cash Flows plus Dividend Payments/Senior Financial Debt no less than 1.4
- Shareholders' Equity/Senior Debt no less than 2.5.

At December 31, 2006 these covenants have been fully met.

**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. In the credits contracted by Endesa Chile in January and December of 2006, and by Enersis S.A in December 2006, the threshold is 50 million US dollars. Also, non-payment, after any applicable grace period, of these companies' debts or of those corresponding to any of their subsidiaries for individual amounts exceeding the equivalent of 30 million dollars, would cause advanced payment of Yankee bonds. In addition, some credit agreements contain provisions according to which certain events different from non-payment in these companies or in any of their most relevant subsidiaries, such as bankruptcy, insolvency, adverse executed legal sentences for amounts larger than US\$ 50 million, and expropriation of assets, may cause those credit acceleration clauses to be in effect.

There are no clauses in the credit agreements through which changes in these companies corporate or debt classification by risk classification agencies may cause an obligation to make debt prepayments. However, according to the Standard & Poor (S&P) risk classification agency, a variation in the foreign currency debt risk classification produces a change in the applicable margin of syndicated credits contracted in 2004.

At December 31, 2006, these obligations and restrictions have been fully observed.

**NOTE 30.**  
**SURETIES OBTAINED FROM THIRD PARTIES**

**Enersis S.A.**

The Company has received certificates of deposit for ThCh\$20,451 at December 31 2006 (ThCh\$108,076 in 2005).

**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\$33,675 and ThCh\$34,541 at December 31, 2006 and 2005, 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\$3,578,240 as of December 31, 2006 (ThCh\$583,812 in 2005).

**Compañía Americana de Multiservicios Ltda.**

The Company has delivered bank bonds for ThCh\$4,742,666 (ThCh\$8,520,446 in 2005) and has received bank bonds for ThCh\$276,020 (ThCh\$735,733 in 2005).

**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\$1,593,331 as of December 31, 2006 (ThCh\$5,348,795 in 2005).

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

The Company has received documents in guarantee for ThCh\$302,744 as of December 31, 2006 (ThCh\$0 in 2005).

**Enigesa S.A.**

The Company has received guarantee documents amounting to ThCh\$63,623 as of December 31, 2006 (ThCh\$ 56,230 in 2005).

## NOTE 31. FOREIGN CURRENCIES

As of December 31, 2006 and 2005, foreign currency denominated assets and liabilities are as follows:

### a. Current assets,

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Cash and banks	Not readj. Ch\$	2,191,957	2,756,165
	US\$	3,600,298	1,473,361
	Euro	6,467	-
	Yen	226	595
	Col. \$	23,362,312	14,771,565
	Per. Sun	7,416,124	3,136,272
	Arg \$	2,228,412	2,008,767
	Br. Real	60,988,423	48,727,015
	Time deposits	US\$	59,861,548
Col. \$		53,629,271	37,985,578
Per. Sun		9,981,878	6,680,800
Arg \$		22,196,015	26,208,710
Br. Real		136,456,454	150,530,737
Marketable securities	Not readj. Ch\$	3,900	3,901
	US\$	2,101,620	2,375,415
	Col. \$	4,399,346	3,855
	Per. Sun	832,640	1,906,378
	Arg \$	1,776,421	1,132,449
Accounts receivable, net	Readj. Ch\$	-	2,145,497
	Not readj. Ch\$	176,292,058	144,505,269
	US\$	2,324,931	5,946,084
	Euro	-	4,944
	Col. \$	201,719,237	133,690,798
	Per. Sun	53,613,613	34,498,389
	Arg \$	70,816,003	57,793,252
	Br. Real	334,348,531	269,598,566
Notes receivable	Not readj. Ch\$	2,526,021	884,914
	US\$	131,722	64,903
	Per. Sun	49,173	17,638
	Arg \$	19,786	19,640
	Br. Real	4,741,500	2,656,866
Other receivables	Readj. Ch\$	108,279	668,416
	Not readj. Ch\$	31,448,255	23,861,154
	US\$	12,920,727	5,148,189
	Euro	-	4,570
	Col. \$	21,777,269	13,261,915
	Per. Sun	5,802,174	4,831,051
	Arg \$	863,783	705,197
	Br. Real	29,428,138	15,708,035

a. Current assets, continued

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Amounts due from related companies	Not readj. Ch\$	6,495,675	581,006
	US\$	741,886	1,069,602
	Not readj. Ch\$	-	5,683,903
	Per. Sun	132,203	361,285
	Arg \$	6,195,206	3,823,775
Inventories, net	Not readj. Ch\$	36,358,647	48,006,439
	US\$	1,821,376	-
	Col. \$	9,681,693	9,078,082
	Per. Sun	15,154,427	9,433,077
	Arg \$	1,547,713	3,118,033
	Br. Real	1,344,729	2,462,720
	Income taxes recoverable	Not readj. Ch\$	19,620,499
US\$		612,350	-
Col. \$		598,004	198,383
Per. Sun		149,010	77,664
Arg \$		955,545	5,046,562
Br. Real		20,337,020	15,209,001
Prepaid expenses and other	Readj. Ch\$	-	25,674
	Not readj. Ch\$	913,609	838,852
	US\$	836,873	613,336
	Col. \$	1,700,751	850,235
	Per. Sun	2,551,861	1,142,647
	Arg \$	891,188	645,914
	Br. Real	44,549,137	31,737,763
Deferred income taxes	Not readj. Ch\$	44,331,741	49,987,797
	Col. \$	174,704	467,274
	Arg \$	6,918,174	4,669,029
	Br. Real	10,131,731	-
Other current assets	Readj. Ch\$	6,255,485	1,528,313
	Not readj. Ch\$	44,501,683	30,184,853
	US\$	4,008,541	1,047
	Col. \$	-	-
	Per. Sun	233,633	252,758
	Arg \$	185,087	160,405
	Br. Real	11,471,884	10,642,861
<b>Total current assets</b>		<b>1,641,366,577</b>	<b>1,328,815,537</b>

## b. Property, plant and equipment

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Land	Not readj. Ch\$	54,557,590	54,286,322
	Col. \$	26,321,229	24,978,117
	Per. Sun	11,127,621	11,629,522
	Arg \$	7,227,372	7,251,626
	Br. Real	33,370,682	31,697,561
Building, infrastructure and work in progress	Not readj. Ch\$	4,065,765,666	3,933,280,052
	Col. \$	2,498,284,958	2,403,356,496
	Per. Sun	1,219,914,400	1,169,622,760
	Arg \$	1,361,086,320	1,315,357,590
	Br. Real	1,790,911,400	1,739,867,349
Machinery and equipment	Not readj. Ch\$	66,803,411	62,733,741
	Col. \$	30,658,273	28,690,807
	Per. Sun	559,522,797	439,825,114
	Arg \$	633,075,377	601,876,650
	Br. Real	697,128,447	624,725,907
Other plant and equipment	Not readj. Ch\$	176,236,751	145,166,531
	Col. \$	9,122,302	16,187,648
	Per. Sun	118,572,568	39,438,784
	Arg \$	94,049,268	90,748,711
	Br. Real	209,505,605	147,286,820
Technical appraisal	Not readj. Ch\$	31,416,737	31,412,411
	Col. \$	54,383,639	53,451,264
	Br. Real	100,261,814	98,542,887
Accumulated depreciation	Not readj. Ch\$	(1,979,929,855)	(1,878,445,735)
	Col. \$	(827,701,103)	(740,014,382)
	Per. Sun	(908,746,260)	(803,881,427)
	Arg \$	(1,080,089,592)	(984,610,843)
	Br. Real	(965,400,018)	(857,705,496)
<b>Total property, plant and equipment</b>		<b>8,087,437,399</b>	<b>7,806,756,787</b>

## c. Other assets

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Investments in related companies	Not readj. Ch\$	76,386,876	97,155,214
	US\$	38,880,575	3,812,892
Investments in other companies	Not readj. Ch\$	2,469,103	2,517,805
	US\$	20,188,918	22,009,610
	Col. \$	1,406,052	16,936,962
	Per. Sun	25,104	7,257
	Br. Real	2,490	39,768
Goodwill, net	Not readj. Ch\$	636,978,434	691,217,248
	US\$	10,236,667	10,990,175
	Col. \$	7,846,896	13,924,539
Negative goodwill, net	Not readj. Ch\$	(7,179,840)	(9,609,642)
	US\$	(7,674,091)	(2,177,140)
	Col. \$	-	(2,226,482)
	Per. Sun	(22,162,386)	(23,447,324)
Long-term accounts receivable	Readj. Ch\$	9,264,695	1,057,385
	Not readj. Ch\$	887,532	1,032,539
	US\$	2,049,292	2,095,347
	Col. \$	6,415,588	4,591,576
	Per. Sun	151,270	428,507
	Arg \$	63,094,185	27,353,846
Amounts due from related companies	US\$	90,523,990	91,713,359
	Br. Real	12,249,242	-
Deferred taxes			
Other long-term assets	Readj. Ch\$	226,049	584,435
	Not readj. Ch\$	93,761,617	44,253,365
	US\$	109,628	49,593
	Col. \$	19,744,847	58,212,149
	Per. Sun	3,788,440	2,861,715
	Arg \$	26,685,970	21,152,382
	Br. Real	191,631,035	160,830,872
<b>Total other assets</b>		<b>1,333,605,307</b>	<b>1,345,432,188</b>
<b>Total assets by currency</b>	<b>Readj. Ch\$</b>	<b>15,854,508</b>	<b>6,009,720</b>
	<b>Not readj. Ch\$</b>	<b>3,582,838,067</b>	<b>3,513,548,162</b>
	<b>US\$</b>	<b>243,276,851</b>	<b>189,131,065</b>
	<b>Euro</b>	<b>6,467</b>	<b>9,514</b>
	<b>Yen</b>	<b>226</b>	<b>595</b>
	<b>Col. \$</b>	<b>2,143,525,268</b>	<b>2,088,397,426</b>
	<b>Per. Sun</b>	<b>1,078,110,290</b>	<b>898,822,867</b>
	<b>Arg \$</b>	<b>1,219,722,233</b>	<b>1,184,461,695</b>
<b>Br. Real</b>	<b>2,779,075,373</b>	<b>2,600,623,468</b>	
<b>Total assets by currency</b>		<b>11,062,409,283</b>	<b>10,481,004,512</b>



## d. Current liabilities

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31, 2006		As of December 31, 2005		As of December 31, 2006		As of December 31, 2005	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
	ThCh\$		ThCh\$		ThCh\$		ThCh\$		
Short-term debt due to banks and financial institutions	Readj. Ch\$	2,089	0.30%	128	3.00%	-	-	-	-
	Not readj. Ch\$	207,106	0.96%	24,227	-	-	-	-	-
	US\$	6,915,738	10.49%	71,312,447	4.62%	1,417,595	6.94%	3,537,256	6.10%
	Col. \$	92,133,225	8.35%	12,556,049	6.85%	-	-	-	-
	Per. Sun	29,249,563	5.62%	21,082,137	4.87%	-	-	-	-
	Arg \$	550,956	13.70%	7,178	7.23%	2,086,440	8.72%	2,116,073	9.50%
	Br. Real	1,196,452	16.58%	2,181,962	5.51%	-	-	-	-
	Others	499,785	2.80%	-	-	-	-	-	-
Current portion of long-term debt due to banks and financial institutions	Not readj. Ch\$	30	-	355	4.41%	-	-	-	-
	Readj. Ch\$	-	-	1,825,596	9.00%	386,869	9.00%	-	-
	US\$	17,830,678	11.05%	12,967,592	9.38%	29,655,380	8.68%	39,111,870	6.09%
	Euro	-	-	-	-	823,824	4.23%	728,517	3.45%
	Col. \$	18,030,985	9.85%	-	-	-	-	14,051,066	12.17%
	Per. Sun	9,930,944	5.00%	6,971	4.41%	-	-	-	-
	Arg \$	310,682	12.11%	2,803,527	6.86%	2,332,591	3.10%	5,916,236	8.22%
Br. Real	3,789,554	17.86%	20,361,376	12.99%	15,390,257	15.45%	22,270,834	18.28%	
Current portion of bonds payable	Readj. Ch\$	1,703,546	5.63%	942,306	5.75%	2,357,840	5.61%	115,275,397	6.19%
	US\$	40,177,750	5.38%	16,665,051	7.00%	31,291,055	8.22%	275,504,604	7.34%
	Col. \$	4,136,248	10.15%	44,537,056	11.15%	-	-	-	-
	Per. Sun	1,699,161	6.55%	54,288,006	6.98%	10,084,155	7.19%	-	-
	Arg \$	3,482,796	10.43%	5,677	7.50%	6,953,665	10.43%	8,997,791	8.12%
Br. Real	-	-	10,133,356	19.93%	11,321,382	14.53%	-	-	
Current portion of long-term notes payable	Not readj. Ch\$	1,576	-	-	-	-	-	-	-
	US\$	20,404,380	7.42%	13,477,672	7.42%	10,858,626	7.42%	14,808,330	7.42%
	Br. Real	-	-	2,447,267	5.00%	2,758,403	-	-	-
Dividends payable	Not readj. Ch\$	1,553,261	-	1,619,729	-	-	-	5,190	-
	Col. \$	58,710,662	-	3,630,030	-	-	-	-	-
	Per. Sun	2,100,067	-	72,719	-	-	-	-	-
	Arg \$	1,980	-	1,448	-	-	-	-	-
	Br. Real	12,320,608	-	1,594,314	-	-	-	10,945,081	-
Accounts payable	Readj. Ch\$	35,478	-	27,379	-	-	-	-	-
	Not readj. Ch\$	88,560,521	-	63,379,838	-	-	-	-	-
	US\$	11,706,722	-	8,625,682	-	495,519	-	-	-
	Euro	1,073,737	-	926,272	-	-	-	-	-
	Col. \$	53,426,857	-	38,058,132	-	-	-	-	-
	Per. Sun	30,731,784	-	20,983,113	-	2,047,513	-	-	-
	Arg \$	58,321,901	-	52,191,858	-	-	-	-	-
	Br. Real	80,565,796	-	105,295,398	-	42,764,531	-	-	-

d. Current liabilities, continued

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31. 2006		As of December 31. 2005		As of December 31. 2006		As of December 31. 2005	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Short-term notes payables	US\$	-	-	2,922,136	-	-	-	2,907,014	-
	Br. Real	3,029,446	-	8,835,601	-	12,697,257	-	-	-
Miscellaneous payables	Not readj. Ch\$	5,348,856	-	9,086,776	-	-	-	-	-
	US\$	14,063,409	-	356,916	-	779,663	-	9,026,537	-
	Euro	568	-	-	-	-	-	-	-
	Col. \$	14,388,375	-	11,444,931	-	-	-	-	-
	Per. Sun	17,520,303	-	9,256,138	-	201,839	-	-	-
	Arg \$	75,262	-	104	-	-	-	-	-
	Br. Real	26,156,922	-	47,339,350	-	32,845,402	-	-	-
	Others	6,745	-	-	-	-	-	-	-
Amounts payable to related companies	Not readj. Ch\$	1,020,442	-	230,573	-	-	-	-	-
	US\$	2,830,515	-	32,479,176	-	-	-	-	-
	Per. Sun	1,332,476	-	428,260	-	-	-	-	-
	Arg \$	24,679,087	-	15,326,275	-	-	-	-	-
	Br. Real	-	-	1,047	-	-	-	-	-
Accrued expenses	Readj. Ch\$	-	-	1,597	-	1,244,597	-	80,585	-
	Not readj. Ch\$	13,563,503	-	12,669,277	-	17,907,374	-	19,728,544	-
	US\$	2,254,459	-	2,027,550	-	34,523	-	267,524	-
	Col. \$	12,214,947	-	6,705,600	-	-	-	-	-
	Per. Sun	6,597,027	-	2,229,021	-	242,483	-	1,577,692	-
	Arg \$	5,017,288	-	3,876,734	-	-	-	-	-
	Br. Real	7,967,636	-	26,369,675	-	12,306,797	-	2,321	-
	Others	-	-	-	-	-	-	-	-
Withholdings	Not readj. Ch\$	10,396,763	-	8,849,811	-	-	-	-	-
	Col. \$	2,993,292	-	2,646,017	-	-	-	-	-
	Per. Sun	6,348,709	-	5,278,772	-	134,516	-	-	-
	Arg \$	13,404,157	-	11,780,985	-	-	-	3,055	-
	Br. Real	33,877,889	-	46,934,709	-	32,831,290	-	-	-
	Others	-	-	4,560	-	-	-	-	-
Income tax payable	Not readj. Ch\$	315,481	-	191,341	-	32,571,130	-	-	-
	Col. \$	30,863,810	-	29,821,382	-	-	-	-	-
	Per. Sun	11,185,703	-	8,004,824	-	-	-	-	-
	Arg \$	3,959,378	-	1,664,326	-	707,546	-	-	-
	Br. Real	15,018,189	-	28,419,740	-	48,290,188	-	-	-
	Others	-	-	-	-	-	-	-	-
Reimbursable financial contributions	Not readj. Ch\$	3,408,981	-	3,453,219	-	705,534	-	685,401	-
	Col. \$	905,939	-	18,696	-	-	-	-	-
Aportes financieros reembolsables	Readj. Ch\$	1,436	-	1,307	-	4,309	-	3,920	-
	Not readj. Ch\$	7,465	-	8,088	-	1,035,926	-	1,730,435	-
Other current liabilities	Readj. Ch\$	-	-	-	-	61,309	-	13,262,749	-
	Not readj. Ch\$	16,184	-	105,753	-	79,886	-	131,348	-
	US\$	1,086,926	-	1,117,013	-	-	-	12	-
	Col. \$	15,154,212	-	3,679,476	-	-	-	-	-
	Per. Sun	543,128	-	44,471	-	-	-	-	-
	Arg \$	29,028,494	-	9,423,031	-	-	-	-	-
	Br. Real	27,943,766	-	20,394,144	-	15,888,476	-	-	-
	Others	-	-	-	-	-	-	-	-
<b>Total current liabilities by currency</b>	Readj. Ch\$	<b>1,742,549</b>	-	<b>2,798,313</b>	-	<b>4,054,924</b>	-	<b>128,622,651</b>	-
	Not readj. Ch\$	<b>124,400,169</b>	-	<b>99,618,987</b>	-	<b>52,299,850</b>	-	<b>22,280,918</b>	-
	US\$	<b>117,270,577</b>	-	<b>161,951,235</b>	-	<b>74,532,361</b>	-	<b>345,163,147</b>	-
	Euro	<b>1,074,305</b>	-	<b>926,272</b>	-	<b>823,824</b>	-	<b>728,517</b>	-
	Col. \$	<b>302,958,552</b>	-	<b>153,097,369</b>	-	-	-	<b>14,051,066</b>	-
	Per. Sun	<b>117,238,865</b>	-	<b>121,674,432</b>	-	<b>12,710,506</b>	-	<b>1,577,692</b>	-
	Br. Real	<b>211,866,258</b>	-	<b>320,307,940</b>	-	<b>227,093,983</b>	-	<b>33,218,236</b>	-
	Arg \$	<b>138,831,981</b>	-	<b>97,081,143</b>	-	<b>12,080,242</b>	-	<b>17,033,155</b>	-
	Others	<b>506,530</b>	-	<b>4,560</b>	-	-	-	-	-
<b>Total current liabilities</b>		<b>1,015,889,786</b>		<b>957,460,123</b>		<b>383,595,690</b>		<b>562,675,382</b>	

e. Long-term liabilities as of December 31, 2006

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Due to banks and financial institutions	US\$	287,130,020	6.80%	131,427,754	8.01%	47,415,036	9.44%	7,959,977	8.51%
	Arg \$	29,555,386	11.89%	11,725,549	10.87%	-	-	-	-
	Col. \$	72,531,749	9.07%	-	-	-	-	-	-
	Per. Sun	25,316,417	5.58%	-	-	-	-	-	-
	Br. Real	70,937,621	12.61%	54,805,830	13.91%	167,137,198	14.95%	-	-
Bonds payable	Readj. Ch\$	73,787,290	6.20%	73,345,520	4.80%	-	-	60,669,583	5.95%
	US\$	436,559,800	8.08%	-	-	649,374,186	7.85%	248,708,651	7.64%
	Col. \$	87,046,268	10.04%	142,681,570	10.48%	118,901,326	10.29%	-	-
	Per. Sun	43,688,534	6.63%	23,299,820	6.97%	44,526,549	8.88%	-	-
	Br. Real	28,583,054	14.90%	72,213,798	15.70%	92,134,846	14.10%	-	-
Long-term notes payable	US\$	29,803,192	7.42%	23,455,926	7.42%	-	-	-	-
	Arg \$	3,884,430	-	-	-	-	-	-	-
	Br. Real	37,802,048	10.61%	8,411,125	10.61%	7,488,215	10.61%	1,543,589	10.61%
Miscellaneous payable	Readj. Ch\$	-	-	-	-	-	-	130,779	-
	Not readj. Ch\$	7,682,647	-	-	-	-	-	-	-
	US\$	30,695,575	11.50%	36,413,334	9.50%	33,728,660	6.50%	14,115,249	6.50%
	Arg \$	218,658	-	245,890	-	16,071	-	-	-
	Br. Real	17,079,788	-	4,263,725	-	9,195,707	-	-	-
Amounts payable to related companies	US\$	11,250,360	11.00%	-	-	-	-	-	-
Accrued expenses	Readj. Ch\$	128,245	-	-	-	-	-	-	-
	Not readj. Ch\$	3,504,925	-	3,358,560	-	8,309,725	-	15,361,903	-
	Col. \$	72,789,491	-	-	-	-	-	-	-
	Br. Real	221,494,153	-	-	-	-	-	-	-
Reimbursable financial contributions	Readj. Ch\$	13,272	-	-	-	-	-	-	-
	Not readj. Ch\$	1,237,759	-	616,087	-	467,933	-	-	-
	Per. Sun	518,558	-	37,015	-	61,693	-	-	-
Other long-term liabilities	Readj. Ch\$	2,309,877	-	1,539,918	-	3,400,637	-	-	-
	Not readj. Ch\$	157,883,821	-	727,152	-	30,290	-	-	-
	US\$	304,111	-	592,493	-	-	-	-	-
	Col. \$	5,512,899	-	-	-	-	-	-	-
	Arg \$	18,030,688	-	3,672,070	-	7,240,627	-	-	-
	Br. Real	15,046,748	-	-	-	-	-	-	-
<b>Total long-term liabilities by currency</b>	<b>Readj. Ch\$</b>	<b>76,238,684</b>		<b>74,885,438</b>		<b>3,400,637</b>		<b>60,800,362</b>	
	<b>Not readj. Ch\$</b>	<b>170,309,152</b>		<b>4,701,799</b>		<b>8,807,948</b>		<b>15,361,903</b>	
	<b>US\$</b>	<b>795,743,058</b>		<b>191,889,507</b>		<b>730,517,882</b>		<b>270,783,877</b>	
	<b>Col. \$</b>	<b>237,880,407</b>		<b>142,681,570</b>		<b>118,901,326</b>		<b>-</b>	
	<b>Per. Sun</b>	<b>69,523,509</b>		<b>23,336,835</b>		<b>44,588,242</b>		<b>-</b>	
	<b>Arg \$</b>	<b>51,689,162</b>		<b>15,643,509</b>		<b>7,256,698</b>		<b>-</b>	
	<b>Br. Real</b>	<b>390,943,412</b>		<b>139,694,478</b>		<b>275,955,966</b>		<b>1,543,589</b>	
<b>Total long-term liabilities</b>		<b>1,792,327,384</b>		<b>592,833,136</b>		<b>1,189,428,699</b>		<b>348,489,731</b>	

f. Long-term liabilities as of December 31, 2005

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
		ThCh\$		ThCh\$		ThCh\$		ThCh\$	
Due to banks and financial institutions	Readj. Ch\$	971,845	9.00%	-	-	-	-	-	-
	US\$	164,631,448	6.61%	74,080,158	7.51%	122,800,406	5.89%	-	-
	Euro	725,880	3.06%	-	-	-	-	-	-
	Arg \$	4,856,825	3.11%	3,648,964	1.75%	912,060	1.75%	-	-
	Col. \$	199,458	7.25%	13,362,850	12.10%	-	-	-	-
	Per. Sun	15,327,275	5.51%	-	-	-	-	-	-
	Br. Real	65,544,532	16.67%	77,717,970	13.84%	20,675,977	17.38%	-	-
Bonds payable	Readj. Ch\$	73,409,124	6.20%	73,851,277	4.80%	-	-	62,343,972	5.95%
	US\$	240,700,750	7.86%	219,770,250	8.39%	507,564,625	7.96%	375,121,130	7.56%
	Col. \$	-	-	83,603,327	10.76%	219,914,093	10.91%	-	-
	Per. Sun	28,721,056	5.65%	25,166,851	7.25%	19,336,161	7.83%	-	-
	Arg \$	10,353,091	7.00%	-	-	-	-	-	-
	Br. Real	24,717,299	20.64%	64,829,378	18.02%	14,842,630	23.16%	-	-
Long-term notes payable	US\$	44,445,917	7.42%	-	-	9,350,701	7.42%	-	-
	Br. Real	38,069,794	10.61%	6,624,267	10.61%	9,113,086	10.61%	212,869	10.61%
Miscellaneous payable	Readj. Ch\$	-	-	-	-	-	-	109,717	-
	Not readj. Ch\$	184,424	-	-	-	-	-	-	-
	US\$	7,166,487	-	1,794,801	-	5,612,872	-	15,223,901	-
	Br. Real	18,748,985	-	-	-	-	-	-	-
Amounts payable to related companies	US\$	13,520,056	-	-	-	-	-	-	-
Accrued expenses	Readj. Ch\$	128,355	-	-	-	-	-	-	-
	Not readj. Ch\$	3,423,253	-	3,111,726	-	7,557,188	-	15,458,434	-
	Col. \$	69,203,641	-	305,585	-	-	-	-	-
	Br. Real	303,969,650	-	1,081,460	-	3,244,380	-	1,224,007	-
Deferred income taxes	Not readj. Ch\$	27,535,615	-	3,977,446	-	16,883,181	-	39,036,956	-
Reimbursable financial contributions	Readj. Ch\$	12,074	-	6,958	-	-	-	-	-
	Not readj. Ch\$	1,565,050	-	723,207	-	514,587	-	11,913	-
	Per. Sun	697,212	-	45,540	-	502,102	-	-	-
Other long-term liabilities	Readj. Ch\$	1,852,706	-	221,845	-	-	-	-	-
	Not readj. Ch\$	-	-	137,688	-	-	-	122,712,020	-
	Arg \$	17,442,874	-	9,975,310	-	6,557,389	-	608,060	-
	Br. Real	11,209,500	-	827,279	-	-	-	-	-
<b>Total long-term liabilities by currency</b>	<b>Readj. Ch\$</b>	<b>76,374,104</b>		<b>74,080,080</b>		<b>-</b>		<b>62,453,689</b>	
	<b>Not readj. Ch\$</b>	<b>32,708,342</b>		<b>7,950,067</b>		<b>24,954,956</b>		<b>177,219,323</b>	
	<b>US\$</b>	<b>470,464,658</b>		<b>295,645,209</b>		<b>645,328,604</b>		<b>390,345,031</b>	
	<b>Euro</b>	<b>725,880</b>		<b>-</b>		<b>-</b>		<b>-</b>	
	<b>Col. \$</b>	<b>69,403,099</b>		<b>97,271,762</b>		<b>219,914,093</b>		<b>-</b>	
	<b>Per. Sun</b>	<b>44,745,543</b>		<b>25,212,391</b>		<b>19,838,263</b>		<b>-</b>	
	<b>Arg \$</b>	<b>32,652,790</b>		<b>13,624,274</b>		<b>7,469,449</b>		<b>608,060</b>	
<b>Br. Real</b>	<b>462,259,760</b>		<b>151,080,354</b>		<b>47,876,073</b>		<b>1,436,876</b>		
<b>Total long-term liabilities</b>		<b>1,189,334,176</b>		<b>664,864,137</b>		<b>965,381,438</b>		<b>632,062,97</b>	

## NOTE 32. SANCTIONS

### Chilectra S.A.

a. On April 27, 2004, through Exempt resolution 814, the Superintendency of Electricity and Fuel (S.E.C.) penalized the Company for a total amount of 1,830 UTA (ThCh\$665,564), as a result of the blackout which occurred on January 13, 2003, that affected the area between Tal Tal and Santiago. On May 7, 2004, the Company filed an appeal whose jurisdiction and solution belongs to the Superintendency of Electricity and Fuel (S.E.C.). The S.E.C. rejected the appeal and a claim petition was filed with the Santiago Court of Appeals.

The resolution issued by the Santiago Court of Appeal can be appealed against in the Supreme Court.

To this date, the Company cannot exactly forecast the effects the final resolution will have on its financial statements.

b. Summary trial to complain about the fine imposed by the Superintendency of Securities and Insurance, 10th Civil Court of Santiago (Case No. 4394-97). This summary trial was brought by Chilectra S.A. (formerly Elesur S.A.) according to the regulations of Statutory Decree 3538 (Basic Law on the Superintendency of Securities and Insurance) against such Superintendency, and its purpose is to petition for the fine imposed by such inspection agency via exempt resolution No. 337 of October 31, 1997 (U.F. 100,000 – 100,000 inflation index-linked units of account) to be declared null and void. On November 17, 2000, the court ruled an appealable judgment endorsing the claim by Chilectra S.A. (formerly Elesur S.A.), declaring the fine imposed by the Superintendency null and void. The ruling states, in sum, that there was no use of privileged information since it was one of the parties to the contract's own information. The Superintendency lodged an appeal for annulment of the ruling (case number 82-2001). On June 6, 2006, the Santiago Court of Appeal revoked the ruling, maintaining all parts of Exempt Resolution 337 of the Superintendency. On June 23, 2006, appeals for annulment in form and substance were lodged with the Supreme Court, and these are on the weekly lists of cases for hearing and sentencing.

The Company and the Board of Directors have not been the target of any other sanctions by the SVS or by any other administrative authorities.

## NOTE 33. ENVIRONMENT

### Chilectra S.A.

The Company has made disbursements during the year of ThCh\$ 909,939, mainly for the following items:

#### INVESTMENTS:

- Implementation of Environmental Management System, ISO Standard 14.001.
- Reforestation, installation of acoustic panels and preparation of Environmental Impact Statement.
- "Space cape" and pre-assembling for maintenance and improvement of installations.

#### EXPENSES:

- For handling hazardous wastes controlled through the Management System.
- Environment-related, to meet current regulations.
- In cleaning and order, which is associated with the preparation for environmental audits.
- In pruning and cutting, associated with the need for clearing the area around the lines.

### Endesa S.A.

During the year from January 1 to December 31, 2006, the Company and its subsidiaries have made disbursements for a value of ThCh\$2,563,363, which mainly correspond to:

Operation expenses: They correspond to laboratory studies, monitoring, follow-up and analysis, which were treated as fiscal year expenses of ThCh\$ 2,339,416. And environmental protection at Hidroeléctrica El Chocón and Endesa Costanera S.A. (Updating of standards, cleaning of hydrocarbon separator chambers, measurement of gas emissions, Nitrogen oxide and sulphur dioxide, ISO 9001, 14001 and 18001) equivalent to ThCh\$ 84,570.

Investments related to the following projects, which have been capitalized in the amount of ThCh\$139,377:

- El Toro Power Plant: Environmental liabilities recovery and works required for SGA certification under ISO 14.001.
- San Isidro- Certification of CO2 cilindres and maintenance of certifications.
- Bocamina Power Plant: Certification of environmental management system under ISO 14.001.
- Tarapacá: Control on line for particulate material, normalization of gas analyzer and 2nd stage in the power plant's landscape project.
- Huasco: Construction of a profile against fuel spillovers.
- Sauzal: Recover of environmental liabilities.

NOTE **34.**  
SUBSEQUENT EVENTS

On January 15, 2007, the Company was notified of Decree 7-2006 dated January 12, 2007, issued by the Panel of Experts provided for in the General Electrical Services Law, settling the discrepancies arising by reason of the Technical Report containing observations and corrections to the studies for determining the Annual Value of the Subtransmission System, together with the respective rate formulas, approved by the National Energy Committee in Exempt Resolution 695 of October 31, 2006.

This Decree, which basically rejected the discrepancies set forth by the Company, will mean that the subtransmission rate setting process will

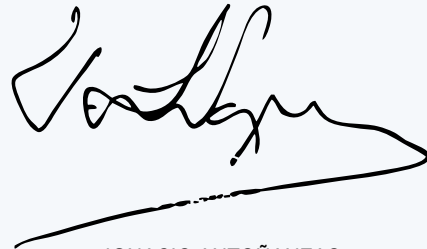
result in a decrease of about Ch\$28 thousand million per year, before tax, in income from the sale of energy and power. This, in turn, will result in a decrease of about 4.6% per year in such income.

The above notwithstanding, Chilectra S.A. is studying actions and remedies that might apply with regard to such Decree.

In the period between January 1, 2007 and the date of issuance of these financial statements, no other significant events have occurred that could affect their presentation.



JUAN CARLOS WIECZOREK  
Deputy Chief Accounting Officer



IGNACIO ANTOÑANZAS  
Chief Executive Officer

## APPENDIX US 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 shareholders' equity. References below to "SFAS" are to Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board in the United States.

##### (a) Inflation accounting

The cumulative inflation rate in Chile as measured by the Consumer Price Index for the three-year period ended December 31, 2006 was approximately 8.2%. Pursuant to Chilean GAAP, the Company's financial statements recognize certain effects of inflation. As allowed pursuant to Item 17 c (iv) of Form 20-F the reconciliation included herein of consolidated net income, comprehensive income and shareholders' equity, as determined in accordance with U.S. GAAP, excludes adjustments attributable to the effect of differences between the accounting for inflation under Chilean GAAP versus U.S. GAAP.

##### (b) Reversal of revaluation of property, plant and equipment

In accordance with standards issued by the SVS, certain property, plant and equipment are recorded in the financial statements at amounts determined in accordance with a technical appraisal. The difference between the carrying value and the revalued amount is included in shareholders' equity, beginning in 1989, in "Other reserves", and is subject to adjustments for price-level restatement and depreciation. Revaluation of property, plant and equipment is prohibited under U.S. GAAP. The effects of the reversal of this revaluation, as well as of the related accumulated depreciation and depreciation expense are included in paragraph (cc) below.

##### (c) Depreciation of property, plant and equipment

Under Chilean GAAP, certain costs related to the acquisition of Edesur S.A., at the time of the acquisitions in 1992 and 1994 by Distrilec Inversora S.A., were charged to earnings as incurred. Under U.S. GAAP, these costs have been included in the purchase price and allocated to the net assets acquired based upon fair values. For purposes of the reconciliation to U.S. GAAP, these costs were considered to be of part of property, plant, and equipment, the primary assets of Edesur S.A.

As discussed in paragraph (i), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchase price over the carrying value is recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. As part of the purchase of the majority ownership interest in Endesa-Chile, under U.S. GAAP, the cost of the purchase price would have been allocated to the fair value of property, plant and equipment.

The effect on shareholders' equity and net income for the years presented is included in paragraph (cc) below.

The company has considered the factors which could be considered changes in circumstances which would trigger an impairment review and, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" beginning in 2002, the Company evaluates the carrying amount of property, plant and equipment and other long-lived assets, in relation to the operating performance and future undiscounted cash flows of the underlying grouping of assets at the lowest level which generates cash flow. These standards require that an impairment loss be recognized in the event that facts and circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment is recorded based on the excess carrying amounts of long-lived assets (or asset group) over fair value. There were no impairment charges recorded under Chilean GAAP and U.S. GAAP.

##### (d) Intangibles

Under Chilean GAAP, the intangible assets correspond mainly to rights of way. Additionally the Company had recorded an intangible asset relating to the transfer of revalued assets which originated in the predecessor company, "Compañía Chilena de Distribución Eléctrica S.A." at the time of the Company's formation. Under U.S. GAAP, 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 GAAP difference for this item. Since this effect had already been adjusted in prior years under US GAAP, the effect recorded by the Company must be eliminated, as shown in the 2004 reconciliation to shareholders' equity in paragraph (cc) below.

The estimated amortization expense for the intangible assets with definite lives, which now mainly consist of rights of way for US GAAP purposes (which is equivalent under Chile GAAP) for each of the five succeeding fiscal years is as follows:

Year	Amortization ThCh\$
2007	5,547,991
2008	4,986,896
2009	4,499,388
2010	1,920,840
2011	2,394,384

### (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 against the deferred tax assets and liabilities recognized as of January 1, 2000. Such complementary assets and liabilities are being amortized to income over the estimated average reversal periods of the underlying temporary differences to which the corresponding deferred tax asset or liability relates.

Under U.S. GAAP, companies must account for deferred taxes in accordance with SFAS No. 109, which requires an asset and liability approach to financial accounting and reporting for income taxes, using the following basic principles:

- i. A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and tax loss carryforwards.
- ii. The measurement of deferred tax liabilities and assets is based on the provisions of the enacted tax law. The effects of future changes in tax laws or rates are not recognized prior to the period in which such changes are enacted into law.

iii. Deferred tax assets are reduced by a valuation allowance, to the extent that, based on the weight of available evidence, it is deemed more likely than not that the deferred tax assets will not be realized.

Temporary differences are defined as any difference between the financial reporting basis and the tax basis of an asset and liability that at some future date will reverse, thereby resulting in taxable income or expense. Temporary differences ordinarily become taxable or deductible when the related asset is recovered or the related liability is settled. A deferred tax liability or asset represents the amount of taxes payable or refundable in future years as a result of temporary differences at the end of the current year.

The principal difference between U.S. GAAP and Chile GAAP relates to the reversal of the complementary assets and liabilities recorded as a transitional provision for unrecorded deferred taxes as of January 1, 2000 and their corresponding amortization into income. Additionally, under U.S. GAAP, temporary differences arising in connection with fair value adjustments on business combinations result in deferred taxes and a corresponding adjustment to goodwill. An adjustment is required in the reconciliation to U.S. GAAP to record goodwill arising

from deferred tax liabilities related to past business combinations (see note 36 II (c)). When required, the income tax effects of U.S. GAAP adjustments are recorded in our reconciliations to U.S. GAAP. The effect of these differences on the net income and shareholders' equity of the Company is included in paragraph (cc) 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.

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 of all benefits attributed by the severance indemnity benefit formula to employee service rendered through the balance sheet date. 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.

The Company recognizes actuarial gains and losses immediately for severance indemnity plans for both Chilean GAAP and U.S. GAAP.

Since 2004, there are no differences between Chilean and US GAAP as regards the accounting for severance indemnities. The effects of accounting for severance indemnity benefits accumulated up to the year 2003 under US GAAP have been presented in paragraph (cc).

### (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:

- 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.
- 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.

In addition, during 2006, the Company adopted FAS 158 “Employer's Accounting for Defined Pension and Other Postretirements Plans



– an amendment of FASB Statements N°87, 88, 106 and 132 (R)”. This statements required the recognition of the funded status of a benefit plan in the statement of financial position. It also requires the recognition as a component of other comprehensive income (OCI), net of tax, of the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost pursuant to statements 87 or 106. The adoption resulted in the recognition through OCI for accumulated effect through the 2006 year – end of prior service costs and related plan assets in the balance sheet of the certain Brazilian subsidiaries. The effects of the adoption of SFAS 158 are presented in paragraph (cc) below.

The effects of accounting for post-retirement benefits under US GAAP have been presented in paragraph (cc).

#### (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 for equity method investees is included in paragraph (cc) below. The principal U.S. GAAP adjustments affecting the Company’s equity investees are as follows:

- (i) Reversal of capitalized foreign currency exchange differences related to capitalized interest.
- (ii) Reversal of complementary accounts (asset or liability) recorded as a transitional provision in connection with the adoption of Technical Bulletin N°60 as of January 1, 2000.
- (iii) Organizational costs deferred under Chilean GAAP that, under U.S. GAAP, should have been included in income.
- (iv) The recording of derivative instruments in accordance with SFAS No. 133.
- (v) The deferred income tax effects of adjustments (i), (iii) and (iv).

#### (i) Goodwill

- (i) Under Chilean GAAP, for acquisitions 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 (cc) 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 and US GAAP, the Company evaluates the carrying amount of goodwill for impairment. The Company determines the impairment losses using a discounted cash flow approach and recent comparable transactions in the market. In order to estimate recoverable value, the Company makes assumptions about future events that are highly uncertain at the time of estimation. The results of this analysis showed no impairment of goodwill for the years ended December 31, 2005 and 2006.

The following effects are included in the net income and shareholders’ equity reconciliation to US GAAP under paragraph (cc) below:

- (i) differences in the amount of the impairment under US GAAP related to basis differences in the original determination and

subsequent amortization methodology between Chilean GAAP and US GAAP;

- (ii) the reversal of negative goodwill impairment under Chilean GAAP, as under US GAAP negative goodwill is treated as an adjustment to the net book value of the related fixed assets to their fair value;
- (iii) the reversal of goodwill amortization recorded under Chilean GAAP.

#### **(j) Negative Goodwill**

Under Chilean GAAP, until December 31, 2004, 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. Technical Bulletin No. 72 states that whenever the negative goodwill exceeds the fair value of identified non-monetary assets, the excess must be recognized immediately as income.

Under U.S. GAAP, the fair value of the net assets acquired in excess of the purchase price is allocated proportionately to reduce the values assigned to long-lived assets. If the allocation reduces the long-lived assets to zero, the remainder of the excess is recorded as an extraordinary gain to income.

The effect of reduced depreciation expense on the long-lived assets (for which no circumstances changed requiring an impairment test under SFAS N°144) to which negative goodwill had been allocated under U.S. GAAP net of reversals of both amortization and write-offs of negative goodwill recorded in Chilean GAAP (over the appropriate useful lives as defined in the first paragraph) are included in paragraph (cc) 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 opted for not capitalizing indirect interest cost under Chilean GAAP.

Under U.S. GAAP, the capitalization of interest on qualifying assets under construction is required, regardless of whether interest is associated with debt directly related to a project to the extent that interest cost would have been avoided if the project had not been done. In addition, under U.S. GAAP, foreign translation exchange differences may not be capitalized. The accounting differences between Chilean and U.S. GAAP for financing costs and the related depreciation expense are included in the reconciliation to U.S. GAAP under paragraph (cc) below.

#### **(l) Accumulated deficit during the development stage**

Under Chilean GAAP, the losses incurred during the development stage of subsidiary companies are 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 and 2005, no company was classified as a development stage company. For the year ended December 31, 2006, the effects of the adjustment are included in paragraph (cc).

#### **(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 (cc) below to reflect the unrecorded dividend liability for 2005 and 2006.

#### **(n) Capitalized general and administrative expenses**

Under Chilean GAAP, Endesa-Chile and certain Brazilian subsidiaries capitalize a portion of its administrative and selling expenses as part of the cost of construction in progress because a substantial portion of the efforts of management were involved in the administration of major projects. Under U.S. GAAP, general and administrative expenses are charged to expense unless they can be directly identified with the supervision of the construction of specific projects. Under Chilean GAAP the Company has also capitalized other administrative expenses into other long-term assets, which under US GAAP would not be allowed. The effects of eliminating capitalized general and administrative expenses and the related depreciation and amortization for U.S. GAAP purposes are shown below under paragraph (cc).

#### **(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, in order to recognize a liability at the balance sheet date for the cost to terminate employees involuntarily, there must have been a plan that specifically include notification of such employee prior to the balance sheet.

The net effect of eliminating the accrued liability recognized under Chile GAAP is presented in paragraph (cc) below.

### (p) Revenue recognition in Edesur

During 2005, Edesur reached final agreement with the relevant Argentinean authorities regarding an increase in tariffs related to electricity distribution services. This increase is currently pending ratification via formal decree by the executive power of the Argentinean government (PEN). At December 31, 2005 the Company believed were probable that the economic benefits associated with the tariff increase will flow to the enterprise, and that all other revenue recognition criteria established by Chilean GAAP has been met. Accordingly, the effects of the rate increase were included in 2005 revenues under Chilean GAAP. During 2006 there have been no ratification regarding the increase in tariffs; hence, the initial probable belief of the Company was reassessed and is no longer considered. Therefore, under Chilean GAAP the effects of the rates tariffs recognized as of December 31, 2005 has been adjusted and recognized in income for the current year. However, the effects of the increase in tariffs have not been included in revenues under U.S. GAAP, because management believes that the persuasive evidence of an arrangement criterion under SAB Topic 13 is not met until the agreement is formally ratified by the PEN.

The effect on shareholders' equity and net income for the years presented is included in (cc) 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 (cc) 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 (cc) 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 amounts of foreign exchange losses included in income that is attributable to operations in unstable countries because these amounts have been remeasured into US dollars were ThCh\$60,236,680, ThCh\$25,391,952 and ThCh\$35,510,041 for the years ended December 31, 2004, 2005 and 2006, 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 certain risks. 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. As of December 31, 2004, certain cross-currency swaps had by Enersis with a fair value of ThCh\$(53,221,524) as of that date, qualified for hedge accounting under SFAS 133 since all the documentation and hedge effectiveness requirements were fulfilled. All foreign currency and interest rate hedging instruments entered into during 2005 and 2006 (total estimated fair value of ThCh\$101,348,563 and ThCh\$145,208,861 as of December 31, 2005 and 2006) fulfill the documentation and hedge effectiveness requirements to qualify for hedge accounting.

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, 2004, 2005 and 2006 are included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (cc) below.

#### **(u) Fair value of long-term debt assumed**

As part of the purchase of the majority ownership interest in Endesa-Chile, a portion of the purchase price was allocated to the fair value of long-term debt. As discussed in paragraph (i), 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.

The effect on shareholders' equity and net income for the years presented is included in paragraph (cc) below.

#### **(v) Deferred income**

During 2000, fiber optic cable was contributed to the Company in return for granting the contributing company access to the fiber optic network after installation in the Company's electricity distribution system. Under Chilean GAAP, the contributed assets were recorded at their fair market value, with a corresponding credit recognized as income in 2000. Under U.S. GAAP, the amount was deferred and amortized over the life of the related service contract. This adjustment reverses the gain under Chilean GAAP and records the amortization of the deferred income recognized under U.S. GAAP.

The effect on shareholders' equity and net income for the years presented is included in (cc) below.

#### **(w) Regulated assets and deferred costs**

The electricity sector in Chile and other Latin American countries is regulated pursuant to applicable laws. Most of the Company's sales are subject to node price regulation, which is designed to ensure an

adequate supply of energy at reasonable, determined prices, which considers a variety of factors. The marginal cost pricing model is not solely based upon costs incurred by the Company, and as a result, the requirements of U.S. GAAP under SFAS No.71, "Accounting for the Effects of Certain Types of Regulation", related to a businesses whose rates are not regulated are not applicable, except for the Company's operations in Brazil as described below.

As a result of changes in Brazilian Electricity Laws and Regulations, the Company's distribution subsidiaries in Brazil, Ampla Energia e Serviços S.A. (AMPLA, ex CERJ) and Companhia Energética do Ceará (Coelce), are subject to the provisions of SFAS No. 71 beginning on January 1, 2001. With the new regulations issued by the National Agency of Electric Energy (ANEEL), the rate-setting structure in Brazil is now designed to provide recovery for allowable costs incurred, which will be recovered through future increases in energy tariffs in order to recover losses experienced during the period of Brazilian Federal Government mandated energy rationing from June 1, 2001 to December 31, 2001. The Company estimates remaining costs will be recovered approximately over a period of five years, from the balance date.

Accordingly, the Company capitalizes incurred costs as deferred regulatory assets when it is probable that future revenue equal to the costs incurred will be billed and collected as a direct result of the inclusion of the costs in an increased rate set by the regulator. The deferred regulatory asset is eliminated when the Company collects the related costs through billings to customers. ANEEL perform a rate review on an annual basis. If ANEEL excludes all or part of a cost from recovery, that portion of the deferred regulatory assets is impaired and is accordingly reduced to the extent of the excluded cost. The Company has recorded deferred regulatory assets, which it expects to pass on to its customers in accordance with and subject to regulatory provisions.

The regulations also included certain fixed costs or VPA costs, which each distribution company is permitted to defer and pass on to their customers using future rate adjustments. VPA costs are limited by concession contracts to the cost of purchased power and certain other costs and taxes. Due to uncertainty in the Brazilian economy, ANEEL delayed the approval of such VPA rate increases. An Executive Order in October 2001 created a tracking account mechanism, in order to calculate the variation in the VPA costs for future rate adjustment calculation purposes. The Company has not recognized any regulatory assets for VPA costs incurred prior to 2001, because costs incurred prior to January 1, 2001, are not recoverable through the tracking account.

Under Chilean GAAP, the Company recognized revenue and deferred costs related to the regulated assets. Under U.S. GAAP, in accordance with EITF 92-7, "Accounting by Rate Regulated Utilities for the Effects of Certain Alternate Revenue Programs", revenue amounts not expected to be collected within 24 months, have been deferred.

The effect of deferring revenues expected to be collected after two years is included in (cc) below.

### (x) Reorganization of subsidiaries

This adjustment corresponds to the reorganization of the Company's subsidiaries Endesa Costanera S.A. and Central Buenos Aires (CBA) during 2001, in which Endesa Costanera acquired the minority interest in CBA from third parties and exchanged shares with Endesa Argentina S.A. During 2006, the Company's subsidiary Edegel was merged with Etevensa, an entity which was controlled by Endesa Internacional S.A., the Company's parent company. This reorganization included a purchase of a minority interest portion in exchange for shares of Edegel and cash. On April 1, 2006 the Company's subsidiaries Chilectra S.A. was merged with Elesur S.A. (currently Chilectra S.A.) which is 99.09% owned by Enersis S.A. This reorganization included a purchase of a minority interest portion by cash.

Under Chilean GAAP, the Company recorded these transactions under the pooling of interests method, using the book values of the net assets acquired under merger accounting as proscribed by Technical Bulletin 72 for reorganizations under common control.

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, Etevensa and Chilectra S.A. 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 subsidiaries Endesa Costanera S.A., Edegel S.A. and Chilectra 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.

The effect of this adjustment is included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (cc) below.

### (y) Effects of minority interest on the U.S. GAAP adjustments

The net income and shareholders' equity under Chilean GAAP is adjusted in the U.S. GAAP 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 (cc) below.

### (z) Amortization of bond discount and deferred debt issuance costs

Under Chilean GAAP the company amortized bond discounts and deferred debt issuance costs using the straight line method over the estimate maturity of the related debt. Under U.S. GAAP, deferred debt

issuance costs and bond discounts have to be amortized using the effective interest method. The effect of this adjustment included in the net income and shareholders equity reconciliation to US GAAP under paragraph (cc) below.

### (aa) Asset retirement obligations

Under Chilean GAAP, there is no requirement to record obligations associated with the retirement of tangible long-lived assets. Under U.S. GAAP, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" effective January 1, 2003. Previously, the Company had not been recognizing amounts related to asset retirement obligations under U.S. GAAP. This standard requires the Company to record the fair value of the legal obligation it has to make certain environmental restorations upon closure of its facilities. The fair value of the liability is estimated by discounting the future estimated expenditures related to the restoration. The Company then measures changes in the liability due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used to measure that change is the credit-adjusted risk-free rate that existed when the liability, or portion thereof, was initially measured. That amount is recognized as an increase in the carrying amount of the liability and the expense is classified as an operating item in the statement of income, referred to as accretion expense.

At the same time the standard requires the Company to capitalize the new asset retirement obligation costs arising as the result of additional liabilities incurred, such as the activation of a new generation facility, and subsequently allocate that asset retirement cost to expense over the life of the plant based on the useful life of the plant. At December 31, 2004, 2005 and 2006, 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 (cc) below.

### (bb) Creation of Endesa Brasil

On September 30, 2005, certain Brazilian affiliates under common control were reorganized under a newly created holding company, Endesa Brasil S.A. In connection with this reorganization, Enersis transferred its interest in certain investees to Endesa Brasil in exchange for a 53.61% direct and indirect interest therein (see Note 1l). The Company began accounting for Endesa Brasil as a consolidated subsidiary as of that date. The difference between net assets contributed and received generated a difference of ThCh\$6,327,211 presented as reserve in equity. Although the transaction received the same accounting treatment under both Chilean GAAP and US GAAP,

as a result of the existing adjustment to US GAAP in the subsidiaries which were the subject of the reorganization, an incremental charge to equity of ThCh\$1,322,212 was recorded.

The effect of this adjustment is included in the net income and shareholders' equity reconciliation to US GAAP under paragraph (cc) below.

### (cc) 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,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
<b>Net income in accordance with Chilean GAAP</b>	<b>46,866,624</b>	<b>69,445,219</b>	<b>285,960,366</b>
Reversal of amortization of revaluation of property, plant and equipment (paragraph b)	1,955,277	1,123,624	940,087
Depreciation of property, plant and equipment and difference in fixed assets value at acquisition date (paragraph c)	(2,323,226)	(1,091,989)	(1,124,997)
Amortization of intangibles (paragraph d)	1,067,360	-	-
Deferred income taxes (paragraph e)	12,612,586	3,507,010	8,255,112
Pension and post-retirement benefits (paragraph g)	(5,736,710)	1,533	155,497
Investments in related companies (paragraph h)	1,549	(33,823,190)	4,773,424
Amortization of goodwill (paragraph i)	56,882,043	55,757,931	55,324,188
Amortization of negative goodwill (paragraph j)	1,267,005	900,014	17,753,365
Capitalized interest (paragraph k)	8,348,959	11,526,719	11,902,604
Depreciation capitalized interest (paragraph k)	(2,292,471)	(1,689,013)	(2,037,571)
Difference foreign exchange capitalized (paragraph k)	(6,182,165)	6,659	31,411
Depreciation difference foreign exchange capitalized (paragraph k)	261,423	493,599	495,731
Accumulated deficit during the development stage (paragraph l)	-	-	(303,015)
Capitalized general and administrative expenses (paragraph n)	2,953,118	(2,995,173)	(2,930,771)
Involuntary employee termination benefits (paragraph o)	(1,769)	(17,268)	(21,295)
Revenue recognition Edesur (paragraph p)	-	(3,983,074)	4,071,920
Elimination of amortization of capitalized legal reserve (paragraph q)	518,351	459,424	466,907
Amortization of organizational and start-up costs (paragraph r)	489,552	3,695,633	2,384,966
Derivative instruments operating income (paragraph t)	(7,115,723)	33,692,028	1,058,984
Derivative instruments non operating income (paragraph t)	16,710,560	(1,919,538)	(85,113)
Fair value of long-term debt assumed (paragraph u)	(146,231)	(978,245)	(27,371)
Deferred income (paragraph v)	242,761	128,342	130,581
Regulated assets (paragraph w)	12,056,423	12,320,216	(3,562,711)
Reorganization of subsidiaries (paragraph x)	(262,369)	(232,852)	(236,914)
Effects of minority interest on the U.S. GAAP adjustments (paragraph y)	23,374,626	(6,988,163)	(7,211,572)
Deferred tax effects on the U.S. GAAP adjustments	(710,466)	(14,505,746)	(15,198,481)
Amortization of bond discount and deferred debt issuance cost (paragraph z)	-	-	2,338,553
Staff severance indemnities (paragraph f)	(189,069)	-	-
Asset retirement cost - (paragraph aa)	566,123	(64,469)	(12,090)
Asset retirement obligations - liabilities (paragraph aa)	(674,105)	148,420	(1,140,190)
Net income in accordance with U.S. GAAP	160,540,036	124,917,651	362,151,605
<b>Net income in accordance with U.S. GAAP</b>	<b>160,540,036</b>	<b>124,917,651</b>	<b>362,151,605</b>
Other comprehensive income (loss):			
Cumulative translation adjustment determined under Chilean GAAP net of minority interest	(101,836,006)	(105,702,172)	15,780,715
Cumulative translation adjustment related to U.S GAAP adjustments net of minority interest	13,171,282	21,138,761	(3,334,313)
Fair value change of hedging instruments used in cash flow hedges, net of deferred tax	-	1,317,498	(44,746,077)
Adoption of FAS 158, Brazilian subsidiaries, net of deferred tax	-	-	10,393,599
<b>Comprehensive income in accordance with U.S.GAAP</b>	<b>71,875,312</b>	<b>41,671,738</b>	<b>340,245,529</b>

The reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
<b>Shareholders' equity in accordance with Chilean GAAP</b>	<b>2,650,384,728</b>	<b>2,869,881,909</b>
Reversal of revaluation of property, plant and equipment net of accumulated amortization revaluation of property, plant and equipment (paragraph b)	(10,179,636)	(9,238,334)
Depreciation of property, plant and equipment and difference in fixed asset value at acquisition date (paragraph c)	(8,986,279)	(10,008,427)
Deferred income taxes (paragraph e)	(294,941,836)	(290,128,352)
Pension and post-retirement benefits liabilities long term (paragraph g)	(16,368,212)	8,057,678
Investments in related companies (paragraph h)	(6,946,111)	(2,293,661)
Goodwill (paragraph i)	421,820,730	479,559,912
Goodwill gross amount (paragraph i)	89,858,301	88,417,514
Negative goodwill (paragraph j)	(354,124,446)	(339,386,151)
Capitalized interest (paragraph k)	68,157,399	79,211,332
Exchange difference (paragraph k)	(20,328,830)	(19,905,733)
Minimum dividend (paragraph m)	(16,086,968)	(47,710,019)
Capitalized general and administrative expenses (paragraph n)	(26,240,459)	(29,373,265)
Reversal of accrual of certain involuntary employee termination benefits (paragraph o)	59,128	38,865
Revenue recognition Edesur (paragraph p)	(3,983,074)	-
Elimination of capitalized legal reserve (paragraph q)	(5,438,791)	(5,066,755)
Amortization organizational and start-up costs (paragraph r)	(10,037,395)	(7,827,515)
Derivative instruments (paragraph t)	19,558,830	(33,346,865)
Fair value of long-term debt assumed (paragraph u)	191,592	164,221
Reorganization of subsidiaries (paragraph x)	3,721,443	13,816,196
Deferred income (paragraph v)	(2,053,473)	(1,958,711)
Regulated assets (paragraph w)	2,996,725	(513,714)
Effects of minority interest on the U.S. GAAP adjustments (paragraph y)	204,336,006	191,122,226
Deferred tax effects on the U.S. GAAP adjustments	114,447,475	100,059,125
Amortization of bond discount and deferred debt issuance cost (paragraph z)	-	2,338,553
Asset retirement cost (paragraph aa)	567,187	547,154
Asset retirement obligations - liabilities (paragraph aa)	(998,688)	(2,139,121)
<b>Shareholders' equity in accordance with U.S. GAAP</b>	<b>2,799,385,346</b>	<b>3,034,318,062</b>

The changes in shareholders' equity in U.S. GAAP as of each year-end are as follows:

	As of December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Shareholders equity in accordance with U.S. GAAP - January 1	2,724,074,973	2,786,704,619	2,799,385,346
Dividends paid during the year	-	(13,886,128)	(68,893,961)
Reversal of dividends payable as of previous balance sheet date	-	8,631,508	16,086,968
Minimum dividend payable (paragraph m)	(8,631,508)	(16,086,968)	(47,710,019)
Reorganization under common control (paragraph x and bb)	-	(7,649,423)	(4,795,801)
Fair value change of hedging instruments used in cash flow hedges, net of deferred tax	-	1,317,498	(44,746,077)
Adoption of FAS 158, Brazilian subsidiaries, net of deferred tax	-	-	10,393,599
Cumulative translation adjustment	(88,664,724)	(84,563,411)	12,446,402
Capital increase	(614,158)	-	-
Net income in accordance with U.S. GAAP for the year	160,540,036	124,917,651	362,151,605
<b>Shareholders equity in accordance with U.S.GAAP - December 31</b>	<b>2,786,704,619</b>	<b>2,799,385,346</b>	<b>3,034,318,062</b>

**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, 2005 and 2006, respectively:

	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Goodwill	1,806,704,228	1,801,542,342
Less: accumulated amortization	(1,090,572,266)	(1,146,480,345)
<b>Goodwill, net</b>	<b>716,131,962</b>	<b>655,061,997</b>
Negative goodwill	(469,806,762)	(475,440,048)
Less: accumulated amortization	432,346,174	438,423,731
<b>Negative goodwill, net</b>	<b>(37,460,588)</b>	<b>(37,016,317)</b>

Amortization expense under Chile GAAP is disclosed in Note 13.

**(b) Basic and diluted earnings per share:**

	For the year ended December 31,		
	2004 Ch\$	2005 Ch\$	2006 Ch\$
Chilean GAAP earnings per share	1.44	2.13	8.76
U.S. GAAP earnings per share	4.92	3.83	11.09
Basic and diluted U.S. GAAP earnings per share	4.92	3.83	11.09
Total number of common outstanding shares at December 31,	32,651,166	32,651,166	32,651,166
Weighted average number of common shares outstanding (000's)	32,651,166	32,651,166	32,651,166

(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:

	2004					
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
<b>Income tax provision under Chilean GAAP</b>						
Current income taxes as determined under Chilean GAAP	(6,110,475)	(272,789)	(18,550,941)	(5,332,042)	(69,327,978)	(99,594,225)
Deferred income taxes as determined under Chilean GAAP	12,770,470	(24,173,507)	(27,780,981)	(2,526,996)	(3,862,472)	(45,573,486)
<b>Total income tax provision under Chilean GAAP</b>	<b>6,659,995</b>	<b>(24,446,296)</b>	<b>(46,331,922)</b>	<b>(7,859,038)</b>	<b>(73,190,450)</b>	<b>(145,167,711)</b>
<b>U.S. GAAP adjustments:</b>						
Deferred tax effect of applying SFAS No. 109	1,536,490	8,820,314	2,814,136	(558,354)	-	12,612,586
Deferred tax effect of adjustments to U.S. GAAP	(332,152)	1,570,741	3,022,940	(3,499,615)	(1,472,380)	(710,466)
U.S. GAAP reclassifications (1)	628,403	-	-	-	1,507,553	2,135,956
<b>Total U.S. GAAP adjustments:</b>	<b>1,832,741</b>	<b>10,391,055</b>	<b>5,837,076</b>	<b>(4,057,969)</b>	<b>35,173</b>	<b>14,038,077</b>
<b>Total Income tax provision under U.S. GAAP</b>	<b>8,492,736</b>	<b>(14,055,241)</b>	<b>(40,494,846)</b>	<b>(11,917,007)</b>	<b>(73,155,277)</b>	<b>(131,129,635)</b>
	2005					
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
<b>Income tax provision under Chilean GAAP</b>						
Current income taxes as determined under Chilean GAAP	(12,757,343)	(6,081,363)	(24,595,823)	(30,249,268)	(75,083,231)	(148,767,028)
Deferred income taxes as determined under Chilean GAAP	(28,135,999)	(6,060,321)	(2,138,607)	2,577,728	473,553	(33,283,646)
<b>Total income tax provision under Chilean GAAP</b>	<b>(40,893,342)</b>	<b>(12,141,684)</b>	<b>(26,734,430)</b>	<b>(27,671,540)</b>	<b>(74,609,678)</b>	<b>(182,050,674)</b>
<b>U.S. GAAP adjustments:</b>						
Deferred tax effect of applying SFAS No. 109	(414,414)	150,177	5,655,585	(1,884,338)	-	3,507,010
Deferred tax effect of adjustments to U.S. GAAP	(9,755,096)	1,726,862	(1,137,194)	(5,259,431)	(80,887)	(14,505,746)
U.S. GAAP reclassifications (1)	1,626,755	-	-	4,226,268	1,600,673	7,453,696
<b>Total U.S. GAAP adjustments:</b>	<b>(8,542,755)</b>	<b>1,877,039</b>	<b>4,518,391</b>	<b>(2,917,501)</b>	<b>1,519,786</b>	<b>(3,545,040)</b>
<b>Total Income tax provision under U.S. GAAP</b>	<b>(49,436,097)</b>	<b>(10,264,645)</b>	<b>(22,216,039)</b>	<b>(30,589,041)</b>	<b>(73,089,892)</b>	<b>(185,595,714)</b>
	2006					
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
<b>Income tax provision under Chilean GAAP</b>						
Current income taxes as determined under Chilean GAAP	(48,613,763)	(4,507,845)	(33,745,695)	(80,992,242)	(85,208,065)	(253,067,610)
Deferred income taxes as determined under Chilean GAAP	83,652,728	(10,880,034)	(8,186,970)	55,665,414	23,408,598	143,659,736
<b>Total income tax provision under Chilean GAAP</b>	<b>35,038,965</b>	<b>(15,387,879)</b>	<b>(41,932,665)</b>	<b>(25,326,828)</b>	<b>(61,799,467)</b>	<b>(109,407,874)</b>
<b>U.S. GAAP adjustments:</b>						
Deferred tax effect of applying SFAS No. 109	5,728,815	135,227	(577,332)	2,968,402	-	8,255,112
Deferred tax effect of adjustments to U.S. GAAP	(6,978,720)	(3,588,034)	(977,017)	(1,263,702)	(2,391,008)	(15,198,481)
U.S. GAAP reclassifications (1)	86,038	-	-	14,085,351	182,224	14,353,613
<b>Total U.S. GAAP adjustments:</b>	<b>(1,163,867)</b>	<b>(3,452,807)</b>	<b>(1,554,349)</b>	<b>15,790,051</b>	<b>(2,208,784)</b>	<b>7,410,244</b>
<b>Total Income tax provision under U.S. GAAP</b>	<b>33,875,098</b>	<b>(18,840,686)</b>	<b>(43,487,014)</b>	<b>(9,536,777)</b>	<b>(64,008,251)</b>	<b>(101,997,630)</b>

(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:

	2005			2006		
	SFAS No. 109 Applied to Chilean GAAP Balances ThCh\$	SFAS No. 109 applied to U.S. GAAP Adjustments ThCh\$	Total Deferred Taxes under SFAS No. 109 ThCh\$	SFAS No. 109 Applied to Chilean GAAP Balances ThCh\$	SFAS No. 109 applied to U.S. GAAP Adjustments ThCh\$	Total Deferred Taxes under SFAS No. 109 ThCh\$
<b>Deferred income tax assets:</b>						
Property, plant and equipment	28,899,953	131,313,976	160,213,929	2,739,244	101,989,597	104,728,841
Allowance for doubtful accounts	56,899,775	-	56,899,775	67,547,385	-	67,547,385
Actuarial deficit (companies in Brazil)	11,830,729	-	11,830,729	10,500,328	-	10,500,328
Deferred income	2,015,328	-	2,015,328	2,236,216	-	2,236,216
Provision real estate projects	2,460,812	-	2,460,812	2,367,831	-	2,367,831
Derivative contracts	-	3,038,592	3,038,592	-	9,184,618	9,184,618
Vacation accrual	1,053,846	-	1,053,846	1,147,149	-	1,147,149
Post retirement benefits	-	5,565,192	5,565,192	-	-	-
Tax loss carryforwards (1)	243,459,396	-	243,459,396	241,818,145	-	241,818,145
Contingencies	80,000,821	-	80,000,821	85,277,169	-	85,277,169
Salaries for construction-in progress	3,781,606	-	3,781,606	4,013,859	-	4,013,859
Revenue recognition Edesur	-	1,394,076	1,394,076	-	-	-
Valuation allowance	(178,272,879)	(940,389)	(179,213,268)	(39,998,258)	(1,104,621)	(41,102,879)
Others	12,376,001	804,107	13,180,108	14,349,812	1,247,333	15,597,145
Provision for employee benefits	6,024,624	-	6,024,624	5,548,245	(2,739,611)	2,808,634
<b>Total deferred income tax assets</b>	<b>270,530,012</b>	<b>141,175,554</b>	<b>411,705,566</b>	<b>397,547,125</b>	<b>108,577,316</b>	<b>506,124,441</b>
<b>Deferred income tax liabilities:</b>						
Property, plant and equipment (2)	400,201,707	99,843,560	500,045,267	411,588,632	83,812,317	495,400,949
Severance indemnities	1,761,264	-	1,761,264	1,677,822	-	1,677,822
Regulated assets	29,120,098	1,018,886	30,138,984	28,973,980	(174,663)	28,799,317
Finance costs	13,254,965	-	13,254,965	15,353,914	-	15,353,914
Derivative contracts	-	7,042,386	7,042,386	-	4,889,361	4,889,361
Bond discount	1,709,291	-	1,709,291	1,478,500	397,554	1,876,054
Cost of studies	8,498,040	-	8,498,040	8,420,626	-	8,420,626
Imputed interest on construction	4,532,961	-	4,532,961	3,756,520	-	3,756,520
Materials used	857,794	-	857,794	811,521	-	811,521
Exchange difference	20,816,953	-	20,816,953	18,678,406	-	18,678,406
Capitalized expenses	-	-	-	2,130,360	-	2,130,360
Capitalized interest	-	23,173,516	23,173,516	-	26,922,740	26,922,740
Others	12,645,033	32,571	12,677,604	13,642,567	27,918	13,670,485
<b>Total deferred income tax liabilities</b>	<b>493,398,106</b>	<b>131,110,919</b>	<b>624,509,025</b>	<b>506,512,848</b>	<b>115,875,227</b>	<b>622,388,075</b>
<b>Net deferred assets (liabilities)</b>	<b>(222,868,094)</b>	<b>10,064,635</b>	<b>(212,803,459)</b>	<b>(108,965,723)</b>	<b>(7,297,911)</b>	<b>(116,263,634)</b>
<b>Complementary Account</b>	<b>190,558,996</b>	<b>(190,558,996)</b>	<b>-</b>	<b>182,771,316</b>	<b>(182,771,316)</b>	<b>-</b>
<b>Net deferred assets (liabilities)</b>	<b>(32,309,098)</b>	<b>(180,494,361)</b>	<b>(212,803,459)</b>	<b>73,805,593</b>	<b>(190,069,227)</b>	<b>(116,263,634)</b>

(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\$80,429,245, in order to reflect the write-off of the corresponding tax-basis assets held in Peru. As such estimate of future deductible amounts was determined prior to the acquisition of Edegel in connection with the acquisition of Endesa-Chile in 1999, the Company has adjusted goodwill by a corresponding amount in accordance with SFAS No. 109 "Accounting for Income Taxes" ("SFAS No. 109") and EITF 93-7 "Uncertainties Related to Income Taxes in a Business Combination".

A reconciliation of the U.S. GAAP Statutory Income Tax rate to the Company's effective tax rate on net income is as follows:

	2004					
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(55,978,322)	2,198,715	(20,188,626)	(177,024)	(26,039,812)	(100,185,069)
Effect of higher foreign tax rates	-	3,526,043	(19,384,976)	10,540,274	(31,758,912)	(37,077,571)
Increase (decrease) in rates resulting from:						
Price-level restatement not accepted for tax purposes	(158,725)	(3,260,306)	(9,134,554)	-	(7,798,630)	(20,352,215)
Non-taxable items	35,091,466	(14,671,010)	(8,667,228)	(19,240,519)	(6,371,390)	(13,858,681)
Non-deductible items (2)	27,204,360	1,300,938	1,133,032	(3,346,512)	1,598,587	27,890,405
Prior years income tax	(1,280,114)	-	-	-	-	(1,280,114)
Other	2,985,668	(3,149,621)	15,747,506	306,774	(4,292,673)	11,597,654
US GAAP reclassifications (1)	628,403	-	-	-	1,507,553	2,135,956
<b>Tax (benefit) expense at effective tax rate</b>	<b>8,492,736</b>	<b>(14,055,241)</b>	<b>(40,494,846)</b>	<b>(11,917,007)</b>	<b>(73,155,277)</b>	<b>(131,129,635)</b>

	2005					
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(30,843,549)	7,236,194	(14,242,625)	(16,049,611)	(30,765,133)	(84,664,724)
Effect of higher foreign tax rates	-	7,661,853	(13,823,723)	(14,624,618)	(36,329,724)	(57,116,212)
Increase (decrease) in rates resulting from:						
Price-level restatement not accepted for tax purposes	4,557,943	(6,680,885)	-	-	114,226	(2,008,716)
Non-taxable items	13,581,428	1,981,745	9,437,281	12,733,699	8,930,895	46,665,048
Non-deductible items (2)	(37,594,487)	(19,075,945)	(2,330,001)	(16,854,574)	(14,975,140)	(90,830,147)
Effect of change in valuation allowance	(627,216)	-	-	-	1,348,200	720,984
Prior years income tax	780,413	-	-	-	-	780,413
Other	(917,384)	(1,387,607)	(1,256,971)	(20,205)	(3,013,889)	(6,596,056)
US GAAP reclassifications (1)	1,626,755	-	-	4,226,268	1,600,673	7,453,696
<b>Tax (benefit) expense at effective tax rate</b>	<b>(49,436,097)</b>	<b>(10,264,645)</b>	<b>(22,216,039)</b>	<b>(30,589,041)</b>	<b>(73,089,892)</b>	<b>(185,595,714)</b>

	2006					
	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brazil ThCh\$	Colombia ThCh\$	Total ThCh\$
Statutory US GAAP tax	(54,195,284)	(2,250,914)	(10,474,694)	(26,981,297)	(34,486,586)	(128,388,775)
Effect of higher foreign tax rates	-	(2,383,321)	(10,166,614)	(26,981,296)	(43,615,390)	(83,146,621)
Increase (decrease) in rates resulting from:						
Price-level restatement not accepted for tax purposes	(5,306,699)	(6,090,435)	-	-	23,819,730	12,422,596
Non-taxable items	16,426,968	5,524,094	1,604,352	40,260,656	3,896,349	67,712,419
Non-deductible items (2)	(63,104,687)	(13,626,074)	(24,538,926)	(15,456,493)	(14,913,918)	(131,640,098)
Effect of change in valuation allowance	130,922,325	-	-	-	(58,155)	130,864,170
Prior years income tax	6,060,692	-	-	-	-	6,060,692
Other	2,985,745	(14,036)	88,868	5,536,302	1,167,497	9,764,376
US GAAP reclassifications (1)	86,038	-	-	14,085,351	182,224	14,353,613
<b>Tax (benefit) expense at effective tax rate</b>	<b>33,875,098</b>	<b>(18,840,686)</b>	<b>(43,487,014)</b>	<b>(9,536,777)</b>	<b>(64,008,251)</b>	<b>(101,997,630)</b>

(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:

2004	Generation ThCh\$	Transmission ThCh\$	Distribution ThCh\$	Engineering services and real estate ThCh\$	Corporate and other ThCh\$	Eliminations ThCh\$	Consolidated ThCh\$
Sales to unaffiliated customers	781,423,212	-	1,975,320,611	18,997,389	51,147,903	(3,957,563)	2,822,931,552
Intersegment sales	289,349,079	-	15,389,646	13,487,262	107,853,629	(360,755,821)	65,323,795
<b>Total revenues</b>	<b>1,070,772,291</b>	<b>-</b>	<b>1,990,710,257</b>	<b>32,484,651</b>	<b>159,001,532</b>	<b>(364,713,384)</b>	<b>2,888,255,347</b>
Operating income	388,719,251	-	294,748,608	1,529,056	1,107,915	5,593,036	691,697,866
Participation in net income of affiliate companies	20,044,545	-	(20,161,300)	275,703	139,481,433	(106,695,637)	32,944,744
Depreciation and amortization	165,202,222	-	222,094,781	1,763,525	57,721,804	-	446,782,332
Identifiable assets including investment in related companies	5,588,680,641	-	5,383,514,858	118,908,566	4,316,359,635	(4,310,603,765)	11,096,859,935
Capital expenditures	101,367,892	-	174,379,204	341,021	5,205,542	-	281,293,659

2005	Generation ThCh\$	Transmission ThCh\$	Distribution ThCh\$	Engineering services and real estate ThCh\$	Corporate and other ThCh\$	Eliminations ThCh\$	Consolidated ThCh\$
Sales to unaffiliated customers	885,593,542	13,088,320	2,264,900,754	21,073,868	64,780,472	385,645	3,249,822,601
Intersegment sales	285,394,924	15,525,130	17,304,838	12,977,309	114,233,574	(402,115,710)	43,320,065
<b>Total revenues</b>	<b>1,170,988,466</b>	<b>28,613,450</b>	<b>2,282,205,592</b>	<b>34,051,177</b>	<b>179,014,046</b>	<b>(401,730,065)</b>	<b>3,293,142,666</b>
Operating income	421,610,853	13,338,963	392,373,848	3,170,830	(470,967)	(1,379,461)	828,644,066
Participation in net income of affiliate companies	13,709,598	-	3,173,550	155,382	153,395,823	(163,546,854)	6,887,499
Depreciation and amortization	163,867,174	2,762,088	197,684,077	2,047,397	57,992,494	-	424,353,230
Identifiable assets including investment in related companies	5,529,152,941	499,883,129	4,837,653,506	108,462,482	4,912,851,951	(5,419,086,272)	10,468,917,737
Capital expenditures	61,309,432	328,473	256,061,777	1,437,230	4,978,693	-	324,115,605

2006	Generation ThCh\$	Transmission ThCh\$	Distribution ThCh\$	Engineering services and real estate ThCh\$	Corporate and other ThCh\$	Eliminations ThCh\$	Consolidated ThCh\$
Sales to unaffiliated customers	1,148,304,162	80,025,138	2,529,416,905	33,904,941	66,484,924	-	3,858,136,070
Intersegment sales	330,777,812	63,874,769	18,960,499	15,871,165	133,553,160	(529,108,743)	33,928,662
<b>Total revenues</b>	<b>1,479,081,974</b>	<b>143,899,907</b>	<b>2,548,377,404</b>	<b>49,776,106</b>	<b>200,038,084</b>	<b>(529,108,743)</b>	<b>3,892,064,732</b>
Operating income	583,966,319	(758,516)	483,463,309	9,865,975	(9,611,537)	1,116,901	1,068,042,451
Participation in net income of affiliate companies	42,138,395	-	20,916,594	117,573	390,506,117	(448,639,739)	5,038,940
Depreciation and amortization	189,730,359	13,555,986	206,673,313	2,255,417	60,091,589	-	472,306,664
Identifiable assets including investment in related companies	5,817,728,024	460,656,686	5,332,487,512	118,831,802	4,876,485,024	(5,543,779,765)	11,062,409,283
Capital expenditures	173,512,065	1,893,683	335,867,636	1,631,388	4,863,574	-	517,768,346

A summary of activities by geographic area is as follows:

	Chile ThCh\$	Argentina ThCh\$	Perú ThCh\$	Brasil ThCh\$	Colombia ThCh\$	Total ThCh\$
<b>2004</b>						
<b>Total revenues</b>	<b>953,247,486</b>	<b>347,706,629</b>	<b>305,657,073</b>	<b>707,503,624</b>	<b>574,140,535</b>	<b>2,888,255,347</b>
Long lived assets (net) (1)	2,369,681,055	1,161,390,679	973,037,235	1,562,259,410	2,062,298,139	8,128,666,518
<b>2005</b>						
<b>Total revenues</b>	<b>1,089,380,399</b>	<b>402,590,119</b>	<b>300,264,933</b>	<b>901,123,363</b>	<b>599,783,852</b>	<b>3,293,142,666</b>
Long lived assets (net) (1)	2,353,816,519	995,511,199	855,959,997	1,816,089,978	1,785,379,094	7,806,756,787
<b>2006</b>						
<b>Total revenues</b>	<b>1,238,222,497</b>	<b>503,975,086</b>	<b>367,619,243</b>	<b>1,117,460,724</b>	<b>664,787,181</b>	<b>3,892,064,732</b>
Long lived assets (net) (1)	2,422,172,672	1,014,877,458	999,784,191	1,861,638,455	1,788,964,623	8,087,437,399

(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, 2004, 2005 and 2006.

**(f) Schedule of debt maturity:**

Following is a schedule of debt maturity in each of the next five years and thereafter:

	As of December 31, 2006 ThCh\$
2007	379,971,326
2008	634,872,297
2009	501,655,473
2010	354,435,129
2011	368,596,613
Thereafter	1,354,292,344
<b>Total</b>	<b>3,593,823,182</b>

**(g) Disclosure regarding interest capitalization:**

	Year ended December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Interest expense incurred	380,690,839	358,032,727	390,708,744
Interest capitalized under Chilean GAAP	7,619,740	-	5,783,642
Interest capitalized under U.S. GAAP	15,968,699	11,526,719	17,686,246

**(h) Cash flow information:**

(i) The statement of cash flows under Chile GAAP differs in certain respects from the presentation of a statement of cash flow under U.S. GAAP. Marketable securities under Chile GAAP qualify as cash flow equivalent, whereas under U.S. GAAP they are classified as available – for –sale securities (See note 36 II (q))

	As of December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Cash flow from operating activities - Chile GAAP and US GAAP	653,699,031	837,148,104	862,408,340
Cash flow from financing activities - Chile GAAP and US GAAP	(200,047,308)	(764,261,264)	(297,089,863)
Cash flow investing activities Chile GAAP	(205,104,786)	(337,667,076)	(507,680,720)
Differences between Chilean GAAP and US GAAP:			
Purchase of marketable securities during period	(13,033,179)	(5,421,998)	(9,019,778)
Sale of marketable securities during period	12,095,052	13,033,179	5,421,998
Cash flow investing activities US GAAP	(206,042,913)	(330,055,895)	(511,278,500)
Net cash flow	247,608,810	(257,169,055)	54,039,977
Effect of price-level restatement and foreign exchange differences	(28,574,426)	(21,406,173)	14,578,723
Net increase (decrease) in cash and cash equivalent	219,034,384	(278,575,228)	68,618,700
Cash and cash equivalent at beginning of the year	346,776,012	565,810,396	362,451,904
Additional cash resulting from creation of Endesa Brasil	-	75,216,736	-
Cash and cash equivalent at end of the year	565,810,396	362,451,904	431,070,604

(ii) The reconciliation of cash and cash equivalents from Chilean GAAP to U.S. GAAP as of December 31, 2004, 2005 and 2006 is as follows:

	Year ended December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Cash and cash equivalent under Chilean GAAP	578,843,575	367,873,902	440,090,382
Elimination of marketable securities	(13,033,179)	(5,421,998)	(9,019,778)
<b>Total cash and cash equivalents under US GAAP</b>	<b>565,810,396</b>	<b>362,451,904</b>	<b>431,070,604</b>

(iii) Additional disclosures required under U.S. GAAP are as follows:

	Years ended December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Interest paid during the year	333,041,786	295,157,898	299,160,341
Income taxes paid during the year	93,108,247	100,024,223	155,915,573
Assets acquired under capital leases	29,084,335	-	-

(iv) Under US GAAP, cash and cash equivalents includes all highly liquid debt instruments purchased with a maturity of three months or less:

	Years ended December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Cash	59,757,305	72,873,740	99,794,219
Time deposits and repurchase agreements	506,053,093	289,578,164	331,276,385
<b>Total cash and cash equivalents under US GAAP</b>	<b>565,810,398</b>	<b>362,451,904</b>	<b>431,070,604</b>

(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, 2005 and 2006 for which it is practicable to estimate that value:

- **Cash**

The fair value of the Company's cash is equal to its carrying value.

- **Time deposits**

The fair value of time deposits is equal to its carrying value due to its relatively short-term nature.

- **Marketable securities**

The fair value of marketable securities is based on quoted market prices of the mutual money market funds held and is equal to its carrying value.

- **Long-term accounts receivable**

The fair value of long-term accounts receivable was estimated using the interest rates that are currently offered for loans with similar terms and remaining maturities.

- **Long-term debt**

The fair value of long-term debt was based on rates currently available to the Company for debt with similar terms and remaining maturities.

- **Derivative instruments**

Estimates of fair values of derivative instruments for which no quoted prices or secondary market exists have been made using valuation techniques such as forward pricing models, present value of estimated future cash flows, and other modeling techniques. These estimates of fair value include assumptions made by the Company about market variables that may change in the future. Changes in assumptions could have a significant impact on the estimate of fair values disclosed. As a result such fair value amounts are subject to significant volatility and are highly dependent on the quality of the assumptions used.

The estimated fair values of the Company's financial instruments compared to Chilean GAAP carrying amounts are as follows:

	2005		2006	
	Carrying amount ThCh\$	Fair Value ThCh\$	Carrying amount ThCh\$	Fair Value ThCh\$
Cash	72,873,740	72,873,740	99,794,219	99,794,219
Time deposits	265,352,164	265,352,164	282,125,166	282,125,166
Marketable securities	5,421,998	5,421,998	9,113,927	9,113,927
Accounts receivable	648,182,799	648,182,799	839,114,373	839,114,373
Notes receivable, net	3,643,961	3,643,961	7,468,202	7,468,202
Other accounts receivable, net	64,188,527	64,188,527	102,348,625	102,348,625
Amounts due from related companies	11,519,571	11,519,571	13,564,970	13,564,970
Long-term accounts receivable	144,623,436	144,623,436	137,479,691	137,479,691
Accounts payable and other	(375,457,796)	(375,457,796)	(587,328,362)	(587,328,362)
Notes payable	(113,031,828)	(113,031,828)	(136,440,740)	(136,440,740)
Long-term debt	(3,507,461,206)	(3,737,751,214)	(3,593,823,183)	(3,940,785,000)
Derivative instruments	(126,228,655)	(126,086,146)	(146,110,329)	(146,110,329)

**(j) Derivative instruments**

The Company is exposed to the impact of market fluctuations in the price of electricity, primary materials such as natural gas, petroleum, coal, and other energy-related products, interest rates, and foreign exchange rates. The Company has policies and procedures in place to manage the risks associated with these market fluctuation on a global basis through strategic contract selection, fixed-rate and variable-rate portfolio targets, net investment hedges, and financial derivatives. All derivatives that do not qualify for the normal purchase and sales exemption under SFAS No. 133 are recorded at their fair value. On the date that swaps, futures, forwards or option contracts are entered into, the Company designates the derivatives as a "hedge", if the documentation is not appropriate to designate as a "hedge", the derivative's mark-to-market adjustment flows through the income statement.

The Company has classified its derivatives into the following general categories: commodity derivatives, embedded derivatives, and financial derivatives. Certain energy and other contracts for the Company's operations in Chile are denominated in the US dollar. According to SFAS No. 133, an embedded foreign currency derivative should be separated from the host contract because none of the applicable exclusions are met (See Embedded Derivative Contracts below). For purposes of evaluating the functional currency of the Company's subsidiaries in Argentina, 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, 2005 and 2006.

	2005		
	Distribution ThCh\$	Generation ThCh\$	Total ThCh\$
Embedded derivatives	2,347,356	38,569,674	40,917,030
Commodity derivatives	-	(21,500,709)	(21,500,709)
Financial derivatives	(112,685,697)	(13,400,449)	(126,086,146)
Investment in related companies	-	(4,559,772)	(4,559,772)
<b>Derivative instruments U.S.GAAP Shareholders equity adjustment</b>	<b>(110,338,341)</b>	<b>(891,256)</b>	<b>(111,229,597)</b>

	2006		
	Distribution ThCh\$	Generation ThCh\$	Total ThCh\$
Embedded derivatives	5,166,861	23,111,274	28,278,135
Commodity derivatives	-	(7,731,630)	(7,731,630)
Financial derivatives	(146,500,484)	390,155	(146,110,329)
<b>Derivative instruments U.S.GAAP Shareholders equity adjustment</b>	<b>(141,333,623)</b>	<b>15,769,799</b>	<b>(125,563,824)</b>



The following is the reconciliation of the Company's derivative contracts from Chile GAAP to US GAAP:

	2005		
	Chile GAAP ThCh\$	Adjustment ThCh\$	US GAAP ThCh\$
Embedded derivatives	-	40,917,030	40,917,030
Commodity derivatives	-	(21,500,709)	(21,500,709)
Financial derivatives	(126,228,655)	142,509	(126,086,146)
<b>Shareholders equity adjustment</b>	<b>(126,228,655)</b>	<b>19,558,830</b>	<b>(106,669,825)</b>

	2006		
	Chile GAAP ThCh\$	Adjustment ThCh\$	US GAAP ThCh\$
Embedded derivatives	-	28,278,135	28,278,135
Commodity derivatives	-	(7,731,630)	(7,731,630)
Financial derivatives	(92,216,959)	(53,893,370)	(146,110,329)
<b>Shareholders equity adjustment</b>	<b>(92,216,959)</b>	<b>(33,346,865)</b>	<b>(125,563,824)</b>

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 are required to be accounted for at fair value. These conditions are (i) have an underlying, which is the market price of power at the delivery location and a notional amount specified in the contract; (ii) have no initial payment on entering into the contract; and (iii) have a net settlement provision or have the characteristic of net settlement because power is readily convertible to cash, as it is both fungible and actively traded in the country of generation or country of distribution.

The Company assessed that its commodity contracts that are requirements contracts do not meet the above definition because the contracts, do not have notional amounts, as they only have maximum amounts or no specified amounts, and do not include an implicit or explicit minimum amount in a settlement or a default clause. A requirements contract allows the purchaser to use as many units of power as required to satisfy its actual needs for power during the period of the contract, and the party is not permitted to buy more than its actual needs.

The Company has commodity contracts that are unique, due to their long-term nature and complexity. In establishing the fair value of contracts management makes assumptions using available market data and pricing models. Factors such as commodity price risk are also included in the fair value calculation. Inputs to pricing models include estimated forward prices of electricity and natural gas, interest rates, foreign exchange rates, inflation indices, transmission costs, and others. These inputs become more difficult to predict and the estimates are less precise, the further out in time these estimates are made. As a result, fair values are highly sensitive to the assumptions being used.

Until December 31, 2005 the Company's Argentine generation entities had access to the Brazilian energy market through an interconnection system between those two countries. Due to action taken by Argentine

Regulation Authorities, the exportations of energy from Argentina to Brazil were limited, resulting in a default of most energy supply contracts the Company had entered into. However, during 2006 the Brazilian regulator issued a statement that allowed these interconnection contracts to reduce their amounts of power and energy to be delivered, and to accelerate their maturity date to December 2007. As a result of action taken by Argentine and Brazilian regulation authorities, the contracts the Argentine subsidiaries had entered into ceased to exist as of the December 31, 2006.

#### 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 US GAAP purposes the Company has met all the requirements for designating all the derivative instruments subscribed during 2005 and 2006 as "hedges" as well as the cross currency swaps held by Enersis since 2004. These derivative instruments are recorded at fair value in the balance sheet with any gain and/or losses being recorded according to fair value or cash flow hedge accounting as stated in SFAS 133.

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) Presentation to U.S. GAAP

Certain reclassifications and adjustment would be made to the Chilean GAAP income statement in order to present the amounts in accordance with U.S. GAAP. For example, certain non-operating income and expenses under Chilean GAAP would be included in the determination of operating income under U.S. GAAP. Such reclassifications from non-operating to operating income and expense include the following:

- Losses arising from contingencies and litigation, and reversals thereof
- Gains and losses from disposals of fixed assets
- Taxes, other than income taxes
- Pension plan expenses
- Penalties and fines

In addition to the above, recovered taxes included in other non-operating revenues under Chilean GAAP would be recorded as part of income tax expense under U.S. GAAP, and equity in net income or loss of related companies included in non-operating results under Chilean would be presented after income taxes and minority interest under U.S. GAAP.

The following reclassifications and adjustment disclose amounts in accordance with U.S. GAAP presentation:

	2004				
	Chilean GAAP	U.S. GAAP Reclassification	Sub-total	U.S. GAAP Adjustments	U.S. GAAP
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Operating income	691,697,866	(56,879,565)	634,818,301	68,013,899	702,832,200
Non-operating expense, net	(410,811,934)	39,893,792	(370,918,142)	10,381,218	(360,536,924)
Income taxes	(145,167,711)	2,135,956	(143,031,755)	11,902,120	(131,129,635)
Minority interest	(106,946,525)	-	(106,946,525)	23,374,626	(83,571,899)
Equity participation in income of related companies, net	-	32,944,745	32,944,745	1,549	32,946,294
Amortization of negative goodwill	18,094,928	(18,094,928)	-	-	-
<b>Net income</b>	<b>46,866,624</b>	<b>-</b>	<b>46,866,624</b>	<b>113,673,412</b>	<b>160,540,036</b>

	2005				
	Chilean GAAP ThCh\$	U.S. GAAP Reclassification ThCh\$	Sub-total ThCh\$	U.S. GAAP Adjustments ThCh\$	U.S. GAAP ThCh\$
Operating income	828,644,066	(96,382,051)	732,262,015	109,912,898	842,174,913
Non-operating expense, net	(419,897,591)	97,862,848	(322,034,743)	(2,630,377)	(324,665,120)
Income taxes	(182,050,674)	7,453,696	(174,596,978)	(10,998,736)	(185,595,714)
Minority interest	(173,072,574)	-	(173,072,574)	(6,988,163)	(180,060,737)
Equity participation in income of related companies, net	-	6,887,499	6,887,499	(33,823,190)	(26,935,691)
Amortization of negative goodwill	15,821,992	(15,821,992)	-	-	-
<b>Net income</b>	<b>69,445,219</b>	<b>-</b>	<b>69,445,219</b>	<b>55,472,432</b>	<b>124,917,651</b>

	2006				
	Chilean GAAP ThCh\$	U.S. GAAP Reclassification ThCh\$	Sub-total ThCh\$	U.S. GAAP Adjustments ThCh\$	U.S. GAAP ThCh\$
Operating income	1,068,042,451	(118,827,218)	949,215,233	83,359,474	1,032,574,707
Non-operating expense, net	(408,965,957)	105,512,222	(303,453,735)	2,516,297	(300,937,438)
Income taxes	(109,407,874)	14,353,613	(95,054,261)	(6,943,369)	(101,997,630)
Minority interest	(269,785,811)	-	(269,785,811)	(7,211,572)	(276,997,383)
Equity participation in income of related companies, net	-	5,038,940	5,038,940	4,470,409	9,509,349
Amortization of negative goodwill	6,077,557	(6,077,557)	-	-	-
<b>Net income</b>	<b>285,960,366</b>	<b>-</b>	<b>285,960,366</b>	<b>76,191,239</b>	<b>362,151,605</b>

Certain reclassifications and adjustments would be made to the Chilean GAAP balance sheet in order to present Chilean GAAP amounts in accordance with U.S. GAAP. Deferred taxes from depreciation differences that are recorded as short-term under Chilean GAAP would be recorded as long-term under U.S. GAAP. Additionally, the regulated asset recorded during 2001 by Coelce and Ampla, Brazilian subsidiaries, has been partially recorded in trade receivables and an additional component was recorded in current assets by Coelce under Chilean GAAP. However, under U.S. GAAP the presentation of these

regulated assets should be classified as non-current assets as the recovery of these assets is not expected in the short term. Assets and liabilities related to financial derivatives have been recorded in the balance sheet at their gross amounts for Chilean GAAP purposes, whereas under US GAAP unrealized derivative gains and losses are recorded in earnings or directly to shareholders' equity for qualifying cash flow hedges. Under U.S. GAAP, negative goodwill is allocated to long-lived assets instead of a separate line item in the other assets. These reclassifications exclude consolidation of development stage companies, the effect of which is immaterial.

The effect of the reclassifications and adjustment discloses amounts using a U.S. GAAP presentation:

	2005				
	Chilean GAAP ThCh\$	U.S. GAAP Reclassification ThCh\$	Sub-total ThCh\$	U.S. GAAP Adjustments ThCh\$	U.S. GAAP ThCh\$
Current assets	1,328,815,537	(44,216,371)	1,284,599,166	(3,983,074)	1,280,616,092
Property, plant and equipment, net	7,806,756,787	(37,460,588)	7,769,296,199	(2,449,410)	7,766,846,789
Other assets	1,345,432,188	61,720,620	1,407,152,808	147,289,248	1,554,442,056
<b>Total assets</b>	<b>10,481,004,512</b>	<b>(19,956,339)</b>	<b>10,461,048,173</b>	<b>140,856,764</b>	<b>10,601,904,937</b>
Current liabilities	1,520,135,633	(1,644,832)	1,518,490,801	(20,723)	1,518,470,078
Long-term liabilities	3,451,642,730	(18,311,507)	3,433,331,223	196,212,875	3,629,544,098
Minority interest	2,858,841,421	-	2,858,841,421	(204,336,006)	2,654,505,415
Shareholder's equity	2,650,384,728	-	2,650,384,728	149,000,618	2,799,385,346
<b>Total liabilities and shareholders' equity</b>	<b>10,481,004,512</b>	<b>(19,956,339)</b>	<b>10,461,048,173</b>	<b>140,856,764</b>	<b>10,601,904,937</b>

	2006				
	Chilean GAAP ThCh\$	U.S. GAAP Reclassification ThCh\$	Sub-total ThCh\$	U.S. GAAP Adjustments ThCh\$	U.S. GAAP ThCh\$
Current assets	1,641,366,577	(52,915,315)	1,588,451,262	-	1,588,451,262
Property, plant and equipment, net	8,087,437,399	(37,016,317)	8,050,421,082	6,165,972	8,056,587,054
Other assets	1,333,605,307	7,995,325	1,341,600,632	231,772,581	1,573,373,213
<b>Total assets</b>	<b>11,062,409,283</b>	<b>(81,936,307)</b>	<b>10,980,472,976</b>	<b>237,938,553</b>	<b>11,218,411,529</b>
Current liabilities	1,399,485,476	(2,938,801)	1,396,546,675	(3,246,469)	1,393,300,206
Long-term liabilities	3,923,078,950	(78,997,506)	3,844,081,444	267,871,095	4,111,952,539
Minority interest	2,869,962,948	-	2,869,962,948	(191,122,226)	2,678,840,722
Shareholder's equity	2,869,881,909	-	2,869,881,909	164,436,153	3,034,318,062
<b>Total liabilities and shareholders' equity</b>	<b>11,062,409,283</b>	<b>(81,936,307)</b>	<b>10,980,472,976</b>	<b>237,938,553</b>	<b>11,218,411,529</b>

**(I) Employee Benefit Plans**

Enerjis S.A. and its subsidiaries sponsor various benefit plans for its current and retired employees. A description of such benefits follows:

**SEVERANCE INDEMNITIES**

The provision for severance indemnities, included in the account "Accrued expenses" short and long-term is calculated in accordance with the policy set forth in Note 2 (n), using the current salary levels of all employees covered under the severance indemnities agreement, an assumed discount rate 6.5% for the years ended December 31, 2004, 2005 and 2006, 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 Enerjis include electrical service rate subsidies, additional medical insurance and additional post-retirement benefits. Descriptions of these benefits for retired personnel are as follows:

**i) Electrical rate service**

This benefit is extended only to certain retired personnel of Enerjis. These electric rate subsidies result in the eligible retired employees paying a percentage of their total monthly electricity costs, with Enerjis 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 Enerjis. 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 Enerjis 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 (cc), above. The following data represents Chile GAAP amounts presented under FAS N°132 Revised 2003 Employers' Disclosures about Pensions and other Postretirement Benefits, for Company's post-retirement benefit plans.

At December 31, 2005

	Pension Benefits Non Contributory	Other Benefits Contributory	Total	Total
Assets and obligations				
Accumulated benefit obligation	(58,065,099)	(204,562,870)	(262,627,969)	(51,078,797)
Plan assets at fair value	-	182,018,314	182,018,314	-
Unfunded accumulated benefit	(58,065,099)	(22,544,556)	(80,609,655)	(51,078,797)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(57,665,992)	(62,906,646)	(120,572,638)	(53,668,943)
Price-level restatement	(1,444,699)	2,185,946	741,247	147,962
Foreign exchange effect	3,632,203	4,344,922	7,977,125	2,666,728
Net periodic expense	(7,934,975)	(2,724,248)	(10,659,223)	(4,627,758)
Benefits paid	5,348,364	(6,225,185)	(876,821)	3,485,837
Company contributions	-	17,317,971	17,317,971	(1,234,377)
Effect of exchange adjustment	-	(4,821,341)	(4,821,341)	1,400,772
Benefit (obligations) at December 31	(58,065,099)	(52,828,581)	(110,893,680)	(51,829,779)
Funded Status of the Plans				
Projected Benefit Obligation	(58,065,099)	(209,279,991)	(267,345,090)	(54,228,413)
Fair value of the plans assets	-	182,018,313	182,018,313	-
Funded Status	(58,065,099)	(27,261,678)	(85,326,777)	(54,228,413)
Unrecognized loss (gain)	-	-	-	-
Unrecognized net prior service cost	-	(25,566,904)	(25,566,904)	2,398,635
Net liability recorded under U.S. GAAP	(58,065,099)	(52,828,582)	(110,893,681)	(51,829,778)
Change in the plan assets				
Fair value of the plan assets, beginning	-	137,576,219	137,576,219	-
Foreign exchange effect	-	12,060,795	12,060,795	-
Actual return on the plan assets	-	31,095,794	31,095,794	-
Employer contributions	-	14,384,960	14,384,960	-
Plan participant contributions	-	2,953,647	2,953,647	-
Benefits paid	-	(16,053,101)	(16,053,101)	-
Fair value of plans assets, ending	-	182,018,314	182,018,314	-
Service cost	(592,565)	859,211	266,646	(136,121)
Interest cost	(6,375,991)	(3,974,837)	(10,350,828)	(4,270,515)
Expected return on assets	-	1,277,410	1,277,410	-
Amortization gain (loss)	(966,419)	479,003	(487,416)	(221,122)
Amortization of transition asset	-	(1,365,035)	(1,365,035)	-
Net periodic expenses	(7,934,975)	(2,724,248)	(10,659,223)	(4,627,758)

Assumptions as of December 31, 2005	Pension Benefits			Other Benefits		
	Chile	Brazil	Colombia	Chile	Brazil	Colombia
Weighted - discount rate (1)	6.5%	10.2%	11.2%	6.5%	11.2%	10.2%
Weighted - salary increase	4.0%	4.0%	6.1%	4.0%	-	-
Weighted - return on plan assets (1)	-	10.2%	-	-	-	-
Weighted - long term inflation (2)	2.5%	4.0%	6.1%	2.5%	6.1%	4.0%

(1) Includes fixed long term inflation assumption detail in (2)

	At December 31, 2006			
	Pension Benefits Non Contributory	Other Benefits Contributory	Total	Total
Assets and obligations				
Accumulated benefit obligation	(60,792,793)	(251,324,115)	(312,116,908)	(56,184,086)
Plan assets at fair value	-	240,748,561	240,748,561	-
Unfunded accumulated benefit	(60,792,793)	(10,575,554)	(71,368,347)	(56,184,086)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(58,065,099)	(52,828,581)	(110,893,680)	(51,829,776)
Price-level restatement	1,194,287	1,086,582	2,280,869	1,066,038
Foreign exchange effect	(3,774,906)	(2,007,564)	(5,782,470)	(867,908)
Net periodic expense	(6,665,640)	(344,901)	(7,010,540)	(8,779,014)
Benefits paid	6,352,917	(7,409,385)	(1,056,468)	3,629,464
Company contributions	-	19,552,581	19,552,581	1,654,136
Effect of exchange adjustment	-	(2,570,910)	(2,570,910)	(1,145,703)
Recognized net prior service cost (application SFAS 158)	-	27,686,366	27,686,366	(3,136,309)
Benefit (obligations) at December 31	(60,958,441)	(16,835,811)	(77,794,252)	(59,409,071)
Funded Status of the Plans				
Projected Benefit Obligation	(60,958,441)	(257,584,373)	(318,542,814)	(59,409,071)
Fair value of the plans assets	-	240,748,562	240,748,562	-
Funded Status	(60,958,441)	(16,835,811)	(77,794,252)	(59,409,071)
Unrecognized loss (gain)	-	-	-	-
Unrecognized net prior service cost	-	-	-	-
Net liability recorded under U.S. GAAP	(60,958,441)	(16,835,811)	(77,794,252)	(59,409,071)
Change in the plan assets				
Fair value of the plan assets, beginning	-	181,750,303	181,750,303	-
Foreign exchange effect	-	21,311,462	21,311,462	-
Actual return on the plan assets	-	38,166,830	38,166,830	-
Employer contributions	-	16,006,512	16,006,512	-
Plan participant contributions	-	3,414,838	3,414,838	-
Benefits paid	-	(19,901,384)	(19,901,384)	-
Fair value of plans assets, ending	-	240,748,562	240,748,562	-
Service cost	(387,040)	981,823	594,783	(22,221)
Interest cost	(6,428,734)	(3,998,016)	(10,426,750)	(5,983,796)
Expected return on assets	-	3,339,360	3,339,360	-
Amortization gain (loss)	150,134	6,493,179	6,643,313	(2,772,997)
Amortization of transition asset	-	(7,161,247)	(7,161,247)	-
Net periodic expenses	(6,665,640)	(344,901)	(7,010,541)	(8,779,014)

Assumptions as of December 31, 2006	Pension Benefits			Other Benefits		
	Chile	Brazil	Colombia	Chile	Brazil	Colombia
Weighted - discount rate (1)	6.5%	12.0%	10.4%	6.5%	10.4%	12.3%
Weighted - salary increase	3.5%	5.8%	5.3%	3.5%	-	-
Weighted - return on plan assets (1)	-	14.1%	-	-	-	-
Weighted - long term inflation (2)	3.0%	4.7%	5.3%	3.0%	4.5%	5.3%

(1) Includes fixed long term inflation assumption detail in (2)

The following presents the impact of applying the provisions of SFAS 158 on the balance sheets of Enersis as of December 31, 2006:

<b>Liabilities and Equity:</b>	<b>Before SFAS 158</b>	<b>Adjustment SFAS 158</b>	<b>After SFAS 158</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Accrued Pension Cost	(105,480,618)	27,686,366	(77,794,252)
Other Benefits Cost	(56,272,762)	(3,136,309)	(59,409,071)
Deferred taxes – long term	(107,916,615)	(8,347,019)	(116,263,634)
Accumulated Other Comprehensive Income, net of tax	(194,776,448)	16,203,038	(178,573,410)

Following is a schedule of estimated pay-out of pension benefits in each of the next five years:

	<b>As of December 31, 2006</b>
	<b>ThCh\$</b>
2007	2,716,016
2008	30,117,741
2009	30,681,598
2010	31,616,466
2011	32,152,437
Thereafter	147,313,928
<b>Total</b>	<b>274,598,186</b>

The following data present some supplementary information regarding Enersis's pension plans in Brazil:

Defined benefit pension plan assets allocations at December 31, 2005 and 2006, by assets category are as follows:

<b>Asset Category</b>	<b>2005</b>	<b>2006</b>
	<b>Plan asset</b>	<b>Plan asset</b>
Equity securities	22.00%	22.11%
Debt securities	71.74%	70.75%
Real estate	4.70%	4.80%
Other	1.56%	2.34%

### (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, 2004, 2005 and 2006 (in thousands of constant Chilean pesos as of December 31, 2006).

	<b>2004</b>		
	<b>Chilean GAAP</b>	<b>Effect of U.S. GAAP</b>	<b>Accumulated other</b>
	<b>cumulative</b>	<b>adjustments</b>	<b>comprehensive</b>
	<b>translation</b>	<b>on cumulative</b>	<b>income (loss)</b>
	<b>adjustment</b>	<b>translation</b>	<b>adjustment</b>
	<b>ThCh\$</b>	<b>adjustment</b>	<b>ThCh\$</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Beginning balance	(24,582,738)	39,826,041	15,243,303
Credit (charge) for the period	(101,836,006)	13,171,282	(88,664,724)
Ending balance	(126,418,744)	52,997,323	(73,421,421)

	2005			
	Chilean GAAP cumulative translation adjustment ThCh\$	Effect of U.S. GAAP adjustments on cumulative translation adjustment ThCh\$	Fair value of financial instruments used in cash flow hedge ThCh\$	Accumulated other comprehensive income (loss) ThCh\$
Beginning balance	(126,418,744)	52,997,323	-	(73,421,421)
Credit (charge) for the period	(105,702,172)	21,138,761	1,317,498	(83,245,913)
Ending balance	(232,120,916)	74,136,084	1,317,498	(156,667,334)

	2006				
	Chilean GAAP cumulative translation adjustment ThCh\$	Effect of U.S. GAAP adjustments on cumulative translation adjustment ThCh\$	Application of SFAS 158 in Ampla and Coelce see Note 36 I g ThCh\$	Fair value of financial instruments used in cash flow hedge ThCh\$	Accumulated other comprehensive income (loss) ThCh\$
Beginning balance	(232,120,916)	74,136,084	-	1,317,498	(156,667,334)
Credit (charge) for the period	15,780,715	(3,334,313)	10,393,599	(44,746,077)	(21,906,076)
Ending balance	(216,340,201)	70,801,771	10,393,599	(43,428,579)	(178,573,410)

The Company does not recognize deferred tax assets associated with cumulative translation reclassification as the investment they are associated with is permanent in nature.

**(n) Goodwill and intangible assets**

As discussed in Note 36 paragraph (i), Enersis S.A. adopted SFAS 142, which requires companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, FAS 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\$650,931,949 to reduce the carrying value of goodwill.

In calculating the impairment charge, the fair value of the impaired reporting units' goodwill underlying the segments were estimated using discounted cash flow methodology. The ThCh\$650,931,949 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, 2005 and 2006, by country of operation and segment is as follows:

**2005:**

Goodwill by Country	2005				
	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment ThCh\$	December 31, ThCh\$
Chile	1,165,258,375	-	-	-	1,165,258,375
Colombia	45,183,742	-	(5,083,283)	-	40,100,459
Perú	17,479,019	-	(1,966,433)	-	15,512,586
<b>Total</b>	<b>1,227,921,136</b>	<b>-</b>	<b>(7,049,716)</b>	<b>-</b>	<b>1,220,871,420</b>



Goodwill by Segment	2005				
	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment ThCh\$	December 31, ThCh\$
Generation	1,071,651,161	-	(4,635,851)	-	1,067,015,310
Distribution	156,201,391	-	(2,413,865)	-	153,787,526
Other	68,584	-	-	-	68,584
<b>Total</b>	<b>1,227,921,136</b>	<b>-</b>	<b>(7,049,716)</b>	<b>-</b>	<b>1,220,871,420</b>

2006:

Goodwill by Country	2006					
	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment ThCh\$	Reclassification (1) ThCh\$	December 31, ThCh\$
Chile	1,165,258,375	-	-	-	-	1,165,258,375
Colombia	40,100,459	-	699,490	-	(8,473,153)	32,326,796
Perú	15,512,586	3,194,340	270,175	-	-	18,977,101
<b>Total</b>	<b>1,220,871,420</b>	<b>3,194,340</b>	<b>969,665</b>	<b>-</b>	<b>(8,473,153)</b>	<b>1,216,562,272</b>

Goodwill by Segment	2006					
	January 1, ThCh\$	Acquisitions (Disposals) ThCh\$	Translation adjustment ThCh\$	Impairment ThCh\$	Reclassification (1) ThCh\$	December 31, ThCh\$
Generation	1,067,015,310	3,194,340	637,434	-	(8,473,153)	1,062,373,931
Distribution	153,787,526	-	332,231	-	-	154,119,757
Other	68,584	-	-	-	-	68,584
<b>Total</b>	<b>1,220,871,420</b>	<b>3,194,340</b>	<b>969,665</b>	<b>-</b>	<b>(8,473,153)</b>	<b>1,216,562,272</b>

(1) See Note 11 e).

The Company's intangible assets were ThCh\$83,533,722 and ThCh\$90,759,417 and related accumulated amortization were ThCh\$49,440,338 and ThCh\$54,801,394 as of December 31, 2005 and 2006, 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.

(o) Asset retirement obligations

As discussed in Note 36 paragraph (aa), the Company adopted SFAS No. 143 effective January 1, 2003. The following table describes all changes to the Company's U.S. GAAP asset retirement obligation during the year ended December 31, 2005 and 2006:

	As of December 31,	
	2005 ThCh\$	2006 ThCh\$
Balance as of January 1,	(1,201,519)	(998,688)
Cumulative Translation Adjustment	54,411	(243)
Liabilities incurred in the period	-	(819,317)
Accretion expense	148,420	(320,873)
<b>Balance as of December 31,</b>	<b>(998,688)</b>	<b>(2,139,121)</b>

(p) Capital lease obligations

Minimum lease obligations for capital lease are presented net of interest expense, and as of December 31, are summarized as follows:

	Year ended December 31,	
	2005 ThCh\$	2006 ThCh\$
Short-term:		
Lease obligations	2,093,050	15,354,959
Less: interest expense	(1,373,523)	(9,547,254)
<b>Net short-term lease obligations</b>	<b>719,527</b>	<b>5,807,705</b>
Long-term:		
Lease obligations	37,214,877	123,292,061
Less: interest expense	(13,000,900)	(40,669,984)
<b>Net long-term lease obligations</b>	<b>24,213,977</b>	<b>82,622,077</b>
<b>Weighted-average interest reate</b>	<b>6.50%</b>	<b>8.47%</b>

Future payments under capital leases are summarized as follows:

	Year ended December 31, 2006 ThCh\$
2007	15,354,959
2008	27,512,877
2009	13,857,691
2010	14,741,976
2011 and thereafter	67,179,517
<b>Total</b>	<b>138,647,020</b>

**(q) Available for sale securities**

Under US GAAP, the company classifies marketable securities as available for sale securities

Realized gains and losses are determined using the proceeds from sales less the cost of the investment identified to be sold. Gross gains and losses realized on the sale of available for-sale securities for the years ended December 31, 2004, 2005 and 2006 are as follows:

	Cost ThCh\$	Gross unrealized gains ThCh\$	Fair value ThCh\$
Securities available for sale at December 31, 2004	13,033,179	-	13,033,179
Securities available for sale at December 31, 2005	5,421,998	-	5,421,998
Securities available for sale at December 31, 2006	9,019,778	-	9,019,778

Information on sales of available for sale securities during the three years in the period ended December 31, 2004, 2005 and 2006 is as follows:

	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Proceeds from sales	12,095,052	13,033,179	5,421,998

As of December 2004, 2005 and 2006, the Company has no securities that are considered to be trading securities or debt securities to be held to maturity. The cost of available for sale securities is determined using the average cost method.

**(r) Recent accounting pronouncements**

The following new accounting standards have been adopted by the Company during the year-ended December 31, 2006 and the impact of such adoption, if applicable, has been presented in the accompanying consolidated financial statements.

In February 2006 the FASB issued SFAS 155, "Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140." The new statement:

- a) permits fair value re-measurement of any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation;
- b) clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities";
- c) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation;
- d) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and
- e) amends SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," to eliminate the prohibition on a qualifying special - purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

SFAS 155 generally is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after 15 September 2006. The Company does not anticipate that the adoption of this statement will have a material effect on its financial position, results of operations or cash flows.

In June 2006, the FASB issued FASB Interpretation (FIN 48), "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109". This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification and other matters. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is assessing the impact of the adoption FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements". This statement defines fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that will result from the adoption of SFAS 157.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, "Employer's Accounting for Defined Pension and Other Postretirement Plans – an amendment of FASB Statement No. 87, 88, 106 and 132 (R)". This Statement requires the recognition of the funded status of a benefit plan in the statement of financial position. It also requires the recognition as a component of other comprehensive income (OCI), net of tax, of the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to statement 87 or 106. The statement also has new provisions regarding the measurement date as well as certain disclosure requirements. The statement was effective at fiscal year end 2006 and the Company adopted the statement at that time.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS No. 159 permits measurement of recognized financial assets and liabilities at fair value with some exceptions. Changes in the fair value of items for which the fair value option is elected should be recognized in income or loss. The election to measure eligible items at fair value is irrevocable and can only be made recognized in income or loss. The election to measure eligible items at fair value is irrevocable and can only be made at defined election dates or events, generally on an instrument by instrument basis. Items for which the fair value option is elected should be separately presented or be parenthetically disclosed in the statement of financial position. SFAS No. 159 also requires significant new disclosures that apply for interim and annual financial statements. SFAS No. 159 will be effective for fiscal years beginning after November 15, 2007 with earlier adoption permitted, if certain conditions are met. The Company is currently determining the policy of adoption as well as the resulting effect of SFAS No. 159 on the consolidated financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements", SAB 108 expresses the SEC's view regarding the process of quantifying financial statement misstatements. The bulletin was effective as of the year beginning January 1, 2006. The implementation of this bulletin had no impact on our consolidated financial statements and disclosures.

In June 2006, the Emerging Issues Task Force, or EITF, reached a consensus on Issue No. 06-03, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That Is, Gross versus Net Presentation)". EITF 06-03 relates to any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction. EITF 06-03 states that the presentation of the taxes, either on a gross or net basis, is an accounting policy decision that should be disclosed pursuant to Accounting Principles Board Opinion No. 22, "Disclosure of Accounting Policies", if those amounts are significant. EITF 06-03 should be applied to financial reports for interim and annual reporting periods beginning after December 15, 2006 (January 1, 2007 for us). We are currently evaluating the impact of this standard on our consolidated financial statements and disclosures.

Rule 4-08 of the Securities and Exchange Commission require presentation of basis financial statements of the parent Company when restricted net assets, defined as not to be transferred to the parent Company in the form of loans, advances or cash dividends of the subsidiary without the consent of a third parties.

Following are the parent company Chilean balance sheets as of December 31, 2005 and 2006 and results of operations and cash flows for the years ended December 31, 2004, 2005 and 2006.

## BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

ASSETS	As of December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$
<b>CURRENT ASSETS:</b>			
Cash	121,111	162,935	306
Time deposits	-	6,949,540	13,053
Notes receivable, net	752	737	1
Other accounts receivable, net	19,368,022	8,167,902	15,342
Amounts due from related companies	25,951,697	95,297,378	178,999
Income taxes recoverable	7,764,556	3,914,901	7,353
Prepaid expenses	633	21,075	40
Deferred income taxes	44,968,049	36,240,045	68,070
Other current assets	5,922,650	11,100,923	20,851
<b>Total current assets</b>	<b>104,097,470</b>	<b>161,855,436</b>	<b>304,015</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Buildings and infraestructure	22,554,028	22,553,982	42,364
Machinery and equipment	2,677,301	2,957,880	5,556
Other assets	1,045,214	748,512	1,406
Technical appraisal	35,928	35,915	67
Sub - total	26,312,471	26,296,289	49,393
Less: accumulated depreciation	(14,081,250)	(15,116,748)	(28,394)
<b>Total property, plant and equipment, net</b>	<b>12,231,221</b>	<b>11,179,541</b>	<b>20,999</b>
<b>OTHER ASSETS:</b>			
Investments in related companies	2,260,486,518	2,357,240,064	4,427,657
Investment in other companies	13,956,895	12,408,630	23,307
Goodwill, net	691,959,988	637,700,908	1,197,808
Negative goodwill, net	(578,314)	(447,665)	(841)
Amounts due from related companies	359,398,768	482,649,439	906,571
Intangibles	1,559,002	1,559,002	2,928
Accumulated amortization	(615,481)	(693,579)	(1,303)
Other assets	7,452,939	59,813,862	112,350
<b>Total other assets</b>	<b>3,333,620,315</b>	<b>3,550,230,661</b>	<b>6,668,477</b>
<b>TOTAL ASSETS</b>	<b>3,449,949,006</b>	<b>3,723,265,638</b>	<b>6,993,491</b>

## BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,		
	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$
<b>CURRENT LIABILITIES:</b>			
Current portion of long-term debt due to banks and financial institutions	12,479	870,783	1,636
Current portion of bonds payable	166,146,106	9,029,873	16,961
Dividends payable	56,071	15,563	29
Accounts payable	370,422	369,676	694
Miscellaneous payables	44,267	155,577	292
Amounts payable to related companies	34,633,984	35,887,882	67,409
Accrued expenses	22,063,178	23,539,813	44,215
Withholdings	111,060	60,099	113
Other current liabilities	1,194,830	1,086,926	2,042
<b>Total current liabilities</b>	<b>224,632,397</b>	<b>71,016,192</b>	<b>133,391</b>
<b>LONG -TERM LIABILITIES:</b>			
Due to banks and financial institutions	44,477,313	167,702,850	315,000
Bonds payable	401,990,412	353,355,960	663,716
Amounts payable to related companies	-	100,962,578	189,639
Accrued expenses	2,804,580	3,130,568	5,880
Deferred income taxes	2,947,556	2,567,976	4,823
Other long-term liabilities	122,712,020	154,647,605	290,478
<b>Total long-term liabilities</b>	<b>574,931,881</b>	<b>782,367,537</b>	<b>1,469,536</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Paid-in capital, no par value shares	2,415,284,412	2,415,284,412	4,536,683
Additional paid-in capital	172,124,214	172,124,214	323,305
Other reserves	(241,698,626)	(238,342,306)	(447,684)
Retained earnings	235,229,509	271,279,769	509,551
Net income for the year	69,445,219	285,960,366	537,126
Provisional dividends	-	(36,242,795)	(68,076)
Deficit of subsidiaries in development stage	-	(181,751)	(341)
<b>Total shareholders' equity</b>	<b>2,650,384,728</b>	<b>2,869,881,909</b>	<b>5,390,564</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,449,949,006</b>	<b>3,723,265,638</b>	<b>6,993,491</b>

## INCOME STATEMENT

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

	Years ended December 31,			
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$
<b>OPERATING INCOME:</b>				
SALES	4,688,939	4,684,439	4,696,347	8,821
COST OF SALES	(1,165,089)	(1,168,385)	(1,320,685)	(2,481)
<b>GROSS PROFIT</b>	<b>3,523,850</b>	<b>3,516,054</b>	<b>3,375,662</b>	<b>6,340</b>
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>	<b>(18,314,915)</b>	<b>(17,405,985)</b>	<b>(16,852,806)</b>	<b>(31,655)</b>
<b>OPERATING LOSS</b>	<b>(14,791,065)</b>	<b>(13,889,931)</b>	<b>(13,477,144)</b>	<b>(25,315)</b>
NON-OPERATING INCOME SELLING EXPENSES:				
Interest income	32,277,277	25,900,988	26,511,641	49,798
Equity in income of related companies	166,628,832	176,922,137	397,786,664	747,172
Other non-operating income	10,572,293	12,572,511	6,579,819	12,359
Equity in losses of related companies	(22,057,188)	(23,541,240)	(9,668,736)	(18,161)
Amortization of goodwill	(54,225,363)	(54,356,183)	(54,365,152)	(102,115)
Interest expense	(75,759,667)	(57,730,417)	(49,274,578)	(92,554)
Other non-operating expenses	(16,881,795)	(2,920,264)	(2,999,139)	(5,633)
Price-level restatements, net	(2,255,046)	(1,653,344)	(755,593)	(1,419)
Exchange difference, net	5,391,199	(6,675,764)	(4,436,146)	(8,333)
<b>NON-OPERATING RESULT</b>	<b>43,690,542</b>	<b>68,518,424</b>	<b>309,378,780</b>	<b>581,114</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>28,899,477</b>	<b>54,628,493</b>	<b>295,901,636</b>	<b>555,799</b>
<b>INCOME TAX</b>	<b>17,924,544</b>	<b>14,777,028</b>	<b>(9,981,367)</b>	<b>(18,748)</b>
<b>INCOME (LOSS) BEFORE AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>46,824,021</b>	<b>69,405,521</b>	<b>285,920,269</b>	<b>537,051</b>
<b>AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>42,603</b>	<b>39,698</b>	<b>40,097</b>	<b>75</b>
<b>NET INCOME FOR THE YEAR</b>	<b>46,866,624</b>	<b>69,445,219</b>	<b>285,960,366</b>	<b>537,126</b>

## STATEMENTS OF CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006 and thousands of US dollars)

	As of December 31,			
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$	2006 ThUS\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
Net income (loss) for the year	46,866,625	69,445,219	285,960,366	537,126
<b>GAIN (LOSSES) FROM SALES OF ASSETS:</b>				
Gain on sale of investments	-	-	-	-
Charges (credits) to income which do not represent cash flows:				
Depreciation	1,115,925	1,118,537	1,270,523	2,386
Amortization of intangibles	78,097	78,097	78,097	147
Equity in income of related companies	(166,628,832)	(176,922,137)	(397,786,664)	(747,172)
Equity in losses of related companies	22,057,188	23,541,240	9,668,736	18,161
Amortization of goodwill	54,225,363	54,356,183	54,365,152	102,115
Amortization of negative goodwill	(42,604)	(39,698)	(40,097)	(75)
Price-level restatement, net	2,255,046	1,653,344	755,593	1,419
Exchange difference, net	(5,391,199)	6,675,764	4,436,146	8,333
Other credits to income which do not represent cash flows	(915,099)	(4,762,484)	(125,661)	(236)
Other charges to income which do not represent cash flows	30,668,634	7,312,730	2,805,359	5,269
Changes in assets which affect cash flows:				
Decrease in dividends receipts	70,316,217	87,849,013	-	-
Decrease (increase) in trade receivable	461,966	-	-	-
Decrease in other assets	(9,453,276)	(2,551,565)	115,748,695	217,413
Changes in liabilities which affect cash flows:				
Increase (decrease) in accounts payable associated with operating results	(4,460,429)	(4,396,430)	(12,500,564)	(23,480)
Increase in interest payable	6,149,084	(966,827)	6,085,743	11,431
Decrease in income tax payable	(19,171,282)	(9,409,654)	11,210,273	21,057
Increase in other accounts payable associated with non-operating results	(20,424,928)	(38,490)	(19,814,541)	(37,218)
Net decrease in value added tax and other similar taxes payable	40,217	(307,675)	42,567	80
<b>Net cash flows provided by operating activities</b>	<b>7,746,713</b>	<b>52,635,167</b>	<b>62,159,723</b>	<b>116,756</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Issuance of shares	-	-	-	-
Loans obtained	79,609,984	-	163,847,648	307,759
Proceeds from bond issuances	-	-	-	-
Other loans obtained from related companies	-	1,178,526	33,486,296	62,898
Loans obtained from related companies	89,663,745	25,763,034	9,322,986	17,512
Other sources of financing	13,374,721	453,506	-	-
Dividends paid by related company	-	(8,637,264)	-	-
Dividends paid	(62,506)	(5,706,970)	(69,571,809)	(130,678)
Payment of loans	(176,610,595)	(152,622,147)	(42,885,724)	(80,553)
Payment of bonds	(142,415)	(147,886)	(159,582,715)	(299,748)
Payment of loans granted by related companies	(90,172,184)	-	(11,680,095)	(21,939)
Payment of other loans obtained from related companies	(12,101,961)	(39,484,097)	-	-
Payment of bond issuance costs	-	-	-	-
Other disbursements for financing	(2,869,086)	(5,967,572)	-	-
<b>Net cash used in financing activities</b>	<b>(99,310,297)</b>	<b>(185,170,870)</b>	<b>(77,063,413)</b>	<b>(144,750)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Sales of property, plant and equipment	-	-	187,482	352
Proceeds from sales of long-term investments	-	-	-	-
Proceeds from loans granted to related companies	114,971,918	221,784,153	22,891,224	42,997
Proceeds from other loans granted to related companies	103,894,064	-	-	-
Long-term investments	(363,825)	(24,810,395)	(12,123,709)	(22,772)
Sales of other investment	-	1,106,324	-	-
Additions to property, plant and equipment	(99,462)	(148,437)	(181,166)	(340)
Other loans to related companies	-	(9,435,501)	(6,153,842)	(11,559)
Loans granted to related companies	(105,134,269)	(137,957,317)	(205,536)	(386)
Other disbursement for investments	-	-	(502,413)	(944)
Other receipts from investment	2,244,700	57,095,671	24,028,675	45,134
<b>Net cash provided by investing activities</b>	<b>115,513,126</b>	<b>107,634,498</b>	<b>27,940,715</b>	<b>52,482</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>23,949,542</b>	<b>(24,901,205)</b>	<b>13,037,025</b>	<b>24,488</b>
<b>EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS</b>	<b>(331,672)</b>	<b>(205,833)</b>	<b>24,402</b>	<b>46</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>23,617,870</b>	<b>(25,107,038)</b>	<b>13,061,427</b>	<b>24,534</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>1,610,278</b>	<b>25,228,149</b>	<b>121,111</b>	<b>227</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>25,228,148</b>	<b>121,111</b>	<b>13,182,538</b>	<b>24,761</b>

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Paid-in capital ThCh\$	Additional paid-in Capital ThCh\$	Other reserves ThCh\$	Retained earnings ThCh\$	Deficit of subsidiaries in development stage ThCh\$	Interim dividends ThCh\$	Net income (loss) for the year ThCh\$	Total ThCh\$
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
<b>As of December 31, 2004</b>	<b>2,283,404,124</b>	<b>162,725,821</b>	<b>(122,588,994)</b>	<b>194,378,259</b>	<b>(2,673,664)</b>	<b>-</b>	<b>44,307,596</b>	<b>2,559,553,142</b>
<b>As of December 31, 2004 (1)</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(129,669,244)</b>	<b>205,604,769</b>	<b>(2,828,084)</b>	<b>-</b>	<b>46,866,624</b>	<b>2,707,382,691</b>
As of January 1, 2005	2,283,404,124	162,725,821	(122,588,994)	194,378,259	(2,673,664)	-	44,307,596	2,559,553,142
Transfer of prior year income to retained earnings	-	-	-	41,633,932	2,673,664	-	(44,307,596)	-
Changes in equity of affiliates	-	-	(5,851,418)	-	-	-	-	(5,851,418)
Dividend paid	-	-	-	(13,600,517)	-	-	-	(13,600,517)
Cumulative translation adjustment	-	-	(97,676,664)	-	-	-	-	(97,676,664)
Reserve Technical Bulletin No. 72	-	-	(6,197,072)	-	-	-	-	(6,197,072)
Price-level restatement of capital	82,202,548	5,858,130	(4,413,203)	7,979,618	-	-	-	91,627,093
Net income for the year	-	-	-	-	-	-	68,016,865	68,016,865
<b>As of December 31, 2005</b>	<b>2,365,606,672</b>	<b>168,583,951</b>	<b>(236,727,351)</b>	<b>230,391,292</b>	<b>-</b>	<b>-</b>	<b>68,016,865</b>	<b>2,595,871,429</b>
<b>As of December 31, 2005 (1)</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(241,698,626)</b>	<b>235,229,509</b>	<b>-</b>	<b>-</b>	<b>69,445,219</b>	<b>2,650,384,728</b>
As of January 1, 2006	2,365,606,672	168,583,951	(236,727,351)	230,391,292	-	-	68,016,865	2,595,871,429
Transfer of prior year income to retained earnings	-	-	-	68,016,865	-	-	(68,016,865)	-
Changes in equity of affiliates	-	-	(10,585,093)	-	-	-	-	(10,585,093)
Accumulated deficit of subsidiaries in development stage	-	-	-	-	(181,751)	-	-	(181,751)
Final dividend 2005	-	-	-	(32,651,166)	-	-	-	(32,651,166)
Reserve Technical Bulletin No. 72	-	-	(825,381)	-	-	-	-	(825,381)
Cumulative translation adjustment	-	-	14,766,794	-	-	-	-	14,766,794
Price-level restatement	49,677,740	3,540,263	(4,971,275)	5,522,778	-	-	-	53,769,506
Interim dividend	-	-	-	-	-	(36,242,795)	-	(36,242,795)
Net income for the year	-	-	-	-	-	-	285,960,366	285,960,366
<b>As of December 31, 2006</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(238,342,306)</b>	<b>271,279,769</b>	<b>(181,751)</b>	<b>(36,242,795)</b>	<b>285,960,366</b>	<b>2,869,881,909</b>
<b>As of December 31, 2006 (2)</b>	<b>4,536,683</b>	<b>323,304</b>	<b>(447,684)</b>	<b>509,551</b>	<b>(341)</b>	<b>(68,076)</b>	<b>537,127</b>	<b>5,390,564</b>

(1) Restated in thousands of constant Chilean pesos as of December 31, 2006.

(2) Expressed in thousands of US\$ as of December 31, 2006.

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

The following table presents the dividends received by Enersis individual in the years ended December 31, 2004, 2005 and 2006:

	Years ended December 31,		
	2004 ThCh\$	2005 ThCh\$	2006 ThCh\$
Dividends received	70,316,217	87,843,005	127,505,099



# MANAGEMENT'S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

## ENERSIS GROUP, FOR THE YEAR ENDED DECEMBER 31, 2006

### ECONOMICAL- FINANCIAL SUMMARY

The most important items (among others), stemming from 2006, are summarized in the following synthesis:

- Net Income rose by 312%, reaching Ch\$285,960 million.
- Sales rose 18,2% (or Ch\$3,892,064 million), due to the increased revenue received from business in generation and distribution areas.
- The Operating Margin rose by 22.5%, reaching Ch\$1,297,620 million.
- Operating Income increased by 28.9%, reaching Ch\$1,068,042 million. The increase, per country, was as follows:

Chile	31.4%
Argentina	94.4%
Brazil	52.6%
Colombia	9.6%
Peru	10.7%

- The EBITDA increased by 22.9% to Ch\$1,490,519 million.
- Coverage for Financial Expenses improved by 14.9% to 4.16 times.
- The Return on Equity was equal to 9.96%.
- Consolidated physical sales continue to increase (in distribution by 5.5% and in generation and transmission by 19.0%).
- Distribution clients continued to increase, this time by more than 360 thousand.
- The price per share increased by 52.6% and the ADR by 45.6%, reaching Ch\$169.68 and US\$16.00, respectively.
- The market capitalization of the Enersis Group, reached Ch\$5,540,249 million.
- Moody's elevated the classification of the senior Enersis debt to Baa3, from Ba1, with a stable tendency; this is equal to an Investment Grade level.
- S&P put the Enersis classification under positive revision, considering its better financial profile.

During 2006, the two main businesses of the Enersis Group have shown very positive results due to the good economic conditions that have been registered in the five countries within which the group operates. This has stimulated significantly energy consumption.

In effect, the aggregate demand per country has increased by a significant 6.4%. This is reflected in the increased need for energy generation in 2006, in order to meet customer demand.

### ENERSIS RESULTS

The **Net Results** for 2006 reached Ch\$285,960 million, revealing a significant growth of 311.8%. The aforementioned is mainly due to the excellent operating result which the company obtained during this period, which increased by 28.9%, as well as the non operating results, which improved by 2.6%, and the positive effect of deferred taxes in Chilectra (worth Ch\$107,170 million), product of the merger with Elesur in April 2006.

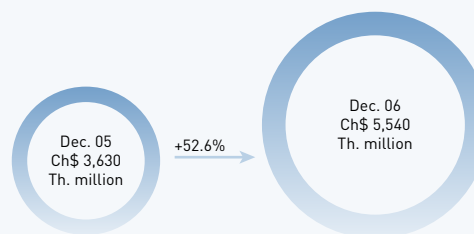
The 28.9% more significant increase in **Operating Income**, are due mainly to a strong increase in operating revenue (by 18.2%), related to increased product sales stemming from growing demand. This revenue far outweighs that of energy purchases and other associated operating costs, which increased by 16.1%, making possible an increase in operating margin to 33% from 32%.

This important operating improvement made possible to increase **EBITDA** by 23%, reaching Ch\$1,490,519 million. That is approximately US\$2,800 million.

On the other hand, the **Non Operating Income** registered a small decrease of losses by 2.6%.

These good results have been recognized and integrated by the market, with an appreciated increase in share prices of 52.6% and a 45.6% increase in ADR prices.

In this sense that the stock market value of the Enersis Group has increased significantly in the last twelve months, reaching Ch\$5,540,249 million by the end of 2006.



Also, transaction levels in the domestic and New York market (via ADR's) continue to reflect a positive perception of our companies due to the great liquidity of our papers. International risk classification rating agencies have also taken note of this solid operating and commercial financial condition. This past December 14, Moody's raised the Enersis and Endesa Chile risk classification to an Investment Grade, from 'Ba1' to 'Baa3', with 'stable tendencies'. This improvement is in line with the greater financial flexibility achieved by both companies; Enersis

is unanimously classified as an Investment Grade company by Fitch, Standard & Poor's and Moody's.

In this context, this past December 15, Standard & Poor's placed Enersis and its subsidiary Endesa Chile, under revision with the a positive perspective, based on the best coverage ratios and greater financial flexibility. The results of this review will probably come to light in the first quarter of 2007.

## ANALISIS BY BUSINESS LINE AND COUNTRY

Of note, regarding the **generation** line of business, the consolidated production level was 12.4%, greater than that of the year prior. Similarly, the sale of energy reached 70,337 GWh, which represents a 19.2% increase. On the other hand, installed power reached 13,299 MW, as a result of the incorporation of 199 MW in Termocartagena, 387 MW due to the merger of Etevensa and Edegel and 70 MW due to the second combined-cycle of Ventanilla.

The **distribution** business, revealed a significant increase in sales (5.5%) similar to results in past periods, due to the sustained growth of demand in the concession area belonging to the Enersis Group. As such, the losses in energy continued to decrease, this time by 0.5 percentage points less than that of the prior year, reaching consolidated terms equal to 11.3%. The aforementioned reflects the effectiveness of the plans to reduce losses pertaining to all subsidiaries. Upon the closing of transactions, more than 360 thousand new clients appeared which is one of the significant factors explaining the stable nature of flow within this business.

Regarding our country by country business situations, these can be summarized as follows:

### Argentina

In **generation**, an increased exploitable margin can be observed, stemming from growth in average sales prices, related to the recognition of major expenditure for energy within the system.

In the case of El Chocón, a greater operating margin can be observed, principally explained by an improved purchase-production mix, due to increased hydro electric generation. El Chocón, not only benefited from the improved hydrology, but also increased its physical sales by 26.2%.

As such, Endesa Costanera shows a greater operating margin, due to increased sales and higher sales prices (Ch\$16.9 per kWh as of December 2006, compared to Ch\$12.7 per kWh in December 2005), which compensated for the significant cost increase in the purchasing of energy due to the recognition of increased generation costs in the system.

Of note during 2006, historical maximums in generation were produced in the Costanera, with 8,940 gross GWh generated (3% increase over 2005) and El Chocón which in total produced 5,041 GWh of energy, a figure never before reached (28% increase over 2005).

In **distribution**, Edesur reported a 5.8% increase in the sale of energy, resulting from the increased demand in the concession zone, a significant reduction in the loss of energy and over thirty one thousand new clients, all positive structural elements for company distribution. Despite this, the operating income decreased due to increased spending in the administration and sales areas.

Of note, under reasonable criteria, as of September 2006, the administration decided to reverse income stemming from adherence to the terms agreed upon in the August Act Agreement (signed between the company and the Ministers for Economy, Production and General Planning. All this, considering that at that date, the said act was still pending agreement by the executive (which only came about on December 28, 2006).

In effect, on January 8, 2007, through Decree 1,959/06 published in the Official Bulletin, said Act Agreement was approved. This brought about an increase by 23% in the Aggregate Distribution Value, more than 5% of which was destined to specific works; which could not reflect an adjustment any greater than 15% to the final rates to industrial and commercial users (in comparison, residential sectors will not experience any increase). Pending for the application of the rate increase is that ENRE publish their tariff rates, and that the standards for retro-active charging be established. The increase in rates supposes increased revenue for Edesur of approximately US\$45 million per annum.

Regarding the Argentine market, there were record levels of energy consumption during December, showing an increase by 9.1% when compared to the same month the year prior (whereby December was the highest month registered for 2006). National consumption reached 97,198 GWh, that is 5.6% above the 92,037 GWh used in 2005.

### Chile

In **generation**, Endesa Chile, showed a greater operating income of 74.3%, associated to increased sales and greater regulated and average spot price resulting from the higher cost of generation (due to the increased demand, and the natural gas restrictions in Argentina). As such, the good hydrology and the good dam levels, has permitted increased distribution of hydroelectricity.

Dated January 2, 2007, the new node price was finally published (which reached US\$67.31 (+7.76%). This price will be in place from November 1° 2006, to April 30, 2007.

Regarding the first tendering of energy process, Endesa Chile, was awarded 100% of that offered, a total of 6,395 GWh/ per annum (2,400 GWh/per annum by Chilectra, 618.5 GWh/per annum of Chilquinta, 1,500 GWh/per annum by Saesa, 876.5 GWh/per annum by Emel and 1,000 GWh/per annum pertaining to CGE Distribution), at an average sales price of energy at the point of supply of 52.3 US\$/MWh, which is equal to the monomial price of 65.0 US\$/MWh.

Of note, electric generation by the Endesa Chile Plants reached a historic annual production record in 2006. The production during 2006 was 20,239 GWh (85% hydraulic) an 11.4% more than the 18,909 GWh (84% hydraulic) generated in 2005.

In **distribution**, Chilectra reported an operating income of Ch\$117,137 million, which reflects a decrease by 0.4% due to major expenditure in the administration and sales areas. However, this was compensated by the increase in physical sales by 4.4% due to the increased energy demand at a time where losses were reduced slightly, which indicates greater efficiency reached by this subsidiary in the administration of its network. Additionally, there was an increase in clients (by 33 thousand new inscriptions).

Of further note, as a consequence of the increase in node price, the final rates to clients increased by 11.7%. This charge has been applied retroactively from November 1°, 2006.

Regarding the first tendering of energy process, Chilectra tendered a total of 4,500 GWh/per annum for the period 2010-2022. 900 GWh/per annum was awarded to Guacolda, 2,400 GWh/per annum to Endesa, and 1,200 GWh/per annum with AES Gener for an average price of 53.59 MWh.

The second process of the tendering of energy is planned for August 2007.

The energy demand in SIC increased by 6.3% as of December 2006, which reflects a positive comparison with the increase occurring on the same date the year before (which reached 4.5%). As such, in SING, the demand reached 4.8% versus 2.8% in 2005.

## Colombia

In the area of **generation**, Emgesa generated 6.1% more than in 2005. The aforementioned is basically due to the good hydrological conditions prevailing in the first semester of the year. However, this increased hydraulic production contributed to decrease market prices, decreasing the company margins; a tendency which has been reversed in the last quarter of this year. Betania registered a reduced operating income by Ch\$4,675 million. The aforementioned is basically due to the fall of sales prices despite the fact that this subsidiary increased production by 4.9%.

Regarding the regulatory framework, from the end of 2006 a new methodology was adopted to remunerate power based on the charge by Confidence in the Wholesale Energy Market. In **distribution**, Codensa reported a 6.5% increase in the sale of energy resulting from the increased domestic demand and a small reduction in loss of energy. Additionally, it reported a greater purchase- sales margin due to the lower purchase cost (which in turn stemmed from good hydrology). This operating income reached Ch\$13,352 million which is a 23% increase compared to December 2005.

## Peru

In the **generation** business, Edegel registered an improved operating income associated to a 47.1% increase in physical sales, a reality that was partially compensated for by the fall of average sales prices by 4.2% (due to the availability of natural gas from Camisea). On the other hand, the operating costs increased due to the cost of fuels used

in the increased thermal generation taking place in the simple-cycle Ventanilla Plant.

Consequently, the purchase of electricity, as power or as energy, rose from Ch\$22.7 per kWh in 2005, to Ch\$37.3 in 2006.

Regarding the regulatory plan, dated December 16, the Urgent Decree N° 035-2006 was issued by the Ministry of Energy and Mines. Through this decree, the electricity market contingency is resolved, which originated from the lack of contracts of electricity supply between generators and distributors for 2006.

Consequently, as of December 18 energy tenders were successfully developed called for by Luz del Sur and Distriluz for the period 2007-2010. The first was awarded 113 MW and the second 31 MW for Edegel. The awarded prices were similar to the regulated rates and will be maintained for the life of the contracts (4 years).

The Edegel-Etevensa merger was in effect on June 1st. Accountably, this takes effect from January 1st. Consequently, the group has become consolidated as leading generator in Peru in a system where regulation is well adapted and demand is increasing. This merger increases the balance between the thermal and hydraulic capacities of the company, thus improving the generation mix.

In **distribution**, Edelnor reported a significant 29.8% increase in their operating income (reaching Ch\$38,578. This great progress is due to the combination of higher sales and improved margins.

In effect, a 7.6% increase in energy sales was registered due to increased domestic demand at a time where a slight reduction in energy loss was also registered.

Additionally, a greater purchase-sale margin was reported, due to the lower purchase cost (stemming from lower market prices thanks to good hydrology).

Additionally, this subsidiary saw a client increase by 27 thousand, rapidly reaching 1 million consumers. It now has 952 thousand subscribers to its network.

## Brazil

In **generation**, the operating income of Cachoeira increased by 23.6%, basically deriving from an 8.0% increase in physical sales which reached 4,177 GWh (due to better hydrology in the central region). This decreased the need for the purchase of energy and power. This positive set of circumstances partially compensated for the decrease in sales margins, as well as the increased costs for the transportation of energy.

The Fortaleza Thermo Generation Plant (CGTF), saw a slight decrease in its operating income due to the lower average sales price, which could not be compensated by the very slight increase in the level of physical sales (which only increased by 0.6%).

Regarding CIEN, a negative operating income can be seen of Ch\$759 million. This loss is due fundamentally, to a decrease in physical sales

mainly due to the lack of supply from Argentina, as well as a decrease in the average sales margins in 2006.

Considering the energy situation of Argentina and Brazil, CIEN is in the process of redesigning its business in order to become independent from the availability of energy in both countries, and to be able to carry out purchases and/or sales with each other. Additionally, it seeks adequate remuneration as an international energy transporter. On the other hand, it is renegotiating contracts that will make current commercial conditions more flexible.

In this context, CIEN, in December, reduced the energy contract it had with Copel, signing on January 3, 2007 an agreement in which it was stipulated that only 175MW would be supplied in 2007.

**In distribution.** Ampla registered an increase of 34.5% in its operating income, reaching Ch\$110,008 million. The aforementioned is the result of increased physical sales by 6.0%, better buy-sell margins, fewer energy losses and increased unitary margins associated with the rate readjustment that took place in March 2006 (by 2.9%); as well as the incorporation of 100 thousand new clients in 2006.

Regarding the plan to reduce Ampla losses, the losses for December were of 19.9%, while the losses this year have reduced by 1.7 percentage points, reaching 21.9%. To date we have 362 thousand clients connected to DAT technology, thus reaching the establish goal.

Coelce, saw increased operating incomes by 75.9% by Ch\$86,549 million. This significant increase is mainly due to the 2.9% increase in physical sales, as well as the improved purchase-sale margin. In this light Coelce saw a significant reduction in energy loss (which went from 14.0% to 13.0%). On the other hand, there was also an increase in new clients by 105 thousand.

In 2006, there was an overall rate readjustment (of 10.0%) which was granted in April, which is directly reflected in the positive variation by 21.8% of income from energy sales. In this sense, and of note, Coelce, will have its next rate revision in April 22, 2007 and this will be the first company to calculate its 2007-2009 tariffs under the new WACC as defined by ANEEL of a 9.98% after taxes.

Of note, last October a third new energy tender took place for a total amount of tendered energy of 1,104 MW. This resulted in an average price of R120.86 for hydroelectricity and R\$137.44 for thermoelectricity in 30 and 15 year respective terms (distribution starting in 2011).

**INVESTMENTS**

The Enersis Group considers the compliance of high standard and quality services in the distribution of electric energy as an essential part of its strategy. To reach this objective, permanent investment is required so that different consumer segments, industrial, public illumination, commercial and residential, do not have their daily processes altered.

The maintenance investment plan (Capex) for the period 2007-2009 reaches approximately MMCh\$1,900 and is totally financed by its respective subsidiaries, and contributes to the trustworthy and timely supply of electric energy to satisfy more than 360 thousand clients that are added each year, and form part of the Enersis Group; a key factor for the stable flows coming from this line of business.

In conjunction with this plan, the Enersis Group plans to invest in new projects that contribute to the development of different countries within which it functions. Regarding Chile, our subsidiary Endesa Chile is currently developing the following projects:

Expansion Investments MMUS\$	Installed Capacity (MW)	Investment Amount (US\$ app.)	Operation beginning date	Combustible utilized
San Isidro II	377	210	Apr 07* - Mar 08**	Thermal
Palmucho	32	44	II Sem. 2007	Hydraulic
Aysén	2400	2400	2012	Hydraulic
Canela	30	30	II Sem. 2007	Eolic
Ojos de Agua	20	20	2008	Hydraulic

- \* Open Cycle
- \*\* Combined Cycle

Likewise the company is actively participating in the initiative sponsored by the government, the GNL project, with 20% of the property of the new re-gasification terminal, where it participated alongside Enap, Metrogas and British Gas (the last being the provider of gas). The GNL Chile S.A. Company has finalized the conditions for the development of the project 'Project Development Agreement' (PDA) with British Gas. In September, Electrogas, a company formed by Endesa Chile (42.5%), the Matte group (42.5%) and ENAP (15.0%) announced their intention to construct an oil pipeline in the V Region, which will run from Concón to Lo Venecia (where the combined cycles of both generators are located). This will imply an investment of US\$6 million, with its operation is set to begin May 2007.

In Argentina, Foninvemem, an investment fund created to normalize the wholesale electricity market, financed the construction of the combined cycles of 800MW each. In December 2005, two generation companies where constructed in this way, of which Endesa Chile has a 26.2% share (through its subsidiary Argentina). These companies are Thermoelectric José de San Martín S.A. and Thermoelectric Manuel Belgrano S.A. In October, the supply of equipment of both cycles was awarded to the Siemens Company for a total of 1,650 MW. The preset date for the beginning operation is January 2009, from which point the companies will begin to recover their balance with flows generated by the project through a sales contract of their production to MEM (CAMMESA) for 10 years.

## MARKET WITHIN WHICH THE COMPANY OPERATES

The commercial activities pertaining to Enersis take place through the affiliated companies that operate in the various businesses within which the company is present. The more relevant business for Enersis is Distribution, Generation and Electricity Transmission. The following tables show the evolution of key indicators pertaining to the company in the different countries in which it operates.

### Generation and Transmission Business

Country	Markets in which operates	Energy Sales (GWh)		Market Share	
		Dec-05	Dec-06	Dec-05	Dec-06
Endesa Chile (1)	SIC y SING Chile	20,731	20,923	43.7%	41.6%
Endesa Costanera	SIN Argentina	8,466	8,816	9.6%	8.9%
El Chocón	SIN Argentina	4,113	5,191	4.7%	5.3%
Edegel (2)	SICN Peru	4,600	6,767	23.6%	30.4%
Emgesa	SIN Colombia	12,358	12,311	17.9%	17.4%
Betania	SIN Colombia	2,737	3,054	4.0%	4.3%
Cachoeira Dourada	SICN Brazil	3,867	4,177	0.9%	1.2%
CGTF (3)	SICN Brazil	678	2,705	0.1%	0.8%
CIEN (3)	SICN Brazil	1,467	6,394	0.3%	1.8%
<b>Total</b>		<b>59,017</b>	<b>70,337</b>		

(1) Includes Endesa Chile and its generation subsidiaries in Chile.

(2) Includes sales within January and December 2006 of Etevensa, company merged with Edegel as of June 1, 2006.

(3) Includes sales within January and December 2006. In year 2005, includes sales for the period within October and December 2005, since the companies are being consolidated since October 1, 2005, through Endesa Brasil.

### Distribution Business

Company	Energy Sales (GWh) ( * )		Energy Losses (%)		Clients (Thousands)		Clients / Employees	
	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06
Chilectra	11,851	12,377	5.5%	5.4%	1,404	1,437	1,972	2,030
Río Maipo	-	-	0.0%	0.0%	-	-	-	-
Edesur	14,018	14,837	11.4%	10.5%	2,165	2,196	926	912
Edelnor	4,530	4,874	8.6%	8.2%	925	952	1,726	1,737
Ampla	8,175	8,668	22.4%	21.9%	2,216	2,316	1,671	1,639
Coelce	6,580	6,769	14.0%	13.0%	2,438	2,543	1,848	1,937
Codensa	10,094	10,755	9.4%	8.9%	2,073	2,138	2,239	2,289
<b>Total</b>	<b>55,248</b>	<b>58,280</b>	<b>11.8%</b>	<b>11.3%</b>	<b>11,221</b>	<b>11,582</b>	<b>1,568</b>	<b>1,582</b>

(\*) Includes sales to final clients, tolls and intercompany sales.

# I. ANALYSIS OF FINANCIAL STATEMENTS

## 1. ANALYSIS OF THE INCOME STATEMENT

The results of the company as of the 31st December 2006, amounted to Ch\$285,960 million, which represented a considerable increase from the 311.8% of the prior year, in which a result of Ch\$69,445 million was obtained, which represents a greater profit of Ch\$216,515 million, which is primarily the result of an increase in operating incomes obtained by the company during 2006, which increased by 28.9% (or its equivalent Ch\$239,398 million), to the better non-operating incomes achieved in the period of Ch\$10,932 million and to the recognition of the positive effect of deferred taxes in Chilectra (ex Elesur S.A.), resulting from the merger with Chilectra.

It is also important to point out that in 2005, starting from October, with the creation of the Endesa Brasil Holding Company, the income statements of Enersis and the companies Central Geradora Termelétrica Fortaleza (CGTF) and Companhia de Interconexão Energética (CIEN). If a comparison is made in homogeneous terms, and the pro forma income statements are compared (see note 2) in which both companies were added to the Enersis consolidation in fiscal year 2005, the operational growth result increases by 20.3%.

A comparison of each item in the income statements can be seen in the following:

Income Statement (Million Ch\$)	Dec-05	Dec-06	Var. Dec 06 - 05	Var. % Dec 06-05
Operating Revenues	3,293,143	3,892,064	598,921	18.2%
Operating Costs	(2,234,186)	(2,594,444)	(360,258)	(16.1%)
<b>Operating Margin</b>	<b>1,058,957</b>	<b>1,297,620</b>	<b>238,663</b>	<b>22.5%</b>
Selling and Administrative Expenses	(230,313)	(229,578)	735	0.3%
<b>Operating Income</b>	<b>828,644</b>	<b>1,068,042</b>	<b>239,398</b>	<b>28.9%</b>
Net Income from Related Companies	6,887	5,039	(1,848)	(26.8%)
Net other Non Operating Income (Expense)	(88,930)	(98,723)	(9,793)	11.0%
Net Interest (Expense)	(270,088)	(265,918)	4,170	1.5%
Positive Goodwill Amortization	(56,345)	(55,908)	437	0.8%
Price Level Restatement	(5,049)	1,217	6,266	(124.1%)
Foreign Exchange Effect	(6,373)	5,327	11,700	183.6%
<b>Non Operating Income</b>	<b>(419,898)</b>	<b>(408,966)</b>	<b>10,932</b>	<b>(2.6%)</b>
<b>Net Inc before Taxes</b>	<b>408,746</b>	<b>659,076</b>	<b>250,330</b>	<b>61.2%</b>
Income Tax	(182,051)	(109,408)	72,643	39.9%
Extraordinary Items	-	-	-	-
Minority Interest	(173,072)	(269,786)	(96,714)	55.9%
Negative Goodwill Amortization	15,822	6,078	(9,744)	(61.6%)
<b>Net Income</b>	<b>69,445</b>	<b>285,960</b>	<b>216,515</b>	<b>311.8%</b>
Net Inc b. Taxes, Min Int and Neg Goodwill Amort.	1,295,885	1,626,892	331,007	25.5%
Earnings per Share Ch\$	2,13	8,76	6,63	311.8%

### a.- Operating Income:

The operating income as of the 31st of December, 2006, reveals growth amounting to Ch\$239,398 million relative amount to the period of time equal to that of the prior year, and reaching Ch\$1,068,042 million, equivalent to an increase of 28.9%.

If a comparison is made pro forma, in homogenous terms, within the consolidation framework, the operating income increases by 20.3% between both periods. Further, if the effect of the devaluation of the Chilean Peso with regard to the dollar is incorporated (which devalued by 3.9% between 31 December 2005 and the same date in 2006, going from Ch\$512.50 to Ch\$532.39 pesos respectively), the operating income increases by 18.3%

**The Generation and Transmission line of business** reveals an increase in operating income of Ch\$148,204 million (equivalent to 34.1%). This is primarily the result of significant growth in the operating income in Chile and Argentina. The physical sales increased by 19.2%, growing from 59,017GWh in December 2005 to 70,337 GWh in December 2006.

### Chile:

In Chile, the operating income reached Ch\$288,460 million in December 2006, compared to Ch\$190,863 million the year before, that is a 51.1% increase. This is due to a favorable hydrology in Chile, mainly during the period from June to September in 2006, and to the favorable accumulation of snow in the mountain reserves, which led to an increase in the results through the more abundant generation of hydroelectricity

(by 8.8%) as also a better set of prices during 2006. An increase by 6% of demand and the constant cutting in supply of natural gas from Argentina has put pressure on the electric system which has had to stretch its installed capacity. In 2006, Endesa Chile and its subsidiaries in Chile carried out sales within the market for 4,991 GWh, with the average market price being around US\$44.8 per MWh. Meanwhile, the physical sale of energy to regular clients, which are subject to a new energy matrix recognized in the tariffs settler system, has increased by 1.7%, reaching 10,756 GWh. The increase in the sale of energy reflects an increase of 12.7% in the average sale price which went from Ch\$25.3 per kWh in 2005 to Ch\$28.5 per kWh in 2006, due to the recorded increases in market prices. Alternatively, the greatest thermal generation during the last quarter of 2006 stemming from the strong cutbacks to the supply of natural gas from Argentina, have made the cost of fuel and other fixed costs increase in spite of the favorable hydrology within the year, this value was compensated for through lower costs in the purchasing of energy and power. The cost of the purchase of electricity, regarding energy and capacity, went down from Ch\$66,772 million in 2005 to Ch\$53,789 million in 2006, mainly due to a decrease in the purchasing of physical energy (by 42.0%); Meanwhile, the average sale price went from Ch\$29.4 per kWh in 2005 to Ch\$40.9 per kWh in 2006.

#### Brazil:

In Brazil, the operating income of our subsidiary Cachoeira Dourada, throughout the year 2006, reached Ch\$ 29,547 million, which compares favorably with the Ch\$23,896 million reached during 2005 (representing an increase by 23.6%). This is mainly due to the increase in the physical sales by 8.0% (reaching 4.77 GWh), which was partially compensated for by the lower sales margin within this period and an increase in the cost of transporting energy. Additionally, a favorable hydrology west of the southeast-center has permitted the increase of production in Cachoeira, which decreased the need to purchase energy, allowing for the reduction of costs for the purchase of energy and power.

Since October, 2005, with the forming of Endesa Brasil, Enersis consolidates the companies Central Geradora Termelétrica Fortaleza and Companhia de Interconexão Energética.

During 2006, the operating income of CGTF reached Ch\$52,531 million, showing a decrease of 2.8% in comparison the 2005 in which a operating income of Ch\$54,018 million was obtained. This decrease is mainly due to the lower average price of sale during 2006, which was in part compensated by the decrease in the cost of fuel and transport. The physical sales reached 2,705 GWh in December 2006 (2,690 GWh in December 2005).

As for CIEN, it showed losses in its operating income for the period in question of over Ch\$759 million (comparatively, in same period of the year prior- it reached a profit of Ch\$33,858 million). The aforementioned is due to the decrease of physical sales stemming from the lack of supply from Argentina to Brazil, which reached 6,394 GWh in December 2006 (6,567 GWh in December 2005). Significantly, CIEN is aiming to refocus their business so that it does not have to depend on Argentine and Brazilian energy to carry out purchases and sales between these countries. In this context it has been renegotiating its existing contracts relating to the supply of energy while at the same time seeking a

remuneration that is compatible with its function as an international transporter of energy. The company aims to have a redefined business structure from the year 2007.

#### Argentina:

The operating income in Argentina increased due to the improved transaction of our subsidiaries within that country. Endesa Costanera registered an operating profit of Ch\$4,893 million compared to the loss of Ch\$2,132 million in 2005, due principally to the energy price increase which occurred in recognition of the higher cost related to energy within the system. Similarly, the hydroelectric central El Chocón registered an increase in the operating income of Ch\$30,309 million in the current year, resulting from better hydrology, which together with the increase in market prices, enhanced the operating income.

The El Chocón hydroelectric plant has continued to capitalize on the increased demand for electricity within the Argentine market, (which borders on 10% thanks to good hydrology in the Comahue region). Its sales have reached 5,191 GWh in December 2006, revealing a 26.2% increase when compared to the prior year. The better hydrology has made allowed the increase of hydro-energy production by 1,111 GWh when compared to the prior year, (reaching 5,041 GWh, which was largely predestined to the spot market). Additionally, an increase in the price of energy has been noted, due to the recognized higher cost of fuel for the system, which simultaneously creates better energy sale margins for the current year. In Endesa Costanera, the physical sale of energy increased to 4.1% during 2006, reaching 8,816 GWh when compared to that of the prior year (8,466 GWh). This is due to the greater demand for electricity and the company's capacity to generate liquid fuel. Also, an increase in energy prices has been noted, due to the recognized higher costs of fuel within the system. The company's average sale price increased by 33.1% from Ch\$12.7 for kWh in 2005, to Ch\$16.9 for kWh in 2006. The cost of fuel increased by Ch\$45,281 million, mainly attributable to the generation of electricity produced using liquid fuel (oil); this is the principal reason for the increase in costs associated with Argentina. The increased use of liquid fuel was a consequence of the scarcity of natural gas in Argentina.

#### Peru:

In Peru, Edegel registered a greater operating income of Ch\$582 million, reaching Ch\$55,536 million in December 2006. This is mainly due to the increase in physical sales of energy by 2,167GWh equivalent to a 47.1% growth, which partially compensated for the decreased average sales price (by 4.2%) which resulted from the availability of Camisea natural gas in the Peruvian electric system. The average sale price decreased from Ch\$25.8 per kWh in 2005 to Ch\$24.7 for kWh in 2006. The operating costs in Peru increased by 78.2%, going from Ch\$56,569 million in 2005 to Ch\$100.804 million in 2006. This increase is mainly due to an increase by Ch\$25.043 million in fuel costs, related to the greater simple-cycle thermal generation by the Ventanilla Thermal Plant, as well as an increase in fixed costs. The purchase of electricity with regard to energy in the form of power, increased by Ch\$4,625 million during 2006 which is mainly attributable to the rise in the average purchase price (from Ch\$22.7 per kWh in 2005 to Ch\$37.3 per kWh in 2006). Also of note, regarding the aforementioned, the figures for 2006 incorporate the effects stemming from the merger of Edegel with Etevensa which took place on the 1st of June this year.

### Colombia:

In Colombia, the operating income of Emgesa reached Ch\$109,077 million during 2006. This is Ch\$2,924 million more than what was obtained within the same period of the prior year. The high level of hydrology in the country in the first half of the year inspired the decrease in the price of hydraulic production which simultaneously brought about through smaller sales margins. This tendency began to reverse itself during the last quarter (due to the expected "Niño" phenomenon). Emgesa production increased by 6.1%, reaching a generation of 10,360 GWh. Physical sales reached 12,311 GWh (12,358 GWh in December 2005).

On the other hand, Betania revealed a decrease in its operating income by Ch\$4,675 million with regard to the same period within the prior year and reaching Ch\$12,252 million this year. Betania increased its production by 4.9%, reaching 2,204 GWh. Sales, as of the 31st of December, were 3,054 GWh, reflecting an increase of 11.6% relative to the same period in the prior year (2005). Notwithstanding, the operating income decreased by Ch\$3,201 million (8.0% recorded December 2005) as a consequence of falling sales prices.

**In the Line of Business pertaining to Distribution**, our subsidiaries in the region continue to present important increases in physical sales and client numbers. In this sense physical sales have increased by 5.5% (or 3,032 GWh); reaching sales of 58,280 GWh as of the 31st of December 2006. On the other hand, client numbers increased by 3.2%, (that is 361 thousand new clients reaching a total amount of 11.6 million).

### Brazil:

In Brazil, our Distributor subsidiary Ampla, showed an operating income of Ch\$110,008 million as of the 31st of December 2006; an increase by 34.5% (or Ch\$28,213 million). This is notable when compared to the results of the same period the year before. This more favorable result is primarily due to an increase in the demand for energy which simultaneously caused a 6.0% rise in physical sales, reaching 8,668 GWh during the period January- December of 2006. It is also due to the better buy-sell margins during this period, and the decrease in lost energy by 0.5 percentage points (reaching 21.9% this year and 22.4% in December 2005). Ampla client numbers increased by 100 thousand and currently reach 2.32 million clients.

Coelce is also showing an increase in its operating income by Ch\$37,360 million, reaching Ch\$86,549 million in December 2006. This increase is due to the growth of the demand for energy which increased physical sales by 2.9% (which reached 6,769 GWh for the period January-December 2006). It is also due to the more favorable buy-sell margins throughout the period, stemming from the significant reduction in energy losses by 1.0 pp (equivalent to 7.1%), going from 14% in December 2005 to 13.0% in December 2006. Client numbers as of December 2006 reached 2.54 million, reflecting an increase by 105 thousand clients (4.3%) compared to the same period in the prior year (2005).

### Argentina:

Our subsidiary in Argentina, Edesur, has noted a decrease in operating income of Ch\$7,815 million; it went from an operating profit of Ch\$3,738 million recorded in December 2005 to an operating loss occurring in the present period of Ch\$4,077 million. This is basically the result of increased operating expenses and the maintenance of the administrative and sales areas.

This meager operating income, despite the fact that all the main indicators of the electric distribution company have improved. In this sense, the physical sales increased by 819 GWh (5.8 %) due to the increase in demand for energy (reaching 14,837 GWh in December 2006). The energy losses decreased by 0.9 pp, reaching 10.5% in December 2006, and client numbers increased by 31 thousand, reaching 2.20 million clients. Of note, in September 2006 (under prudential criteria), the company administration decided to reverse the accrued income derived from the transitional rate system; foreseen in the Agreement Act signed in August 2005 between the Company and the Economy and Production and General Planning, Public Investment and Services Ministries since as at this date, the Agreement Act was pending of ratification by the National Executive (ratification occurred on the 28th of December 2006 through Decree N° 1,959). To date, is pending the approval of E.N.R.E of the new rate system and the transferal through invoicing of the agreed upon transitional increases, notwithstanding the need for the adaptation of the previous time tables for implementing the Overall Rate Revision (RTI).

### Colombia:

In Colombia, Codensa reached a operating income of Ch\$135,352 million in December 2006, (an increase of 23.0% compared to the same period the year before). This increase is mainly due to a better energy buy-sell margin, through an energy loss decrease by 0.5 pp, as well as the increase in demand implied higher physical sales of energy by 6.5% (reaching 10,755 GWh), and to growth in the earnings related to other operating services. Client numbers have increased by 65 thousand, reaching 2.14 million clients in December 2006. The energy losses went from 9.4% in December 2005 to 8.9% in December 2006.

### Peru:

Our subsidiary in Peru, Edelnor, shows an operating income of Ch\$38,578 million, exceeding by Ch\$8,847 million the result obtained in the same period the year before (which was Ch\$29,731 million). This is partially due to the greater demand for energy and the better margins on individual sales. The increase in the demand made the physical sale of energy rise by 7.6% (reaching 4,874 GWh in December 2006). Client numbers increased by 27 thousand, reaching a total amount of 952 thousand on the 27th of December 2006. Energy losses decreased by 0.4 pp, reaching 8.2% in December 2006 compared to 8.6% within the same period in 2005.

### Chile

Our subsidiary in Chile, Chilectra, shows a slightly reduced operating income by Ch\$460 million for the period January - December 2006, (or 0.4% when compared to the same period in the prior year), reaching Ch\$117,137 million. This decrease is mainly due to the increase administration and sales expenses by Ch\$3,387 million, partially compensated by the increase in the operating margin by Ch\$2,928 million, due to the increase in physical sales by 4.4% reaching 12,377 GWh, which reflects the current state of economic activity within the country, and due to a better buy-sell margin in the current period, resulting from reductions in the loss of energy. Client numbers in Chile increased by 33 thousand as of December 2006, reaching a total of 1.44 million clients. Energy losses decreased as of December 2006 to 5.4%, compared to 5.5% recorded in December 2005.

The operating revenues and costs, as well as the administration and sales expenses by subsidiary companies of the Enersis group in the exercises ended December 2005 and 2006, are shown in the following:



**OPERATING INCOME DETAILS**  
(In Million Ch\$)

Companies (million Ch\$)	December 2005				December 2006			
	Operating Revenues	Operating Costs	Selling and Administrative Expenses	Operating Income	Operating Revenues	Operating Costs	Selling and Administrative Expenses	Operating Income
Endesa S.A.	1,146,623	(704,081)	(39,388)	403,154	1,337,121	(793,260)	(39,386)	504,475
Cachoeira Dourada (*)	12,592	(6,461)	(1,195)	4,936	66,844	(30,992)	(6,305)	29,547
CGTF (**)	30,923	(14,758)	(480)	15,685	100,193	(46,091)	(1,571)	52,531
Cien (**)	28,614	(13,957)	(1,318)	13,339	143,900	(139,072)	(5,587)	(759)
Chilectra S.A.	606,015	(444,798)	(43,620)	117,597	664,957	(500,814)	(47,006)	117,137
Edesur S.A.	239,469	(205,917)	(29,814)	3,738	248,394	(216,897)	(35,574)	(4,077)
Edelnor S.A.	197,489	(149,600)	(18,158)	29,731	214,271	(155,727)	(19,966)	38,578
Ampla (former Cerj)	485,791	(381,422)	(22,574)	81,795	552,631	(425,434)	(17,189)	110,008
Coelce	343,491	(242,305)	(51,997)	49,189	418,314	(297,489)	(34,276)	86,549
Codensa	409,953	(281,186)	(18,765)	110,002	449,811	(301,258)	(13,201)	135,352
Cam Ltd.	127,792	(108,434)	(8,052)	11,306	141,080	(121,469)	(9,837)	9,774
Inmob. Manso de Velasco Ltd.	11,356	(8,195)	(2,103)	1,058	21,659	(11,762)	(2,626)	7,271
Synapsis Soluc.y Servicios Ltd.	46,513	(35,424)	(7,557)	3,532	54,262	(44,992)	(10,364)	(1,094)
Holding Enersis and Investment Company	4,706	(2,264)	(17,425)	(14,983)	4,695	(2,396)	(20,666)	(18,367)
<b>Consolidation Adjustments</b>	<b>(398,184)</b>	<b>364,616</b>	<b>32,133</b>	<b>(1,435)</b>	<b>(526,068)</b>	<b>493,209</b>	<b>33,976</b>	<b>1,117</b>
<b>Total Consolidated</b>	<b>3,293,143</b>	<b>(2,234,186)</b>	<b>(230,313)</b>	<b>828,644</b>	<b>3,892,064</b>	<b>(2,594,444)</b>	<b>(229,578)</b>	<b>1,068,042</b>

(\*) Consolidated by Endesa Chile until September 30th, 2005. Since October 1st, it is consolidated by Enersis through Endesa Brasil.

(\*\*) Since October 1st, 2005, these subsidiaries are consolidated by Enersis through Endesa Brasil.

**OPERATING INCOME PER LINE OF BUSINESS**

The operating revenues and costs, broken down by line of business for the periods ending the 31st of December 2005 and 2006, are shown as follows:

Business (Million Ch\$)	Generation and Transmission (1)		Distribution		Engineering and Real State		Headquarters and Other Services		Eliminations		Total	
	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06
Operating Revenues	1,199,547	1,622,319	2,282,206	2,548,377	34,051	49,776	179,014	200,038	(401,675)	(528,446)	3,293,143	3,892,064
Operating Costs	(722,503)	(986,445)	(1,705,225)	(1,897,619)	(27,484)	(36,137)	(146,127)	(168,858)	367,153	494,615	(2,234,186)	(2,594,444)
<b>Operating Margin</b>	<b>477,044</b>	<b>635,874</b>	<b>576,981</b>	<b>650,758</b>	<b>6,567</b>	<b>13,639</b>	<b>32,887</b>	<b>31,180</b>	<b>(34,522)</b>	<b>(33,831)</b>	<b>1,058,957</b>	<b>1,297,620</b>
Selling and Administrative Expenses	(42,041)	(52,667)	(184,607)	(167,295)	(3,396)	(3,773)	(33,358)	(40,791)	33,089	34,948	(230,313)	(229,578)
<b>Operating Income</b>	<b>435,003</b>	<b>583,207</b>	<b>392,374</b>	<b>483,463</b>	<b>3,171</b>	<b>9,866</b>	<b>(471)</b>	<b>(9,611)</b>	<b>(1,433)</b>	<b>1,117</b>	<b>828,644</b>	<b>1,068,042</b>

(1) Includes Operating Income for the period January - December 2006 from Etevensa, CGTF and CIEN. For the year 2005, includes Operating Income for the period October - December 2005 from CGTF and CIEN.

**b. Non Operating Income**

On the 31st of December 2006, the company revealed losses in the operational period of over Ch\$408,966 million, which reflects an improvement of Ch\$10,932 million with regard to the non-operating income obtained on the same date in 2005, where losses were of Ch\$419,898 million.

The net interest expenses reveal a 1.5% decrease (equivalent to Ch\$4,170 million), going from a net expense of Ch\$270.088 million in December 2005 to a net expense of Ch\$265,918 million. The reduced

expenditure is the result of greater financial earnings, mainly stemming from placements using cash surpluses and to a containment of average debt between the two periods. The aforementioned occurred despite the consolidation of the debt from two new companies during 2006 (CIEN y CGTF) versus a consolidation period of only three months of 2005.

Income from investments in related companies show a net decrease of Ch\$1,848, going from a net profit of Ch\$6,887 million in December 2005 to one of Ch\$5,039 million, presently. The reduced profit mainly stems from the reduced profit seen in the investment in Gas Atacama (by Ch\$3,505 million); partially compensated by the decreased losses in

CIEN (by Ch\$7,874 million) and the CGTF profit of Ch\$6,029 million. With the compensating effect of the other two companies as of December 2005, the net loss was of Ch\$1,844 million; and that at this period the equity value attributable to equity value for each company is zero, as both have been consolidated within Enersis as of October 2005.

**Amortization of positive goodwill does** not reveal significant variation and reached a sum of Ch\$55,908 million decreasing by Ch\$437 million, or 0.8%, as of the 31st of December 2006.

**Net Other Operating Income reveal greater** net losses of Ch\$9,793 million, going from a net loss of Ch\$88,930 million in December 2005, to one of Ch\$98,723 million, presently. The principal reasons for this variation in the results are detailed in the following:

- Penalties for accounts receivable in CIEN due to contract renegotiation with Copel Ch\$30,518 million.
- Greater expense, by Ch\$12,245 million, relating to energy efficiency for Brazilian subsidiaries.
- Net losses of Ch\$10,118 million resulting from adjustments pertaining to conversion to Chilean norms; mainly corresponding to subsidiaries in Colombia, Brazil and Peru, in the application of the Technical Bulletin N° 64.

The aforementioned was compensated in part by:

- Greater profit in the sale of fixed assets by Ch\$19,181 million primarily from the sale of Ampla generation assets.
- Lower expenses relating to provisions and contingencies, by Ch\$16,716 million.

**Price level restatement** reveals a positive variation of Ch\$6,266 million, due primarily to the effect of inflation (by 3.6% in the period January- December 2005, and by 2.1% in the same period this year) within monetary and non-monetary assets and liabilities, mainly debt, calculated in U.F; It is also due to the updating of our income statement.

**Foreign Exchange Effect** show a positive net variation of Ch\$11,700 million in December 2006, relative to the same period the year before, moving from a loss of Ch\$6,373 million in 2005 due to exchange differences where Chilean peso was revaluated by 8.1%, at a profit of Ch\$5,327 million in the current year, with a 3.9% devaluation of Chilean peso. The aforementioned is the result of the company's active mismatch of dollar positions in both transactions.

**Income Tax and Deferred Tax** as of December 2006 reveals an expense of Ch\$109,408 million, compared to the expenses recorded in December 2005 of Ch\$182,051 million, shows a positive variation of Ch\$72,643 million.

**INCOME TAX AND DEFERRED TAX**

Item (Million Ch\$)	Dec-05	Dec-06	Variations
Income Tax	(134,787)	(251,486)	(116,699)
Deferred Tax	(47,264)	142,078	189,342
<b>Total</b>	<b>(182,051)</b>	<b>(109,408)</b>	<b>72,643</b>

Expenses related to income tax increased by Ch\$116,699 million. This is primarily the result of greater income tax provisions by our subsidiaries, Coelce by Ch\$25,746 million, Endesa by Ch\$17,240 million, CGTF by Ch\$16,493 million, Pehuenche by Ch\$15,093 million, Codensa by Ch\$10,973 million, and Edelnor by Ch\$9,804 million. Partially offset with lower expenses in Edesur by Ch\$5,719 million and Chilectra by Ch\$4,014 million.

Regard the deferred tax, which does not count as cash flow, there is a noted positive variation by Ch\$189,342 million. It principally stems from Chilectra (Ch\$129,771 million) due to the significant recognized effect (worth Ch\$107,170 million) of the merger of Elesur with Chilectra. The merger brought about the reversal of the valuation provision that it applied over its tributary losses that were accumulated from past exercises. Added to this are the effects of CIEN (by Ch\$28,835 million), as well as those of Ampla (by Ch\$17,329 million), Coelce (by Ch\$14,106 million), Emgesa (by Ch\$12,586 million, Pehuenche (by Ch\$11,021 million) and Codensa (by Ch\$10,348 million). This was compensated, in part, by the negative variation in Edegel (by Ch\$12,916 million), Enersis (by Ch\$9,398 million) and Endesa (by Ch\$5,282 million).

Negative Goodwill Amortization reached Ch\$6,078 million on the 31st of December 2006, revealing a decrease by Ch\$9,744 million in comparison to the equivalent period the year prior. The lower redemption is the result of the balance being paid off in Edegel, and to the first purchase in Betania, whose effect is a smaller amortization of Ch\$3,735 and Ch\$5,802 million, respectively.

**ANALYSIS OF INTEREST RATES AND RISKS OF EXCHANGE**

The company has a portion of its loans held in dollars, since a portion of sales in the different markets within the Company operates, index in this currency particularly. Nevertheless, the Brazilian, Colombian and Argentine markets index the dollar to a lesser extent; subsidiaries within these countries therefore, are willing to take greater debt in local currency. Regarding financing in Argentina, the dollar has gradually been replaced with local currency, as far as term conditions and market rates allows it.

Notwithstanding this natural exchange rate coverage, in a scenario of high dollar volatility, the Company has continued its strategy of partially covering its liabilities in dollars in order to cushion fluctuations affecting the results through exchange rate variations.

Considering the significant reduction in accounting mismatches within former; which have led to more prudent levels today. As a result, the company has modified its dollar-peso coverage policies and created a cash flow coverage policy; establishing a maximum in permissible accounting mismatches through which coverage transactions are realized.

As of the 31st of December 2006, the company has coverage in Chile through Swap dollar-UF contracts (for a sum of US\$600 million) and Swap dollar-peso contracts (for a sum of US\$125 million); in consolidated terms, which allow the compliance with the said coverage policy within US\$100 million expired in 2006.

Regarding interest rate risks, the company has consolidated the terms under which a portion of its loans under fixed interest (70.8%) and a portion under variable interest (29.2%) as of December 2006. The percentage of loans under fixed interest has decreased in comparison

to the prior year balance where 81.8% was fixed interest and 18.2% was variable. This is due to the refinancing by some companies within the group of expired loans, and the shifting of these loans from fixed interest to variable. Despite this, risk levels for these companies continue to

maintain within the coverage levels established by the group.

Operating Income for each country is shown in the following figure which compares the December 2006 results with those of December 2005.

Country (Million Ch\$)	Chile		Argentina		Brazil (1)		Peru (2)		Colombia		Eliminations		Total	
	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06
Operating Revenues	1,089,939	1,240,633	411,728	507,669	901,123	1,117,461	300,265	367,619	599,784	664,787	(9,696)	(6,105)	3,293,143	3,892,064
% r / consolidated	33%	32%	12%	13%	27%	29%	9%	9%	18%	17%				
Operating Costs	(709,799)	(758,956)	(357,981)	(426,298)	(646,162)	(783,996)	(191,005)	(244,127)	(339,170)	(387,509)	9,931	6,442	(2,234,186)	(2,594,444)
% r / consolidated	32%	29%	15%	16%	29%	30%	9%	9%	15%	15%				
<b>Operating Margin</b>	<b>380,140</b>	<b>481,677</b>	<b>53,747</b>	<b>81,371</b>	<b>254,961</b>	<b>333,465</b>	<b>109,260</b>	<b>123,492</b>	<b>260,614</b>	<b>277,278</b>	<b>235</b>	<b>337</b>	<b>1,058,957</b>	<b>1,297,620</b>
<b>% r / consolidated</b>	<b>36%</b>	<b>37%</b>	<b>5%</b>	<b>6%</b>	<b>24%</b>	<b>26%</b>	<b>10%</b>	<b>10%</b>	<b>25%</b>	<b>21%</b>				
Selling and Administrative Expenses	(69,313)	(73,372)	(34,166)	(43,305)	(79,156)	(65,187)	(23,864)	(29,000)	(24,864)	(18,847)	1,050	133	(230,313)	(229,578)
% r / consolidated	30%	32%	15%	19%	34%	28%	10%	13%	11%	8%				
Operating Income	310,827	408,305	19,581	38,066	175,805	268,278	85,396	94,492	235,750	258,431	1,285	470	828,644	1,068,042

(1) Year 2006 includes Operating Income for period January - December 2006 from CGTF and CIEN. Year 2005 includes Operating Income from period October - December 2005 from CGTF and CIEN.

(2) Year 2006 includes Operating Income for the period January - December 2006 from Etevensa, merged with Edegel.

## OTHER RISKS

As commonly practiced in bank loans and market transactions regarding capital, a portion of the financial debt of Enersis and its subsidiary Endesa Chile, is subject to cross default covenants. Where certain breaches by relevant subsidiaries are not corrected, it could result in a cross default at levels of Enersis and Endesa Chile, in which case certain company liabilities may be required.

Once the grace period has expired, the nonpayment of debt (specifically individual amount of 30 million dollars or more) by the company or its relevant subsidiaries, could give place to the anticipated payment of syndicated loans subscribed to in 2004. The loans subscribed to by Endesa (in January and December 2006) and by Enersis (in December 2006), the minimum increases to 50 million dollars.

Analogously, following the applicable grace period, where debt remains unpaid (specifically regarding individual amounts of 30 million dollars

or more) by the company or its relevant subsidiaries, could give place to the anticipated payment of Yankee bonds.

Further, some loan agreements contain stipulations under which nonpayment due to certain events experienced by the company or its relevant subsidiaries (such as bankruptcy, insolvency and adverse judicially passed sentences involving over 50 million dollars, assets expropriation) can lead to an accelerated return of credit.

There are no clauses within the contracts with creditors that oblige them to pay-off acquired debt, in anticipation, as a result of corporate classification changes or variances in company debt classifications as determined by risk classifying agencies. Notwithstanding this, variation in the risk classification for foreign currency debt, changes the applicable margins for syndicated loans.

The liabilities that could become due where loan payments go unfulfilled and the respective subsidiary creditor are detailed as follows:

## Bank Loans

	Syndicated
Enersis	315
Endesa Chile	100
<b>Total</b>	<b>415</b>

Potentially active events of default in subsidiaries that World generate a cross – default to the Parent Company.

## Enersis

Effect on the Parent	415 MMUS\$
1. Default Debt --> 30 MMUS\$ (1)	The noted grounds only produce on the parent if occurring in what are called Relevant Subsidiaries. Judgments in otehr subsidiaries have no effect on the parent. The Relevant Subsidiaries are qualified o the basis of financial statements of the last fiscal year under the U:S: GAAP. are based on financial statements as of December 31, 2005, and are Relevant Subsidiaries of Enersis: Endesa Chile, Endesa Brasil, Chilectra and Cono Sur.
2. Bankruptcy or Cessation of Payments	
3. Substantial Adverse Effects Defaults	
4. Governmental Action (2)	

**Endesa Chile**

Efecto en la Matriz:	100 MMUS\$
1. Default Debt --> 30 MMUS\$ (1)	The noted grounds only produce on the parent if occurring in what are called Relevant Subsidiaries. Judgments in otehr subsidiaries have no effect on the parent. The Relevant Subsidiaries are qualified o the basis of financial statements of the last fiscal year under the U:S: GAAP. are based on financial statements as of December 31, 2005, and are Relevant Subsidiaries of Endesa Chile: Cono Sur, Betania, Pehuenche, Pangué and C.E. Tarapacá.
2. Bankruptcy or Cessation of Payments	
3. Substantial Adverse Effects Defaults	
4. Governmental Action (2)	

Notes:

- (1) At an operational level of individual debt.
- (2) Nacionalization, expropriation, dissolution, etc.

**International Yankee Bonds**

Amounts in US\$ million as of December 31, 2006.

	Yankee Bonds
Enersis	601
Endesa Chile	1,866
<b>Total</b>	<b>2,467</b>

Non-fulfillment events potentially active in Subsidiaries (those which would cause cross default in the parent company).

**Enersis**

Effect on the Parent

1. Default Debt --> 30 MMUS\$ (1)	Default on Enersis debt or Subsidiaries. Enersis' Subsidiaries that hold at current date, debt with third parties for over US\$30 million are: Ampla, Endesa, Betania, Endesa Costanera, Codensa, Coelce, Edegel, Edelnor and Emgesa.
2. Initiation of the Bankruptcy Process	In Enersis or in Relevant Subsidiaries of Enersis, based on financial statements as of December, 31, 2005. Under US GAAP, Relevant Subsidiaries are: Chilectra, Endesa Chile, Endesa Brasil and Codensa. Under Chilean GAAP, Codensa is not included.

**Endesa Chile**

Effect on the Parent

1. Default Deuda --> 30 MMUS\$ (1)	Default on Endesa Chile debt or Subsidiaries. Endesa Chile' Subsidiaries that hold at current date, debt with third parties for over US\$30 million are: Betania, Endesa Costanera, Edegel and Emgesa.
2. Initiation of the Bankruptcy Process	In Endesa Chile or in Relevant Subsidiaries of Endesa Chile, based on financial statements as of December, 31, 2005. Under US GAAP, Relevant Subsidiaries are: Cono Sur, Endesa Chile Internacional and San Isidro, under US GAAP as well as Chilean GAAP.

Notes:

- (1) At an operational level of individual debt.

**Local Bonds**

Payments in US\$ million as of December 31, 2006.

	Local Bonds
Enersis	66,2
Endesa Chile	327,2
<b>Total</b>	<b>393,4</b>

The Enersis bond ahs cross default only if its own debt exceeds 3% of its assets.

Non-fulfillment events potentially active in Subsidiaries (those which would cause cross default in the parent company).

Endesa Chile	Relevant Subsidiaries	Subsidiaries
	Cono Sur	Other Subsidiaries
	(in parenthesis costs affected MMUS\$)	
1. Insolvency or unable to pay debts	yes (326)	no
2. Default Debt -->= 2 MMUF	no	no
3. Initiation of the Bankruptcy Process	yes (326)	no

## 2. ANALYSIS OF THE BALANCE SHEET

As of the 31st of December 2006 total assets show an increasing of Ch\$581,404 million respect previous year, mainly due to:

Assets (Million Ch\$)	Dec-05	Dec-06	Var. Dec 06-05	Var. % Dec 06-05
Current Assets	1,328,816	1,641,367	312,551	23.5%
Fixed Assets	7,806,757	8,087,437	280,680	3.6%
Other Assets	1,345,432	1,333,605	(11,827)	(0.9%)
<b>Total Assets</b>	<b>10,481,005</b>	<b>11,062,409</b>	<b>581,404</b>	<b>5.5%</b>

- Current assets have increased by Ch\$312,551 million, equivalent to 23.5% due principally to:
  - An increase in accounts receivable by Ch\$190,932 million, mainly due to the increase in the invoices by the distributor subsidiaries Condensa (by Ch\$61,179 million), Ampla (by Ch\$25,302), CIEN (by Ch\$18,549 million), Cachoeira Dourada (by Ch\$14,038 million), Chilectra (by Ch\$13,897 million), Edegel (Ch\$12,490 million), Costanera (by Ch\$10,433 million), Endesa (by Ch\$10,042 million) and Emgesa (by Ch\$6,716 million).
  - Increase in other accounts receivable by Ch\$38,160 million due mainly to increases in Chilean generators stemming from the reliquidation of tolls by Ch\$9,380 million, in Codensa by Ch\$8,678 million, and in Endesa by Ch\$4,844 million.
  - Increase in other current assets by Ch\$23,886 million, mainly due to the increase in instruments with retro sale agreements in the subsidiary Endesa Chile, by Ch\$27,428 million.
  - Increase in time deposits over time by Ch\$16,773 million, due to cash surplus found mainly in Emgesa by Ch\$31,079 million, Cono Sur by Ch\$15,173 million, and Enersis by Ch\$6,950 million, which was compensated in part, by the rescue by Betania (Ch\$15,122 million), Codensa (Ch\$9,124 million) and Costanera (Ch\$4,119 million).
- Increase in fixed assets by Ch\$280,680 million (or 3.6%) due principally to the addition of fixed assets during the year, by approximately Ch\$520,000 million, the incorporation of fixed assets associated with the consolidation of Etevensa (by Ch\$126,807 million) and to exchange rate effects on fixed asses of foreign company's due to the method of keeping non monetary assets in historic dollars (as stipulated in Technical Bulletin N° 64) in subsidiaries in unstable countries of Ch\$91,502 million. The aforementioned is compensated in part by the depreciation of fixed assets of one year (by approximately Ch\$415,000 million), and the sale of fixed assets (worth Ch\$44,550 million).

The total company liabilities have increased by Ch\$581,404 million when compared to the year prior, this is mainly due to:

Liabilities (Million Ch\$)	Dec-05	Dec-06	Var. Dec 06-05	Var. % Dec 06-05
Current Liabilities	1,520,136	1,399,485	(120,651)	(7.9%)
Long Term Liabilities	3,451,643	3,923,079	471,436	13.7%
Minority interest	2,858,841	2,869,963	11,122	0.4%
Equity	2,650,385	2,869,882	219,497	8.3%
<b>Total Liabilities</b>	<b>10,481,005</b>	<b>11,062,409</b>	<b>581,404</b>	<b>5.5%</b>

Long term liabilities have increased by Ch\$471,436 million (or 13.7%), for the following reasons:

- Obligations with banks and financial institutions has increased by Ch\$340,487 million, explained by the growth of Enersis worth Ch\$123,226 million, CTGF by Ch\$60,519 million, Betania by Ch\$59,168 million, El Chocón by Ch\$53,239 million, CIEN by Ch\$37,216 million and Edesur by Ch\$36,897 million. The aforementioned was compensated, in part, by reductions in Ampla worth Ch\$23,922 million, Endesa worth Ch\$18,496 million and Pehuenche by Ch\$13,082 million.
- An increase in bonds payable, worth Ch\$151,276 million, due mainly to new issues made in Ampla worth Ch\$93,018 million, Edelnor worth Ch\$27,103 million, Betania worth Ch\$23,690 million and Emgesa worth Ch\$9,512 millions.
- An increase in other accounts receivable by Ch\$104,945 million as consequence of the growth of Edegel by Ch\$58,846 million, Endesa Brasil by Ch\$27,647 million and CIEN by Ch\$11,709 million.
- Decrease in Provisions by Ch\$83,761 million due to the decrease in provisions for labor and third parties contingencies in CGTF, Ampla, Coelce and CIEN (by Ch\$87,468 million)

The current liabilities have reduced by Ch\$120,651 million (or 7.9%), mainly due to:

- Decrease in current portion of bonds payable by Ch\$413,142 million for payments to Enersis by Ch\$157,881 million, and Endesa Chile by Ch\$112,916 million, Endesa Chile International by Ch\$79,902 million and Emgesa by Ch\$1,786 million.
- Increases in accounts payable due by Ch\$80,243 million as a consequence of the increase in Codensa by Ch\$18,923 million, CIEN by Ch\$18,369 million, Endesa Chile by Ch\$15,572 million, Coelce by Ch\$9,720 million and Chilectra by Ch\$7,889 million.
- Increase in payable dividends by Ch\$56,818 million, mainly in Codensa by Ch\$21,180 million and payable dividends payable to Endesa International of Ch\$22,794 millions (Distrilima, Codensa, Emgesa, Endesa Brasil).

- Increase in various creditors by Ch\$24,877 million, due to the increase in Coelce by Ch\$15,441 million and Edegel by Ch\$12,843 million.
- An increase in income tax by Ch\$74,810 million, where some companies stands out such as Ampla revealing an increase of Ch\$53,761 million, Edelnor of Ch\$7,987 million and Codensa Ch\$5,858 million.

The minority interest reached Ch\$2,869,963 million, without significant variations; it only varied 0.4%, equivalent to Ch\$11,122 million.

Respect the equity, it increased by Ch\$219,497 million within the equity, in December 2005. This variation is mainly due to the increased in accumulated profits of Ch\$36,050 million and the increase of the prior period by Ch\$216,515 million, compensated for, in part, by the distribution of provisional dividends worth Ch\$36,243 million.

The evolution of the principal financial indicators is as follows:

Indicator	Unit	Dec-05	Dec-06	Var. Dec 06-05	Var. % Dec 06-05	
Liquidity	Current Ratio	Times	0.87	1.17	0.30	34.5%
	Acid Test (1)	Times	0.80	1.09	0.29	36.3%
	Working capital	MM Ch\$	(191,320)	241,882	433,202	n.a.
Debt	Debt Ratio	Times	0.90	0.93	0.03	3.3%
	Short-term debt	%	0.31	0.26	(0.05)	(16.1%)
	Long-term debt	%	0.69	0.74	0.05	7.2%
	Interest Coverage (2)	Times	3.62	4.16	0.54	14.9%
Profitability	Return on Equity	%	2.62%	9.96%	7.34%	280.2%
	Return on Assets	%	0.66%	2.58%	1.92%	290.9%

As of December 2006, the liquidity index reached 1.17 times, which indicates an increase by 0.30 times (or 34.5%) when compared to the same period in 2005; this reveals a significant improvement where the index that year was 0.87 times. The aforementioned, reflects a continued liquidity position for the company, which is decreasing its obligations with banks through cash excesses and an adequate timeline for the deadlines of debt.

The reason for debt can be seen at 0.93 times as of the 31st of December 2006, maintaining a similar level compared to the same period in 2005 (increasing slightly by 3.3%).

The coverage of financial expenses has improved by 0.54 times (equivalent to 14.9%), going from 3.62 times in December 2005, to 4.16

times in the current period. The aforementioned is due to the increase in operating income obtained by the Enersis Group in the course of the current year and has more than compensated for the increase in financial expenses.

On the other hand, the profitability on equity reached 9.96%; in the same period the year prior it reached 2.62%. This increase is directly related to the growth in results obtained for the period, The profitability of these assets went from 0.66% in December 2005 to 2.58% in December 2006; this also, is a reflection of the improved results obtained for the period.

### 3. CASH FLOW

The company generated a positive net flow during the period of Ch\$61,759 million, shown in the following caption:

Cash Flows (Million Ch\$)	Dec-05	Dec-06	Dic-05	Dec-06
Operating	837.148	862.408	25.260	3,0%
Financing	(764.261)	(297.090)	467.171	61,1%
Investment	(337.667)	(503.559)	(165.892)	(49,1%)
<b>Net Cash flow for the year</b>	<b>(264.780)</b>	<b>61.759</b>	<b>326.539</b>	<b>123,3%</b>

Operational activities generated a positive net flow of Ch\$862,408 million, which is higher by Ch\$25,260 million compared to that obtained at the same date the year prior, mainly due to the excellent operating income for the company. As of the 31st of December 2006, operating flow is mainly composed of:

Profits for the period of Ch\$285,960 million, including:

- Charges made to results that do not represent cash flow (of Ch\$540,407 million) which mainly correspond to depreciation within the period (by Ch\$414,617 million), penalties and provisions (worth Ch\$26,064 million), positive goodwill amortization (worth Ch\$55,908 million) intangible amortization (worth Ch\$7,859 million), losses in permanent investments (worth Ch\$125 million) and other charges that do not represent flow (worth Ch\$68,810 million), within which a negative conversion effect has occurred with foreign subsidiaries regarding the BT64 (worth Ch\$47,155 million).
- Variation in net liabilities that affect cash flow by Ch\$58,196 million.

The aforementioned was compensated, in part, by:

- Payments that do not indicate cash flow (worth Ch\$15,191 million), of which Ch\$11,645 million correspond to the positive conversion effect pertaining to foreign subsidiaries.
- Net income in the sale of assets (worth Ch\$18,844 million).
- Profit stemming from investments in related company's, (worth Ch\$5,164 million).
- Amortization of the greater value of investments (worth Ch\$6,078 million).
- Variation in net assets which affect operating flow (by Ch\$273,098 million).

The financing activity originated a negative net flow of Ch\$297,090 million, mainly due to loan payments of Ch\$989,097 million, payments related to bonds payable of Ch\$468,853 million, payment of dividends (worth Ch\$178,608 million) and capital distributions from subsidiaries by Ch\$85,523. The aforementioned is compensated, in part, by loans of Ch\$1,274,208 million and the allocation of bonds worth Ch\$166,645 million.

The investment activities generated a negative net flow of Ch\$503,560 million, showing an increase by Ch\$165,892 million (49.1%) compared to the same period the year prior. These disbursements mainly correspond to the incorporation of fixed assets (worth Ch\$517,768 million), permanent investments (worth Ch\$22,550 million) and other disbursements (worth Ch\$12,544 million), compensated in part by the collection of Ch\$44,551 million through the sale of fixed assets, and other investment revenue worth Ch\$1,912 million.

## II. ECONOMIC VALUE OF ASSETS AND BOOK VALUE

The following is noteworthy with regard to significant assets:

The value of goods as fixed assets, are adjusted in compliance with the accounting criteria established by the SVS, in the Circulars N. 550 and 566 of 1985. Regarding the foreign company Inversiones Distrilima S.A. fixed asset values were adjusted in compliance with exception criteria stipulated in the Technical Bulletin N° 45 of the Chilean Accountants Association A.G., a norm in practice at the date the investment was made and which was not modified by Technical Bulletin N° 51 (which replaced the former).

Depreciation is calculated over the updated value of goods according to their remaining useful life. Investments in related companies are shown valued through their proportional equity value. For the case of foreign companies, the application of this method in financial statements in compliance with the norms stipulated in the Technical Bulletin N° 72 and 64 of the Chilean Accountants Association A.G. The intangible values associated with the aforementioned have been monetarily corrected and are amortized as indicated by the norms in Technical Bulletin N° 55 of the Chilean Accountants Association A.G. In accordance with the S.V.S Office Circular N° 150 of January 31, 2003. In finalizing year 2006 financial statements, the company has evaluated the recoverability of assets linked to investments; this is in accordance with the norms established in Technical Bulletin N° 72 of the Chilean Accountants Association A.G.

Assets expressed in foreign currency, are shown in the exchange rate at the end of the revised period.

Investments in financial instruments with pacts are shown in light of their purchase value plus the corresponding interests in conformity with the rates implicit within each transaction.

The accounts and documents yet to be charged to related companies are classified by their long or short-term expiration date. The transactions are adjusted to conditions of equality, similar to those prevalent in the market.

In summary, assets are shown valued in accordance with generally accepted accounting principles and norms and specific instruction stipulated by the S.V.S., as explained in Note 2 of the Financial Statements.







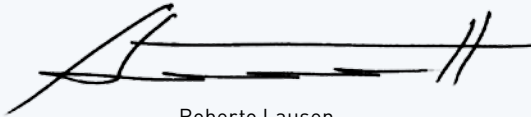
## UNCONSOLIDATED FINANCIAL STATEMENTS

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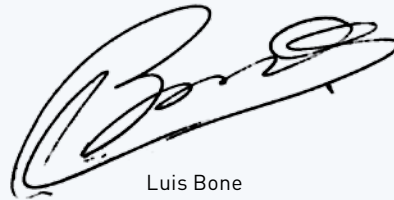
## ACCOUNT INSPECTOR'S REPORT

In accordance with the stipulations of law N° 18,046 on corporations, and in compliance with the mandate conferred by the Ordinary General Shareholders Meeting held on March 21, 2006, we have proceeded to examine the Financial Statements of Enersis S.A. for the fiscal year starting January 1, 2006, and ending on December 31, 2006.

Our work focused on the verification, on a selective basis, of the match between the figures expressed on financial statements and those on the official registers of the Company, and to this end we compared the figures presented in the general ledger against the grouping and classification spreadsheets, in order to subsequently verify that these amounts, which represented the totals of the accounts under one item, coincided with those included in the financial statements. We have no observations on this review.



Roberto Lausen  
Account Inspector



Luis Bone  
Account Inspector

Santiago, January 23, 2007



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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. as of December 31, 2006 and 2005, and the related statements of income and cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries and certain of its equity method investees which financial statements reflect assets constituting of 42.35% and 40.13% of total assets at December 31, 2006 and 2005, respectively and total revenues constituting 44.86% and 42.58% of the total revenues for the years ended December 31, 2006 and 2005 respectively. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

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

These financial statements referred above have been prepared to reflect the unconsolidated financial position of Enersis S.A. based on the criteria described in Note 2, before consolidating line - by - line the financial statements of the subsidiaries detailed in Note 10. Therefore, for an adequate interpretation, these unconsolidated financial statements should be read and analyzed in conjunction with the consolidated financial statements of Enersis S.A. and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of Enersis S.A. as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles described in Note 2.

The accompanying financial statements have been translated into English for the convenience of readers outside of Chile.

January 22, 2007

Edgardo Hernández G.

Una firma miembro de  
Deloitte Touche Tohmatsu

## UNCONSOLIDATED BALANCE SHEETS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006)

ASSETS	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>CURRENT ASSETS:</b>		
Cash	162,935	121,111
Time deposits	6,949,540	-
Notes receivable, net	737	752
Other accounts receivable, net	8,167,902	19,368,022
Amounts due from related companies	95,297,378	25,951,697
Income taxes recoverable	3,914,901	7,764,556
Prepaid expenses	21,075	633
Deferred income taxes	36,240,045	44,968,049
Other current assets	11,100,923	5,922,650
<b>Total current assets</b>	<b>161,855,436</b>	<b>104,097,470</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Buildings and infraestructure	22,553,982	22,554,028
Machinery and equipment	2,957,880	2,677,301
Other assets	748,512	1,045,214
Technical appraisal	35,915	35,928
Property, plant and equipment, gross	26,296,289	26,312,471
Less: accumulated depreciation	(15,116,748)	(14,081,250)
<b>Total property, plant and equipment, net</b>	<b>11,179,541</b>	<b>12,231,221</b>
<b>OTHER ASSETS:</b>		
Investments in related companies	2,357,240,064	2,260,486,518
Investment in other companies	12,408,630	13,956,895
Goodwill, net	637,700,908	691,959,988
Negative goodwill, net	(447,665)	(578,314)
Amounts due from related companies	482,649,439	359,398,768
Intangibles	1,559,002	1,559,002
Accumulated amortization	(693,579)	(615,481)
Other assets	59,813,862	7,452,939
<b>Total other assets</b>	<b>3,550,230,661</b>	<b>3,333,620,315</b>
<b>TOTAL ASSETS</b>	<b>3,723,265,638</b>	<b>3,449,949,006</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt due to banks and financial institutions	870,783	12,479
Current portion of bonds payable	9,029,873	166,146,106
Dividends payable	15,563	56,071
Accounts payable	369,676	370,422
Miscellaneous payables	155,577	44,267
Amounts payable to related companies	35,887,882	34,633,984
Accrued expenses	23,539,813	22,063,178
Withholdings	60,099	111,060
Other current liabilities	1,086,926	1,194,830
<b>Total current liabilities</b>	<b>71,016,192</b>	<b>224,632,397</b>
<b>LONG -TERM LIABILITIES:</b>		
Due to banks and financial institutions	167,702,850	44,477,313
Bonds payable	353,355,960	401,990,412
Amounts payable to related companies	100,962,578	-
Accrued expenses	3,130,568	2,804,580
Deferred income taxes	2,567,976	2,947,556
Other long-term liabilities	154,647,605	122,712,020
<b>Total long-term liabilities</b>	<b>782,367,537</b>	<b>574,931,881</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Paid-in capital, no par value shares	2,415,284,412	2,415,284,412
Additional paid-in capital	172,124,214	172,124,214
Other reserves	(238,342,306)	(241,698,626)
Retained earnings	271,279,769	235,229,509
Net income for the year	285,960,366	69,445,219
Provisional dividends	(36,242,795)	-
Deficit of subsidiaries in development stage	(181,751)	-
<b>Total shareholders' equity</b>	<b>2,869,881,909</b>	<b>2,650,384,728</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,723,265,638</b>	<b>3,449,949,006</b>

## UNCONSOLIDATED INCOME STATEMENT

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006)

	2006 ThCh\$	2005 ThCh\$
<b>OPERATING INCOME:</b>		
SALES	4,696,347	4,684,439
COST OF SALES	(1,320,685)	(1,168,385)
<b>GROSS PROFIT</b>	<b>3,375,662</b>	<b>3,516,054</b>
ADMINISTRATIVE AND SELLING EXPENSES	(16,852,806)	(17,405,985)
<b>OPERATING LOSS</b>	<b>(13,477,144)</b>	<b>(13,889,931)</b>
<b>NON-OPERATING INCOME SELLING EXPENSES:</b>		
Interest income	26,511,641	25,900,988
Equity in income of related companies	397,786,664	176,922,137
Other non-operating income	6,579,819	12,572,512
Equity in losses of related companies	(9,668,736)	(23,541,240)
Amortization of goodwill	(54,365,152)	(54,356,183)
Interest expense	(49,274,578)	(57,730,418)
Other non-operating expenses	(2,999,139)	(2,920,266)
Price-level restatements, net	(755,593)	(1,653,344)
Exchange difference, net	(4,436,146)	(6,675,762)
<b>NON-OPERATING RESULT</b>	<b>309,378,780</b>	<b>68,518,425</b>
<b>INCOME BEFORE INCOME TAXES AND AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>295,901,636</b>	<b>54,628,494</b>
INCOME TAX	(9,981,367)	14,777,027
<b>INCOME BEFORE AMORTIZATION OF NEGATIVE GOODWILL</b>	<b>285,920,269</b>	<b>69,405,521</b>
AMORTIZATION OF NEGATIVE GOODWILL	40,097	39,698
<b>NET INCOME FOR THE YEAR</b>	<b>285,960,366</b>	<b>69,445,219</b>



## UNCONSOLIDATED STATEMENTS OF CASH FLOWS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006)

	2006 ThCh\$	2005 ThCh\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the year	285,960,366	69,445,219
Changes (credits) to income which do not represent cash flows:		
Depreciation	1,270,523	1,118,537
Amortization of intangibles	78,097	78,097
Equity in income of related companies	(397,786,664)	(176,922,137)
Equity in losses of related companies	9,668,736	23,541,240
Amortization of goodwill	54,365,152	54,356,183
Amortization of negative goodwill	(40,097)	(39,698)
Price-level restatement, net	755,593	1,653,343
Exchange difference, net	4,436,146	6,675,762
Other credits to income which do not represent cash flows	(125,661)	(4,762,484)
Other charges to income which do not represent cash flows	2,805,359	7,312,730
Changes in assets which affect cash flows:		
Dividends receipts		87,849,013
Other assets	115,748,695	-
Decrease in other assets		(2,551,565)
Changes in liabilities which affect cash flows:		
Decrease in accounts payable associated with operating results	(12,500,564)	(4,396,430)
Increase (decrease) in interest payable	6,085,743	(966,827)
Decrease in income tax payable	11,210,273	(9,409,654)
Decrease in other accounts payable associated with non-operating results	(19,814,541)	(38,490)
Net increase (decrease) in value added tax and other similar taxes payable	42,567	(307,675)
<b>Net cash flows provided by operating activities</b>	<b>62,159,723</b>	<b>52,635,164</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loans obtained	163,847,648	-
Other loans obtained	33,486,296	1,178,526
Loans obtained from related companies	9,322,986	25,763,034
Other sources of financing	-	453,506
Dividends paid to related companies		(8,637,264)
Dividends paid	(69,571,809)	(5,706,970)
Payment of loans	(42,885,724)	(152,622,147)
Payment of bonds	(159,582,715)	(147,886)
Payment of loans granted by related companies	-	(39,484,097)
Payment of other loans obtained from related companies	(11,680,095)	-
Other disbursements for financing	-	(5,967,572)
<b>Net cash used in financing activities</b>	<b>(77,063,413)</b>	<b>(185,170,870)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from loans granted to related companies	22,891,224	221,784,153
Proceeds from other loans granted to related companies	187,482	-
Other loans to related companies	(6,153,842)	(9,435,502)
Sales of other investments	-	1,106,324
Long-term investments	(12,123,709)	(24,810,395)
Additions to property, plant and equipment	(181,166)	(148,433)
Loans granted to related companies	(205,536)	(137,957,317)
Other receipts from investments	24,028,675	57,095,671
Other disbursements from investments	(502,413)	-
<b>Net cash provided by investing activities</b>	<b>27,940,715</b>	<b>107,634,501</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>13,037,025</b>	<b>(24,901,205)</b>
<b>EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS</b>	<b>24,402</b>	<b>(205,833)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>13,061,427</b>	<b>(25,107,038)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>121,111</b>	<b>25,228,149</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>13,182,538</b>	<b>121,111</b>

## ENERSIS S.A. AND SUBSIDIARIES 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, 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 (1)	2,365,606,672	168,583,951	(127,002,198)	201,375,876	(2,769,916)	45,902,669	2,651,697,054
As of January 1, 2005	2,283,404,124	162,725,821	(122,588,994)	194,378,259	(2,673,664)	44,307,596	2,559,553,142
Transfer of prior year income to retained earnings	-	-	-	41,633,932	2,673,664	(44,307,596)	-
Changes in equity of affiliates	-	-	(5,851,418)	-	-	-	(5,851,418)
Dividend paid	-	-	-	(13,600,517)	-	-	(13,600,517)
Cumulative translation adjustment	-	-	(97,676,664)	-	-	-	(97,676,664)
Reserve Technical Bulletin No. 72	-	-	(6,197,072)	-	-	-	(6,197,072)
Price-level restatement of capital	82,202,548	5,858,130	(4,413,204)	7,979,618	-	-	91,627,092
Net income for the year	-	-	-	-	-	68,016,865	68,016,865
As of December 31, 2005	2,365,606,672	168,583,951	(236,727,352)	230,391,292	-	68,016,865	2,595,871,428
As of December 31, 2005 (2)	4,615,818	328,944	(461,907)	449,544	-	132,716	5,065,115
As of January 1, 2006	-	-	-	-	-	-	-
Transfer of prior year income to retained earnings	-	-	-	-	-	-	-
Changes in equity of affiliates	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	-	-	-	-	-
Reserve Technical Bulletin No. 72	-	-	-	-	-	-	-
Price-level restatement of capital	-	-	-	-	-	-	-
Net income for the year	-	-	-	-	-	-	-
As of December 31, 2006	-	-	-	-	-	-	-
As of December 31, 2006 (2)	-	-	-	-	-	-	-

(1) Restated in thousands of constant Chilean pesos as of December 31, 2006.

(2) Expressed in thousands of US\$ as of December 31, 2006

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

## NOTES TO THE FINANCIAL STATEMENTS

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2006)

### NOTE 01. DESCRIPTION OF BUSINESS

Enercis S.A. (the "Company") is registered in the Securities Register under N°0175 and is regulated by the Chilean Superintendence of Securities and Insurance (the "SVS"). The Company issued publicly registered American Depositary Receipts in 1993 and 1996 and is also subject to the regulation of the Securities and Exchange Commission (SEC) of the United States.

### NOTE 02. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Years covered

These financial statements reflect the Company's financial position as of December 31, 2006 and 2005 and the results of its operations, the changes in its shareholders' equity and its cash flows for the years ended December 31, 2006 and 2005.

#### b. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Chile and the regulations established by the SVS (collectively "Chilean GAAP"), except for the investment in subsidiaries, which is shown in one line of the balance sheet under the equity method and, therefore, have not been consolidated line by line. This treatment does not affect the net income of the year or shareholders' equity.

These financial statements have been prepared only for stand-alone analysis of the Company and they should be read along with the consolidated financial statements required by accounting principles accepted in Chile.

These financial statements include assets, liabilities and result of the agency established in 1996 by Enercis S.A. in Cayman Islands.

#### c. Basis of presentation

For comparative purposes the 2005 financial statements and the amounts disclosed in the related notes have been restated by 2.1%, purchasing power. This percentage corresponds to the Consumer Price Index variation within the last twelve months, with a one-month lag.

#### d. Price-level restatement

The financial statements have been price-level restated in accordance with generally accepted accounting principles, to reflect the effects of the changes in the purchasing power of the Chilean peso for the years ended December 31, 2006 and 2005. The effects of these off-the-books restatements are shown in Note 22.

#### 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	2006 Ch\$	2005 Ch\$
United States dollar (Observed)	US\$	532.39	512.50
Euro	€	702.08	606.08
Unidad de Fomento (UF)	UF	18,336.38	17,974.81

#### 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, 2006, the Company has evaluated the recoverability of the book value of its property, plant and equipment in accordance with Technical Bulletin N°33 of the Chilean Institute of Accountants. As a result of this evaluation no adjustments have been determined that affect the book values of these assets.

#### h. Depreciation

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. Depreciation expense was ThCh\$1,270,523 and ThCh\$1,118,537 in 2006 and 2005, respectively.

#### i. Intangibles

Intangibles are mainly easements recorded at acquisition cost and restated price level adjustment, such assets are amortized over their estimated useful lives in accordance with Technical Bulletin N°55 of the Chilean Institute of Accountants.

#### j. Investments in related companies

Investments in related companies are presented under the equity method of accounting, on the basis of the corresponding financial statements of the invested.

Investments in foreign affiliates are recorded in accordance with Technical Bulletins No. 64 and 72 (which partially revoked Technical Bulletin No. 42) of the Chilean Institute of Accountants.

The Company evaluate the recoverability of their investments as required by Technical Bulletin No.72 of the Chilean Institute of Accountants. At December 31, 2006 and 2005, the Company has not identified impairments in the net book values of its investments.

#### **k. Investment in other companies**

Investment in other companies are presented at acquisition cost adjusted for price-level restatement, and it corresponds to the investment in Empresa de Energía de Bogotá.

#### **l. Goodwill and negative goodwill**

Goodwill and negative goodwill are determined according to Circular N°1697 (which revoked Circular N°368 at December 30, 2003 of the SVS). Amortization is calculated using the straight-line method, considering the nature and characteristic of each investment, foreseeable life of the business and investment return, and does not exceed 20 years.

The Company has evaluated at December 31, 2006 and 2005, the recoverability of the book value of its investments abroad in accordance with Technical Bulletin N°72 of the Chilean Institute of Accountants. As a result of this evaluation no adjustments have been determined that affect the book values of its investments.

#### **m. Reverse repurchase agreements**

Reverse repurchase agreements are included in "Other current assets" and are stated at cost plus interest and indexation accrued at year-end, in conformity with the related contracts.

#### **n. Bonds**

Bonds payable are recorded at the face value of the bonds. The difference between the face value and the placement value, equal to the premium or discount, is deferred and amortized over the term of the bonds.

#### **o. Income tax and deferred taxes**

At December 31, 2006 and 2005, the Company recorded current tax expense according to the tax laws. The Company records income taxes in accordance with Technical Bulletin N°60 and its complements of the Chilean Association of Accountants, and with circular N°1466 and N°1560 issued by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities using the tax rates estimated to be in effect at the time of reversal of the temporary differences that gave rise to them.

#### **p. Severance 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% and assuming an average employment span which varies based upon years of service with the Company.

#### **q. Accrued vacation expense**

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

#### **r. Pension and post-retirement benefits**

Pension and post-retirement benefits are recorded in accordance with the respective Collective Bargaining Contracts of the employees based on the actuarially determined projected benefit obligation, discounted at 6.5%.

#### **s. Revenue recognition**

The Company recognizes revenues for amounts received from substations rental and electrical distribution lines in accordance with contracts with Chilectra S.A. These amounts are presented in current assets as amounts due from related companies and the corresponding cost is included in cost of sales as depreciation of the aforementioned equipment and electrical installations.

#### **t. Financial derivative contracts**

As of December 31, 2006 and 2005 the Company has forward contracts, currency swaps, and interest swaps and collars with several financial institutions, defined as cover, which are recorded according to Technical Bulletin N°57 of the Chilean Institute of Accountants.

#### **u. Software**

Software has been acquired by the Company as computing packages and are presented as other fixed assets.

#### **v. Research and development costs**

During 2006 and 2005 there have been no expenses under this caption which require footnote disclosure as required by Circular No. 981 of SVS dated December 28, 1990.

#### **w. Statements of cash flows**

Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin N°50 issued by the Chilean Institute of Accountants, include cash, time deposits and repurchase agreements classified as other current assets.

For classification purposes, cash flows from operations include collections and payments to related companies for services and dividends paid.

#### **x. Reclassification**

Do not reclassification was made for the December 31, 2005, financial statements.

NOTE **03.**  
ACCOUNTING CHANGES

**a. Changes in Accounting Principles**

There were no changes in accounting principles during the year ended December 31, 2006 that would affect the comparison with the prior year financial statements.

**b. Changes in the Reporting Entities**

Effective June 1, 2006, Etevensa (indirectly related through the same majority shareholder) was upstream merged into Edegel S.A. (a subsidiary of Endesa Chile), as agreed to in the Shareholders' Meetings of the two companies held on January 17, 2006.

The above transaction has been recorded in conformity with Technical Bulletin N°72 of the Chilean Institute of Accountants, as a business combination under common control, based on the pooling of interest methodology.

As a result of this reorganization of entities under common control, the interest of Endesa Chile S.A. in its subsidiary Edegel S.A. decreased

to 55.44%, causing a decrease of ThCh\$5,757,792 (see note 22e) in shareholders' equity that is shown in the item Other Reserves. In addition, as from June 1, 2006, the merged financial statements involved incorporating assets and liabilities of ThCh\$140,370,073 and ThCh\$97,826,807, respectively, in prior years Etevensa was not required to be consolidated.

NOTE **04.**  
TIME DEPOSITS

Time deposits as of each year end are as follows:

Financial Institution	Annual Rate %	Scheduled Maturity	As of December 31,	
			2006 ThCh\$	2005 ThCh\$
Citibank N.A.	5.07	2/1/07	6,949,540	-
<b>Totals</b>			<b>6,949,540</b>	<b>-</b>

NOTE **05.**  
SHORT AND LONG-TERM RECEIVABLES

Details of the current and long-term other accounts as receivable, net is as follows at each year end:

Item	More than 90 days							
	Until 90 days		up to 1 year		Total current		Long term	
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Notes receivable, net	737	752	-	-	737	752	-	-
Doubtful allowance	-	-	-	-	-	-	-	-
Others accounts receivable, net	8,167,902	19,368,022	-	-	8,167,902	19,368,022	-	-
Doubtful allowance	-	-	-	-	-	-	-	-
<b>Totals</b>					<b>8,168,639</b>	<b>19,368,774</b>	<b>-</b>	<b>-</b>

## NOTE 06.

### TRANSACTIONS WITH RELATED COMPANIES

Balances of accounts receivable and payable are as follows at December 31, 2006 and 2005

#### a. Notes and accounts receivable:

RUT	Company	As of December 31,			
		Short-term		Long-term	
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
96.524.320-8	Chilectra S.A.	1,564,585	19,037,980	137,076,072	154,551,532
96.529.420-1	Synapsis, Soluciones y Servicios IT Ltda.	4,143,569	3,249,848	-	-
79.913.810-7	Inmobiliaria Manso de Velasco Ltda.	109,224	39,069	-	-
96.543.670-7	Cía. Americana de Multiservicios Ltda.	335,877	385,751	-	2,071,461
Foreign	Energis Internacional	-	1,563,141	-	-
Foreign	Chilectra S.A. (Agencia en Islas Cayman)	1,365,467	39,715	255,254,745	167,641,896
96.764.840-K	Construcciones y Proyecto Los Maitenes S.A.	1,006	1,027	-	-
Foreign	Edelnor S.A.	51,211	50,333	-	-
Foreign	Ampla Energia e Serviços S.A (Ex Cerj)	48,670,436	15,688	90,318,622	-
Foreign	Edesur S.A.	47,454	46,640	-	-
Foreign	Luz de Rio Ltda.	38,289,244	12,538	-	35,133,879
Foreign	Codensa S.A.	10,889	10,702	-	-
91.081.000-6	Endesa S.A. (Chile)	122,363	635,099	-	-
96.800.570-7	Elesur S.A.	-	21,537	-	-
Foreign	Inversiones Distrilima S.A.	488	498	-	-
96.588.800-4	Ingendesa S.A.	1,226	1,735	-	-
96.671.360-7	Túnel el Melón S.A.	748	81,862	-	-
96.770.940-9	Compañía Eléctrica Tarapacá S.A. (Celta)	28,677	29,674	-	-
Foreign	Endesa S.A. (España)	272,825	261,384	-	-
Foreign	Endesa Internacional S.A.	271,120	383,607	-	-
96.504.980-0	Pehuenche S.A.	969	659	-	-
96.773.290-7	Aguas Santiago Poniente S.A.	10,000	83,212	-	-
<b>Total</b>		<b>95,297,378</b>	<b>25,951,699</b>	<b>482,649,439</b>	<b>359,398,768</b>

#### b. Notes and accounts payable:

RUT	Company	As of December 31,			
		Short-term		Long-term	
		2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
96.524.320-8	Chilectra S.A.	336,900	290,640	-	-
96.529.420-1	Synapsis, Soluciones y Servicios IT Ltda.	111,238	64,446	-	-
79.913.810-7	Inmobiliaria Manso de Velasco Ltda.	10,197,566	2,890,731	-	-
96.543.670-7	Cía. Americana de Multiservicios Ltda.	3,049,633	2,002,976	-	-
Foreign	Ampla Energia e Servicios S.A.	22,088,079	-	100,962,578	-
Foreign	Energis Internacional	-	1,179,757	-	-
91.081.000-6	Endesa S.A. (Chile)	80,079	515,039	-	-
Foreign	Edelnor S.A.	12,495	12,281	-	-
Foreign	Edesur S.A.	11,892	11,688	-	-
96.800.570-7	Elesur S.A.	-	-	-	-
96.671.360-7	Túnel el Melón S.A.	-	192	-	-
Foreign	Endesa Internacional S.A.	-	27,613,899	-	-
96.588.800-4	Ingendesa S.A.	-	1,085	-	-
Foreign	Chilectra Internacional	-	36	-	-
Foreign	Chilectra S.A. ( Agencia en Islas Cayman )	-	26,753	-	-
96.526.450-7	Endesa Inversiones Generales S.A.	-	24,461	-	-
<b>Total</b>		<b>35,887,882</b>	<b>34,633,984</b>	<b>100,962,578</b>	<b>-</b>

## c. Effects in income (expense) in each year are as follows:

Company	Relationship	Nature of transaction	December 31, 2006		December 31, 2005	
			ThCh\$	Income (expense) ThCh\$	ThCh\$	Income (expense) ThCh\$
Chilectra S.A.(EX Elesur S.A.)	Affiliate	Loans	137,373,033	5,305,953	172,532,959	2,368,175
		Property rental	4,696,347	4,696,347	4,684,439	4,684,439
		Services	3,518,587	3,518,587	4,105,545	4,105,545
Inmobiliaria Manso de Velasco Ltda.	Affiliate	Loans	(10,121,479)	(455,046)	(2,869,046)	(620,811)
		Property rental	(215,689)	(215,689)	(328,137)	(328,137)
		Services	84,347	84,347	-	-
Compañía Americana de Multiservicios Ltda.	Affiliate	Loans	(2,926,307)	40,041	178,676	(38,828)
		Materials	(2,765)	(2,765)	(6,703)	(6,703)
		Services	296,185	296,185	333,248	333,248
		Property maintenance	(362,967)	(362,967)	(704,494)	(704,494)
Synapsis, Soluciones y Servicios IT Ltda.	Affiliate	Loans	4,091,417	314,910	3,193,425	89,998
		Services	(304,508)	(304,508)	(280,199)	(280,199)
Empresa Distribuidora Sur S.A.	Affiliate	Services	87,346	87,346	95,595	95,595
Endesa S.A. (Chile)	Affiliate	Loans	-	185,325	(412,421)	405,540
		Services	783,452	783,452	782,730	782,730
Ingendesa S.A.	Related to affiliate	Services	1,300	1,300	-	-
Endesa Inversiones Generales S.A.	Related to affiliate	Property rental	(934,432)	(934,432)	(1,056,331)	(1,056,331)
Chilectra S.A. (Agencia en Islas Cayman)	Affiliate	Loans	255,254,745	14,005,218	167,641,896	19,611,478
Luz de Río	Related to affiliate	Loans	24,979,713	2,932,007	24,551,451	2,058,734
Enersis Internacional	Affiliate	Loans	59,357	423	4,625,178	119,505
Ampla Energia e Servicios S.A.	Affiliate	Loans	(10,643,957)	(790,797)	-	-
Endesa Chile Internacional	Related to affiliate	Loans	-	-	-	-
Endesa Agencia	Affiliate	Loans	(477,999)	(3,003)	44,824,235	101,398
Empresa Distribuidora Sur S.A.	Related to affiliate	Loans	-	(2,465)	-	-
Chilectra Internacional	Related to affiliate	Loans	-	-	29,062,250	44,302
Compañía Eléctrica Cono Sur	Related to affiliate	Loans	(8,832,359)	(1,329)	-	-

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	2010	UF	3,568,405.98	5.93%
Chilectra S.A.	Account receivable	2010	UF	2,907,228.40	3.96%
<b>Through agencies:</b>					
Chilectra S.A.( Agencia en Islas Cayman )	Account receivable	2010	UF	326,231,803.29	7.01%
Chilectra S.A.( Agencia en Islas Cayman )	Account receivable	2010	UF	153,218,872.23	5.91%
Ampla Energia e Servicios S.A.	Account receivable	2010	US\$	169,647,479.55	11.20%
Ampla Energia e Servicios S.A.	Account receivable	2010	US\$	189,640,260.29	11.37%

## NOTE 07. CURRENT AND DEFERRED INCOME TAXES

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Credits for absorbed profits	3,891,797	7,763,024
Value added tax	20,104	-
PPM, donations, training expense	3,000	1,532
<b>Total income taxes recoverable</b>	<b>3,914,901</b>	<b>7,764,556</b>

b. The Company has tax losses of ThCh\$325,202,670 and ThCh\$388,694,437 for the years ended December 31, 2006 and 2005, respectively.

c. In accordance with BTs N°60 and 69 of the Chilean Institute of Accountants, and Circular N°1,466 of the SVS, the Company has recorded deferred income taxes as of December 31, 2006 and 2005 as follows:

	As of December 31, 2006				As of December 31, 2005			
	Asset		Liability		Asset		Liability	
	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$	Short-term ThCh\$	Long-term ThCh\$
Vacation accrual	142,396	-	-	-	127,021	-	-	-
Depreciation	-	-	-	1,618,458	-	-	-	1,744,980
Severance indemnities	-	-	-	123,356	-	-	-	90,611
Provisions	702,591	-	-	-	558,431	-	-	-
Bond discount	-	-	141,442	1,002,868	-	-	142,001	1,146,378
Deferred charges	-	-	8,144	93,696	-	-	83,485	234,653
Tax losses	47,251,670	-	-	-	56,476,969	-	-	-
Other events	133,792	145,543	135	676	120,589	132,810	138	691
Complementary account, net	-	-	-	(125,535)	-	-	-	(136,948)
Valuation allowance	(11,840,683)	-	-	-	(12,089,337)	-	-	-
<b>Total</b>	<b>36,389,766</b>	<b>145,543</b>	<b>149,721</b>	<b>2,713,519</b>	<b>45,193,673</b>	<b>132,810</b>	<b>225,624</b>	<b>3,080,366</b>

d. Income tax expense for the years ended December 31, 2006 and 2005 is as follows:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Income tax provision	(7,475,548)	14,009,652
Tax expense art.21	(379,307)	-
Adjustment for tax expense - prior year	(3,250,798)	-
Effect on deferred tax assets or liabilities for the year	1,132,881	12,862,970
Benefits for tax losses	(8,595)	(6,257)
Amortization of complementary accounts	-	(12,089,337)
<b>Total</b>	<b>(9,981,367)</b>	<b>14,777,027</b>



NOTE **08.**  
OTHER CURRENT ASSETS

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Deferred costs-loans	47,903	326,116
Post-retirement benefits	796	813
Deferred expense Collar contracts	-	134,953
Bond discount (see note 17 d)	973,620	842,437
Guarantee deposits (see note 26a)	4,008,541	4,473,894
Reverse repurchase agreements (*)	6,070,063	-
Others	-	144,437
<b>Total</b>	<b>11,100,923</b>	<b>5,922,650</b>

(\*) The detail of reverse repurchase agreements is a follows:

Code	Date start	Date end	Financial Institution	Currency	Document	Interest rate %	Current amount ThCh\$	Nominal ThCh\$	Fair value ThCh\$
CRV	29/12/06	02/01/07	BBVA C. BOLSA BHIF S.A.	UF	D.P.R.	0.51%	6,330	6,325	6,327
CRV	29/12/06	02/01/07	SANTANDER	UF	D.P.F.	0.51%	2,087,683	2,086,264	2,086,973
CRV	29/12/06	02/01/07	CHILE	UF	D.P.F.	0.51%	512,468	512,120	512,294
CRV	29/12/06	02/01/07	ESTADO	UF	D.P.F.	0.51%	505,607	505,263	505,435
CRV	29/12/06	02/01/07	CREDITO	UF	D.P.F.	0.51%	1,087,948	1,087,208	1,087,578
CRV	29/12/06	02/01/07	BBVA BANCO BHIF	UF	D.P.R.	0.51%	730,066	729,569	729,817
CRV	29/12/06	02/01/07	SECURITY	UF	D.P.R.	0.51%	629,214	628,787	629,001
CRV	29/12/06	02/01/07	SCOTIABANK	UF	D.P.R.	0.51%	512,812	512,464	512,638
<b>Total</b>							<b>6,072,128</b>	<b>6,068,000</b>	<b>6,070,063</b>

NOTE **09.**  
PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
<b>Buildings and infrastructure:</b>		
Distribution lines, transmission	22,553,982	22,554,028
Total constructions and buildings	22,553,982	22,554,028
Machinery and equipment	2,957,880	2,677,301
Other assets	748,512	1,045,214
Total fixed assets	748,512	1,045,214
Technical appraisal		
Buildings and infrastructure	35,915	35,928
Total technical appraisal	35,915	35,928
Total property, plant and equipment	26,296,289	26,312,471
<b>Depreciation</b>		
Accumulated depreciation at beginning of year:		
Buildings and infrastructure	(11,915,369)	(11,288,573)
Machinery and equipment	(1,079,910)	(1,000,314)
Other assets in transit	(822,589)	(646,651)
Total accumulated depreciation at beginning of year	(13,817,868)	(12,935,538)
Accumulated depreciation at beginning of year- technical appraisal of buildings and infrastructure	(28,357)	(27,175)
Total depreciation accumulated by technical retasation	(28,357)	(27,175)
Depreciation of the year (cost of sales)	(1,242,588)	(1,090,288)
Depreciation (selling and administrative expenses)	(27,935)	(28,249)
Total depreciation with charge or operation	(1,270,523)	(1,118,537)
Total accumulated depreciation at end of year	(15,116,748)	(14,081,250)
<b>Total property, plant and equipment, net</b>	<b>11,179,541</b>	<b>12,231,221</b>

## NOTE 10. INVESTMENT IN RELATED COMPANIES

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

Related Companies	País de origen	Number of shares	Percentage owned		Shareholders' equity of investee	
			2006 %	2005 %	2006 ThCh\$	2005 ThCh\$
91.081.000-6 Empresa Nacional de Electricidad S.A.	Chile	4,919,488,794	59.98%	59.98%	1,794,309,851	1,676,746,264
96.524.320-8 Chilectra S.A.	Chile	-	-	98.24%	-	481,233,184
Foreign Enersis Internacional	Islas Caymán	360,557,685	100.00%	100.00%	-	275,934,319
Foreign Ampla Energía e Servicios S.A. (ex-Cerj)	Brasil	536,591,907,867	13.68%	18.10%	481,905,893	-
Foreign Empresa Distribuidora Sur S.A.	Argentina	143,996,758	16.02%	16.02%	458,422,124	473,552,394
Foreign Investluz S.A.	Brasil	-	-	15.61%	-	-
Foreign Distrilec Inversora S.A.	Argentina	135,321,264	27.19%	20.43%	258,305,995	266,890,384
79.913.810-7 Inmobiliaria Manso de Velasco Ltda.	Chile	29,462,253	100.00%	100.00%	37,011,840	36,624,176
Foreign Inversiones Distrilima S.A.	Perú	95,363,337	30.14%	15.93%	78,665,630	88,364,078
96.800.570-7 Chilectra S.A.(ex Elesur S.A.)	Chile	1,140,128,044	99	100.00%	689,197,708	17,483,801
Foreign Central Geradora Termelétrica Fortaleza S.A. (*)	Brasil	-	-	48.82%	-	-
96.543.670-7 Compañía Americana de Multiservicios Ltda.	Chile	33,821,693	99.99%	99.99%	57,279,221	49,589,971
96.529.420-1 Synapsis, Soluciones y Servicios IT Ltda.	Chile	10,569,721	99.99%	99.99%	12,470,080	9,864,055
Foreign Endesa Market Place (3)	Brasil	-	0.00%	-	-	-
Foreign Synapsis Argentina Ltda.	Argentina	540	0.12%	-	5,816,810	-
Foreign Ampla Invetimentos	Brasil	1,641,574,700	13.48%	-	40,805,136	-
Foreign Compañía Peruna de Electricidad S.A.	Perú	98,539	0.10%	-	23,716,104	-
Foreign Endesa Brasil (b)	Brasil	34,163,243	20.55%	20.55%	1,005,342,841	933,041,318
Foreign Synapsis Colombia S.A.	Colombia	238	0.10%	0.10%	2,372,781	2,188,268
Foreign Luz de Río Ltda.(1)	Brasil	-	-	-	-	-
Foreign Codensa S.A.	Colombia	16,466,029	12.47%	12.47%	524,261,126	569,255,184

(1) Company with negative equity (note 18)

### b. Endesa Brasil

On June 10, 2005, Endesa Brasil S.A. was incorporated; its purpose is to acquire paid-in capital in operating companies, or that may be incorporated to operate, directly or indirectly, in any segment of the electrical sector, transmission, distribution, generation and marketing of electric energy, in Brazil and other countries. Endesa Brazil S.A. was created as a holding concentrating all the electrical assets of Endesa Group in Brazil.

Endesa Brasil S.A. holds ownership percentages in the following companies: Compañía de Interconexión Energética S.A. (CIEN), Central Geradora Termelétrica Fortaleza S.A. (CGTF), Companhia Energetica Do Ceara (COELCE), Ampla Energia e Servicios S.A. (formerly, Cerj), Ampla Invetimentos e Servicios S.A., Ampla Generación S.A., Investluz and Centrais Eléctricas Cachoeira Dourada S.A. (CDSA).

Endesa Brasil's interest in these investees were contributed on October 25, 26 and 27, 2005 by Enersis S.A., Endesa Chile S.A., Chilectra S.A. and Endesa Internacional.

Enersis S.A., contributed to Endesa Brasil S.A. the following investments:

- Its 48.82% interest in Central Geradora Termelétrica Fortaleza S.A., receiving in exchange an 8.84% interest in Endesa Brasil S.A.
- Its 15.61% interest in Investluz S.A., receiving in exchange a 3.55% interest in Endesa Brasil S.A.
- Its 18.10% interest in Ampla Energia e Servicios S.A., receiving in exchange an 8.15% interest in Endesa Brasil S.A.

To summarize the above, Enersis S.A. has a direct and indirect interest in Endesa Brasil S.A. amounting to 53.57%.

	Net income of investees		Equity in income		Share of equity		Unrealized income		Investment book value	
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
	189,541,318	112,946,076	113,688,648	67,746,109	1,076,243,762	1,005,728,029	-	-	1,076,243,762	1,005,728,028
	-	79,516,682	-	78,117,065	-	472,762,734	-	-	-	472,762,734
	13,786,817	(9,952,170)	13,786,817	(9,952,170)	-	275,934,318	-	-	-	275,934,318
	1,417,861	(22,695,109)	1,417,861	(4,106,735)	65,923,712	-	-	-	65,923,712	-
	3,748,313	(17,908,558)	(3,748,313)	(2,869,817)	73,461,384	75,885,984	-	-	73,461,384	75,885,984
	-	3,122,123	-	487,359	-	-	-	-	-	-
	(3,597,844)	(10,092,635)	(3,597,844)	(2,062,376)	70,244,070	54,537,633	-	-	70,244,070	54,537,633
	3,983,070	2,545,014	3,983,070	2,545,013	37,011,827	36,624,163	-	-	37,011,827	36,624,163
	1,132,412	11,174,458	1,132,412	1,780,091	23,709,821	14,076,397	-	-	23,709,821	14,076,397
	232037916	(4,550,191)	230,688,444	(4,550,142)	682,842,317	17,483,613	-	-	682,842,317	17,483,613
	-	12,349,939	-	6,029,241	-	-	-	-	-	-
	2,741,026	2,442,807	2,741,026	2,442,589	57,274,124	49,585,558	(18,305,673)	(13,418,203)	38,968,451	36,167,356
	2,322,579	2,604,689	(2,322,579)	2,604,429	12,468,833	9,863,069	(1,181,924)	(1,263,794)	11,286,909	8,599,274
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	6,732	-	-	-	6,732	-
	532,075	-	532,075	-	5,582,057	-	-	-	5,582,057	-
	683	-	683	-	23,716	-	-	-	23,716	-
	92,224,764	32,452,492	18,950,647	6,668,442	206,581,147	191,724,307	-	-	206,581,147	191,724,307
	1,200	1,036,772	1,200	1,035	2,368	2,184	-	-	2,368	2,184
	-	-	-	-	-	-	-	-	-	-
	10,863,781	68,194,303	10,863,781	8,500,764	65,351,791	70,960,526	-	-	65,351,791	70,960,526
<b>Total</b>			<b>388,117,928</b>	<b>153,380,897</b>	<b>2,376,727,661</b>	<b>2,275,168,515</b>	<b>(19,487,597)</b>	<b>(14,681,997)</b>	<b>2,357,240,064</b>	<b>2,260,486,517</b>
<b>Equity in income</b>			<b>397,786,664</b>	<b>176,922,137</b>						
<b>Equity in loss</b>			<b>(9,668,736)</b>	<b>(23,541,240)</b>						

**c. Chilectra S.A.**

On April 1, 2006, the subsidiaries Chilectra S.A. (formerly Elesur S.A.) and Chilectra S.A. merged, as was approved in a Meeting of Shareholders held on March 31, 2006. As a result of the merger and according to Technical Bulletin N°72 of the Chilean Institute of Accountants, this business combination subject to common control was recorded under the pooling of interests methodology, causing an increase of ThCh\$3,019,591 in shareholders' equity .

As a result, of the previous operation Chilectra S.A. (formerly Elesur S.A.) proceeded to reverse the valuation allowance over taxable losses for an amount of ThCh\$107,673.319.

**d. Enersis Internacional**

On September 21, 2006, Enersis Internacional ceased to exist. Its assets and liabilities were awarded to Agencia Enersis. Due to the above, the following investments in related companies were awarded to Agencia Enersis: 33.336.890 shares of Distrilec Inversora S.A., equivalent to 6,76%; 56.008.787 shares of Inversiones Distrilima S.A., equivalent to 12,21%; 98.539 shares of Cía. Peruana de Electricidad S.A., equivalent to 0,1%; 536.591.907.867 shares of Ampla Energia e Serviços S.A., equivalent to 13,68%; 1.641.574.700 shares of Ampla Investimentos e Serviços S.A., equivalent to 13,68%, and 450 rights of Synapsis Argentina S.R.L, equivalent to 0,12%.

## NOTE 11. 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, 2006 and 2005, as follows:

Company	As of December 31,			
	2006		2005	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Empresa Nacional de Electricidad S.A.	(47,041,116)	542,932,105	(47,041,117)	589,973,222
Chilectra S.A.	(6,800,928)	89,104,948	(6,800,927)	95,905,875
Inversiones Distrilima S.A.	(1,111)	8,891	(1,092)	9,831
Codensa S.A.	(521,997)	5,654,964	(513,047)	6,071,060
<b>Total</b>	<b>(54,365,152)</b>	<b>637,700,908</b>	<b>(54,356,183)</b>	<b>691,959,988</b>

b. Following current standards, recognition has been given to the excess of the equity in the net assets purchased over the purchase price (negative goodwill) in the purchase of shares as of December 31, 2006 and 2005 as follows:

Company	As of December 31,			
	2006		2005	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Inversiones Distrilima S.A.	23,326	(359,616)	22,927	(376,378)
Synapsis Soluciones y Servicios IT Ltda.	16,771	(88,049)	16,771	(201,936)
<b>Total</b>	<b>40,097</b>	<b>(447,665)</b>	<b>39,698</b>	<b>(578,314)</b>

## NOTE 12. OTHERS

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Deferred commissions on foreign currency loans	43,911	712,617
Post-retirement benefits	3,980	4,063
Bond discount	5,885,354	6,736,259
Unrealized loss derivative contracts	53,880,617	-
<b>Total</b>	<b>59,813,862</b>	<b>7,452,939</b>

## NOTE 13. 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.		ThCh\$		2006	2005
	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2005 ThCh\$
Banco Bilbao Vizcaya Argentaria S.A.	115,122	1,602	-	-	-	-	-	-	115,122	1,602
Citibank, N.A., acting through its International Banking Facility	115,122	1,010	-	-	-	-	-	-	115,122	1,010
Citibank N.A.	-	-	-	-	-	-	30	355	30	355
Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	115,122	1,602	-	-	-	-	-	-	115,122	1,602
Banco Santander Central Hispano	29,167	693	-	-	-	-	-	-	29,167	693
Deutsche Bank AG. New York Branch	115,122	404	-	-	-	-	-	-	115,122	404
ABN Ambro Bank	36,246	505	-	-	-	-	-	-	36,246	505
Bank of Tokyo -Mitsubishi	86,990	1,212	-	-	-	-	-	-	86,990	1,212
Sao Paulo USA	86,990	1,212	-	-	-	-	-	-	86,990	1,212
Caja de Ahorros de Galicia	24,853	-	-	-	-	-	-	-	24,853	-
Banca Monte Paschi	12,427	175	-	-	-	-	-	-	12,427	175
Banco HSBC London	72,492	1,602	-	-	-	-	-	-	72,492	1,602
Dresdner Bank	24,854	505	-	-	-	-	-	-	24,854	505
Instituto de Crédito Oficial	36,246	1,602	-	-	-	-	-	-	36,246	1,602
<b>Total</b>	<b>870,753</b>	<b>12,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>355</b>	<b>870,783</b>	<b>12,479</b>
<b>Total principal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Weighted average annual interest rate</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

	As of December 31,	
	2006 %	2005 %
Percentage of debt in foreign currency:	99.99	97.00
Percentage of debt in local currency:	00.01	3.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## NOTE 14. LONG-TERM PORTION OF DEBT DUE TO BANKS AND FINANCIAL INSTITUTIONS

R.U.T.	Financial Institution	Currency	Years to maturity					Total long-term portion-2006 ThCh\$	Average annual interest rate %	Total long-term portion-2005 ThCh\$
			After 1 year but within 2 years ThCh\$	After 2 year but within 3 years ThCh\$	After 3 year but within 5 years ThCh\$	After 5 year but within 10 years ThCh\$				
Foreign	Banco Bilbao Vizcaya Argentaria S.A.	US\$	22,341,366	-	-	-	22,341,366	5.75%	5,877,359	
Foreign	Citibank, N.A., acting through its International Banking Facility	US\$	22,341,366	-	-	-	22,341,366	5.75%	3,706,442	
Foreign	Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	US\$	22,341,366	-	-	-	22,341,366	5.75%	5,877,359	
Foreign	Banco Santander Central Hispano S.A.	US\$	6,033,753	-	-	-	6,033,753	5.75%	2,541,561	
Foreign	Deutsche Bank AG. New York Branch	US\$	22,341,366	-	-	-	22,341,366	5.75%	1,482,577	
Foreign	Banco HSBC London	US\$	13,753,408	-	-	-	13,753,408	5.75%	5,877,359	
Foreign	Dresdner Bank	US\$	4,715,454	-	-	-	4,715,454	5.75%	1,853,221	
Foreign	Instituto de Crédito Oficial	US\$	6,876,704	-	-	-	6,876,704	5.75%	5,877,359	
Foreign	ABN Ambro Bank	US\$	6,876,704	-	-	-	6,876,704	5.75%	1,853,221	
Foreign	Bank of Tokyo -Mitsubishi	US\$	16,504,090	-	-	-	16,504,090	5.75%	4,447,731	
Foreign	Sao Paulo USA	US\$	16,504,090	-	-	-	16,504,090	5.75%	4,447,731	
Foreign	Banca Monte Paschi	US\$	2,357,727	-	-	-	2,357,727	5.75%	635,393	
Foreign	Caja de Ahorros de Galicia	US\$	4,715,456	-	-	-	4,715,456	5.75%	-	
<b>Total</b>			<b>167,702,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,702,850</b>		<b>44,477,313</b>	

	As of December 31,	
	2006 %	2005 %
Percentage of debt in foreign currency:	100.00	100.00

In November 2004 the Company obtained a syndicated loan amounting to MUS\$350 through overdraft (revolving) lines. In 2005, the amount of US\$265 million was prepaid; and US\$80 million were prepaid in 2006, leaving a balance of US\$5 million.

In November 2006, the Company made a second withdrawal, this time of US\$310 million, from the revolving line. The US\$315 million balance is due in November 2008. 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%.

## NOTE 15. OTHER CURRENT LIABILITIES

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Derivative contracts (swap collar)	1,024,621	1,117,013
Others	62,305	77,817
<b>Total</b>	<b>1,086,926</b>	<b>1,194,830</b>

## NOTE 16. OTHER LONG-TERM LIABILITIES

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Derivative contracts - fair value	141,352,496	100,262,539
Unrealized gain - swap at fair value	-	8,843,103
Others	13,295,109	13,606,378
<b>Total</b>	<b>154,647,605</b>	<b>122,712,020</b>

## NOTE 17. BONDS PAYABLE

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

### Bonds long-term - short-term portion

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,			
						2006 ThCh\$	2005 ThCh\$		
Yankee Bonds	1	300,000,000	US\$	6.90%	Semi annual	01/12/2006	-	157,881,379	Foreign
Yankee Bonds	2	249,734,000	US\$	7.40%	Semi annual	01/12/2016	1,025,253	1,129,375	Foreign
Yankee Bonds	3	858,000	US\$	6.60%	Semi annual	01/12/2026	2,512	2,469	Foreign
Yankee Bonds	3	350,000,000	US\$	7.38%	Semi annual	01/12/2014	6,298,562	6,190,577	Foreign
Bond N° 269	B-1	28,536	U.F.	5.50%	Semi annual	15/06/2009	170,644	162,304	Local
Bond N° 269	B-2	1,935,000	U.F.	5.75%	Semi annual	15/06/2022	1,532,902	780,002	Local
<b>Total short-term portion</b>							<b>9,029,873</b>	<b>166,146,106</b>	

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

### Bonds long-term

Instrument	Series	Face value outstanding	Currency	Interest rate	Maturity date	As of December 31,			
						2006 ThCh\$	2005 ThCh\$		
Yankee Bonds	2	249,734,000	US\$	7.40%	Semi annual	01/12/2016	132,955,886	183,141,875	Foreign
Yankee Bonds	3	858,000	US\$	6.60%	Semi annual	01/12/2026	456,791	448,959	Foreign
Yankee Bonds	3	350,000,000	US\$	7.38%	Semi annual	01/12/2014	186,336,500	183,141,875	Foreign
Bond N° 269	B-1	28,536	U.F.	5.50%	Semi annual	15/06/2009	272,126	442,153	Local
Bond N° 269	B-2	1,935,000	U.F.	5.75%	Semi annual	15/06/2022	33,334,657	34,815,550	Local
<b>Total long-term</b>							<b>353,355,960</b>	<b>401,990,412</b>	

a. Bonds payable are comprised of the following:

i. Enersis S.A. Local Bonds

On September 11, 2001, the Superintendency of Securities and Insurance registered the issue of adjustable bearer bonds of Enersis S.A. date June 14, 2001 in the Securities Register under No. 269. This placement was made in two series, as follows:

Series	Total amount in UF	N°of bonds per series	Face value in UF
B1	1,000,000	1,000	1,000
B1	3,000,000	300	10,000
B2	1,000,000	1,000	1,000
B2	1,500,000	150	10,000

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

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

ii. Yankee Bonds (Foreign)

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

Series	Total amount in US\$	Years to maturity	Stated annual interest rate
1	300,000,000	10	6.90%
2	350,000,000	20	7.40%
3	150,000,000	30	6.60%

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders have a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

During the second quarter of 2004, UF/US\$ swap contracts were entered into for US\$100,000,000 associated with the series 1 bond and US\$250,000,000 associated with series 2.

During November, 2006 US\$ 300 million from series one of the Yankee Bonds were amortized. This operation meant liquidating swap for US\$ 100 million associated with this bond.

During November, 2001, Enersis Internacional made a Tender Offer for total or partial cash purchase of the series 2 Yankee Bonds, with a face value of ThUS\$ 350,000 maturing at 20 years in 2016, issued by the agency of the parent Enersis S.A.

As a result of this offer, which expired on November 21, 2001, series 2 bonds for ThUS\$ 95,536, with a face value of ThUS\$ 100,266, were purchased.

As a result of the liquidation of Enersis Internacional S.A. on September 21, 2006, the Agency of the parent Enersis S.A. was allocated the assets and liabilities, which included such bond repurchase among is assets.

Given the above, at December 31, 2006 the bonds are presented net of the repurchase.

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 issuance.

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, 2006 amounts to ThCh\$5,885,354 (ThCh\$6,736,259 in 2005), are included in "Other assets" (note 12) and ThCh\$973,620 (ThCh\$842,437 in 2005) are included in "Other current assets" (note 8).

## NOTE 18. ACCRUED EXPENSES

### a. Short-term accruals:

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Negative equity of investments (*)	18,517,023	17,633,630
Profit sharing and other employee benefits	2,648,206	2,575,226
Notes receivable provision	2,374,584	1,854,322
<b>Total</b>	<b>23,539,813</b>	<b>22,063,178</b>

(\*) Provision for ownership in negative equity of Luz de Rio Limitada and Endesa Market Place for ThCh\$18,277,350 (ThCh\$17,403,330 in 2005) and ThCh\$ 239,673 (ThCh\$230,300 in 2005) respectively.

During 2006 and 2005 there were no write-offs of assets.

### b. Long-term accruals:

Accrued expenses included in long term liabilities as of each year-end are as follows:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Severance indemnities	2,274,432	2,023,346
Post-retirement benefits	856,136	781,234
<b>Total</b>	<b>3,130,568</b>	<b>2,804,580</b>

## NOTE 19. SEVERANCE INDEMNITIES

Include employee severance indemnities, determined in accordance with the policy described in Note 2p, post-retirement benefits and others. An analysis of the changes in the accruals in each year is as follows:

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Opening balance as of January 1	1,981,730	1,835,496
Increase in accrual	387,463	505,038
Payments during the year	(94,761)	(317,188)
<b>Total</b>	<b>2,274,432</b>	<b>2,023,346</b>

## NOTE 20. SHAREHOLDERS' EQUITY

a. During 2006 and 2005, the equity accounts movements are as follows:

	Paid-in capital M\$	Additional paid-in capital M\$	Other reserves M\$	Retained earnings M\$	Deficit of subsidiaries in development stage M\$	Provisional dividends M\$	Net income for the year M\$	Total M\$
As of January 1, 2005	2,283,404,124	162,725,821	(122,588,994)	194,378,259	(2,673,664)	-	44,307,596	2,559,553,142
Transfer of prior year loss to retained earnings	-	-	-	41,633,932	2,673,664	-	(44,307,596)	-
Changes in equity of affiliates	-	-	(5,851,418)	-	-	-	-	(5,851,418)
Dividend paid	-	-	-	(13,600,517)	-	-	-	(13,600,517)
Reserve Technical Bulletin No. 72	-	-	(6,197,072)	-	-	-	-	(6,197,072)
Cumulative translation adjustment	-	-	(97,676,664)	-	-	-	-	(97,676,664)
Price-level restatement of capital	82,202,548	5,858,130	(4,413,204)	7,979,618	-	-	-	91,627,092
Net income for the year	-	-	-	-	-	-	68,016,865	68,016,865
<b>Balances as of December 31, 2005</b>	<b>2,365,606,672</b>	<b>168,583,951</b>	<b>(236,727,352)</b>	<b>230,391,292</b>	<b>-</b>	<b>-</b>	<b>68,016,865</b>	<b>2,595,871,428</b>
Price-level restated balances	49,677,740	3,540,263	(4,971,274)	4,838,217	-	-	1,428,354	54,513,300
<b>As of December 31, 2005</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(241,698,626)</b>	<b>235,229,509</b>	<b>-</b>	<b>-</b>	<b>69,445,219</b>	<b>2,650,384,728</b>
As of January 1, 2006	2,365,606,672	168,583,951	(236,727,352)	230,391,292	-	-	68,016,865	2,595,871,428
Transfer of prior year loss to retained earnings	-	-	-	68,016,865	-	-	(68,016,865)	-
Changes in equity of affiliates	-	-	(10,585,093)	-	-	-	-	(10,585,093)
Deficit of subsidiaries in development affiliate	-	-	-	-	(181,751)	-	-	(181,751)
Dividend paid 2005 N°73	-	-	-	(32,651,166)	-	-	-	(32,651,166)
Reserve Technical Bulletin No. 72	-	-	(825,381)	-	-	-	-	(825,381)
Cumulative translation adjustment	-	-	14,766,794	-	-	-	-	14,766,794
Price-level restatement of capital	49,677,740	3,540,263	(4,971,274)	5,522,778	-	-	-	53,769,507
Provisional dividend N°74	-	-	-	-	-	(36,242,795)	-	(36,242,795)
Net income for the year	-	-	-	-	-	-	285,960,366	285,960,366
<b>Balances as of December 31, 2006</b>	<b>2,415,284,412</b>	<b>172,124,214</b>	<b>(238,342,306)</b>	<b>271,279,769</b>	<b>(181,751)</b>	<b>-</b>	<b>285,960,366</b>	<b>2,869,881,909</b>



**b. Dividends**

There are no restrictions to pay dividends

Dividend Number	Payment date	Historical value (\$)	Type of Dividend
72	April 2005	0.41654	Final 2004
73	March 2006	1.00	Final 2005
74	December 2006	1.11	Provisional 2006

**c. Number of shares**

As of December 31, 2005

Number of shares subscribed	Number of shares paid	Number of shares with voting rights
32,651,166,465	32,651,166,465	32,651,166,465

**d. Subscribed and paid in capital is as follows:**

As of December 31, 2005

Subscribed in capital ThCh\$	Paid in capital ThCh\$
2,415,284,412	2,415,284,412

**e. Other information**

Detail of other reserves is as follows:

	Initial balance at January 1, 2006 ThCh\$	Reserve for the period ThCh\$	Final balance at December 31, 2006 ThCh\$
Reserve for entities using remeasurement method	(21,771,808)	(10,585,093)	(32,356,901)
Reserve for accumulated conversion differences	(226,284,354)	14,766,794	(211,517,560)
Reserve for Technical Bulletin No. 72 (1)	6,357,536	(825,381)	5,532,155
<b>Total</b>	<b>(241,698,626)</b>	<b>3,356,320</b>	<b>(238,342,306)</b>

(1) In the Jan-Jun 2006 period, Other Reserves diminished owing to the corporate restructuring conducted by generation companies subject to common control in Colombia and Peru, which had a net effect of ThCh\$3,844,972, offset by ThCh\$3,019,591 resulting from the Chilectra S.A. merger.

Detail of changes in the reserve for accumulated conversion differences are as follows for the year ended December 31, 2005:

	Initial balance at January 1, 2006 ThCh\$	Reserve for assets ThCh\$	Reserve for liabilities ThCh\$	Variation of the year ThCh\$	Final balance at December 31, 2006 ThCh\$
Cumulative translation adjustment	(226,284,354)	18,731,782	(3,964,988)	14,766,794	(211,517,560)
<b>Total</b>	<b>(226,284,354)</b>	<b>18,731,782</b>	<b>(3,964,988)</b>	<b>14,766,794</b>	<b>(211,517,560)</b>

The detail of the accumulated conversion difference reserve at December 31, 2006 is as follows:

	ThCh\$
Edesur S.A.	(36,273,768)
Distrilec Inversora S.A.	(26,483,840)
Inversiones Distrilima S.A.	(11,039,298)
Cia. Peruana de Electricidad S.A.	(1,362,734)
Ampla Energia e Servicios S.A. (ex Cerj)	(48,068,771)
Ampla Invetimentos e Servicios S.A.	2,820,689
Endesa Brasil	(19,561,981)
Codensa S.A.	(39,106,966)
Investluz	(6,260,384)
Central Geradora Termelétrica Fortaleza S.A.	(6,425,742)
Synapsis de Colombia S.A.	(963,768)
Endesa Market Place	397,933
Endesa Argentina S.A.	(2,742,948)
Endesa Chile Internacional	(3,202,893)
Ingendesa Do Brasil Ltda.	(139,262)
Endesa Costanera S.A.	(773,235)
Cono Sur S.A.	(12,307,502)
Emgesa S.A. E.S.P.	(23,090)
<b>Total</b>	<b>(211,517,560)</b>

**NOTE 21.**  
**OTHER INCOME AND EXPENSES**

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Adjustments to investment in related companies	125,661	5
Project administration, maintenance and construction	5,865,908	7,078,164
Dividends on EEB	361,771	755,038
Compensation received	-	4,669,263
Others	226,479	70,042
<b>Total</b>	<b>6,579,819</b>	<b>12,572,512</b>

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

	As of December 31,	
	2006 ThCh\$	2005 ThCh\$
Adjustments to investment in related companies	-	735,359
Accrued negative equity	888,131	-
Foreign taxes	1,479,339	1,112,838
Others	631,669	1,072,069
<b>Total</b>	<b>2,999,139</b>	<b>2,920,266</b>

## NOTE 22.

### PRICE-LEVEL RESTATEMENT

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

Assets	Index	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Property, plant and equipment	I.P.C.	275,018	488,017
Accounts receivable from subsidiaries short-term	I.P.C.	(172,873)	15,723
	U.F.	41,212	603
Accounts receivable from subsidiaries long-term	I.P.C.	3,930,953	10,846,414
	U.F.	3,104,735	3,987,058
Investment in subsidiaries	I.P.C.	37,071,989	67,013,992
Investment in other companies	I.P.C.	8,438,381	12,729,580
Amortization of goodwill	I.P.C.	14,222,385	25,942,958
Current assets	I.P.C.	1,179,013	86,620
Other assets	I.P.C.	6,622,751	14,816,812
Credit for cost and expense accounts	I.P.C.	181,876	423,856
<b>Net credit-assets</b>		<b>74,895,440</b>	<b>136,351,633</b>
<b>Liabilities and Shareholders' equity</b>			
Shareholders' equity	I.P.C.	(53,769,507)	(93,551,261)
Accounts payable to subsidiaries short-term	I.P.C.	-	(133,846)
Accounts payable to subsidiaries long-term	U.F.	204,665	-
Due to banks and financial institutions short-term	I.P.C.	(199,687)	(14,359,035)
Bonds payable short-term	I.P.C.	(3,536,250)	(6,146,338)
Bonds payable long-term	I.P.C.	(7,597,089)	(4,124,111)
Non monetary liabilities	I.P.C.	(357,953)	(528,351)
Current liabilities and long-term	U.F.	(10,234,929)	(18,718,791)
	I.P.C.	-	(1,792)
Charge to income accounts	I.P.C.	(160,283)	(441,451)
<b>Net charge-liabilities and shareholders' equity</b>		<b>(75,651,033)</b>	<b>(138,004,976)</b>
<b>Net charge to income</b>		<b>(755,593)</b>	<b>(1,653,343)</b>

## NOTE 23. EXCHANGE DIFFERENCES

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

Assets				Liabilities				
Current assets	Currency	As of December 31 ,		Current liabilities	Currency	As of December 31 ,		
		2006 ThCh\$	2005 ThCh\$			2006 ThCh\$	2005 ThCh\$	
Cash	US\$	201	316,245	Due banks and financial institutions	US\$	(1,396,500)	-	
Time deposits	US\$	512,253	(2,843,446)	Amount payable to related companies	US\$	1,025,576	599,589	
Other current assets	US\$	341,016	(167)	Forward	US\$	-	(393,972)	
Amounts due from related companies	US\$	197,290	(1,174,537)	Other liabilities	US\$	-	-	
Other accounts receivable	US\$		(574,053)	Miscellaneous payable	US\$	(989)		
<b>Non-current assets</b>				<b>Long-term liabilities</b>				
Amounts due from related companies	US\$	579,882	(31,814,475)	Due banks and financial institutions	US\$	(3,454,255)	9,260,225	
Investment in other companies	US\$	(650,223)	(7,292)	Bonds payable	US\$	(1,590,397)	19,956,121	
<b>Total gain (loss)</b>		<b>980,419</b>	<b>(36,097,725)</b>	<b>Total gain (loss)</b>		<b>(5,416,565)</b>	<b>29,421,963</b>	
						<b>Exchange difference- net income (loss)</b>	<b>(4,436,146)</b>	<b>(6,675,762)</b>

## NOTE 24. CASH FLOW STATEMENT

	As of December 31	
	2006 ThCh\$	2005 ThCh\$
<b>Other financing disbursements</b>		
Collar and collateral derivative contracts premiums	-	5,111,847
Forward contract settlement	-	855,725
<b>Total</b>	<b>-</b>	<b>5,967,572</b>

	As of December 31	
	2006 ThCh\$	2005 ThCh\$
<b>Other financing receipts</b>		
Forward contract settlement	-	453,506
<b>Total</b>	<b>-</b>	<b>453,506</b>

	As of December 31	
	2006 ThCh\$	2005 ThCh\$
<b>Other income of investments</b>		
Equity negative Chilectra S.A.	12,719,821	24,882,941
Decrease in investment Codensa	-	2,798,204
Decrease in equity Distrilima	10,903,308	29,414,526
Premium of margin call	405,546	-
<b>Total</b>	<b>24,028,675</b>	<b>57,095,671</b>

	As of December 31	
	2006 ThCh\$	2005 ThCh\$
<b>Other disbursements from investments</b>		
Others	502,413	-
<b>Total</b>	<b>502,413</b>	<b>-</b>

## NOTE 25. FINANCIAL DERIVATIVES

As of December 31, 2006 the Company held the following financial derivative contracts with financial institutions with the object of reduce exposure to interest rate and foreign currency risk, as follows, which have been valued according to the note 2t:

Type	Type Contract	Nominal Amount US\$	Date of Maturity	Item	Sales/ Purchase	Hedged Item	Amount		Accounts			
							Amount ThCh\$	Hedged item ThCh\$	Assets / Liabilities		Income	
									Account	Amount ThCh\$	Realized ThCh\$	Unrealized ThCh\$
S	CCTE	350,000,000	I- 2014	Exchange rate	C	Bonds payable	186,336,500	186,336,500	Other liabilities long-term	(77,962,451)	(855,631)	(108,931)
S	CCTE	250,000,000	IV-2016	Exchange rate	C	Bonds payable	133,097,500	133,097,500	Other liabilities long-term	(64,414,666)	(470,600)	(915,686)
OE	CCTE	50,000,000	IV-2007	Interest rate	C	Bank obligations	26,619,500	26,619,500	Other liabilities short-term	-	-	-
OE	CCTE	100,000,000	IV-2008	Interest rate	C	Bank obligations	53,239,000	53,239,000	Other liabilities long-term	-	-	-
OE	CCTE	50,000,000	IV-2009	Interest rate	C	Bank obligations	26,619,500	26,619,500	Other liabilities long-term	-	-	-

(1) S = SWAP, OE = OPTIONS

## NOTE 26. COMMITMENTS AND CONTINGENCIES

a. Collateral held by third parties:

Guarantee	Subsidiary	Type guarantee	Committed assets		Balance payable of related debt at December 31.						
			Type	Currency	Book value of collateral	Currency	Release of guarantees				
							2006 ThCh\$	2005 ThCh\$	2006 ThCh\$	2007 ThCh\$	2008 ThCh\$
Deutsche Bank	Enersis S.A.	Deposits account	Deposit account	ThCh\$	4,008,541	ThCh\$	39,415,282	-	-	-	-

b. Litigation and other legal actions:

**Plaintiff** : Enersis S.A., Chilectra S.A., Empresa Nacional de Electricidad S.A.  
**Defendant** : The Republic of Argentina  
**Court** : CIADI Arbitration Panel  
**Case/Identification** : (CIADI Case ARB/03/21)

Compensation for losses caused to the Plaintiff's investment in the Republic of Argentina is requested in connection with the participation of the power distribution concessionaire Edesur S.A. on the grounds of violation of the Investment Protection and Promotion Agreement entered into by the Republics of Chile and Argentina, and the Argentinean Government behavior through the passing of Public Emergency Law 25,561, dated January 6, 2002. The said behavior has also seriously affected the economic and financial balance of the Concession Contract between Edesur S.A. and the Argentinean National State. The said Law authorized a re-negotiation process of the Concession Contracts with

the purpose of re-composing the economic-financial equation affected by the conversion to pesos, at US\$1 = \$1, of tariff values calculated in American dollars, and the prohibition to apply biased tariff updating. In practice, this process has not been promoted by the Government, and no measures to prevent losses for the Plaintiff have been formalized. Edesur S.A. has been deprived of receiving the tariffs indicated in the regulations and in the said Concession Contract, therefore being harmful to the investment the Plaintiff companies have made.

Process status: On October 18, 2004, a copy of the lack of jurisdiction petition filed by the Republic of Argentina was received. On December 17, 2004 the said petition was answered and confirmation of the CIADI jurisdiction was requested.

On April 6, 2005, the allegations of the parties regarding this jurisdiction issue took place. The court decided to accept the re-petition and re-response of the parties, setting a brief term for them. And the parties met the term. On June 15, 2005, Edesur S.A. entered with

the Unit for Renegotiation and Analysis of Public Services Contracts (UNIREN) into an Understanding Letter within the framework of the process for renegotiating Edesur S.A.'s Concession Contract, envisaged in Law No.25,561 and supplementary regulation. As a result of the Understanding Letter, on August 29, 2005, the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy were entered into. At the request of the Argentine Government, the Minutes of Agreement were executed again, on the same terms and conditions, on February 15, 2006, to include the new Minister of Economy and Production. The Minutes envisage a Transitional Rate Regimen, retroactively effective beginning on November 1, 2005; require approval of the authorities for paying dividends during the life of the transitional regime; and include other aspects associated with investments, quality of service, penalties applied to Edesur, and unpaid penalties. Also, it establishes a Full Rate Revision, by which a new rate regime is to be set, which was scheduled to become effective on November 1, 2006, and for the next 5 years, under the supervision of the Ente Nacional Regulador de la Electricidad (ENRE), in accordance with law 24,065.

In addition, the Understanding Letter imposes the obligation of initially suspending, and subsequently dropping, all actions filed against the Argentinean State by Edesur S.A. and its shareholders. Such requirement would cause Enersis S.A. to suspend the international arbitration started on April 25, 2003 with the International Center for the Settlement of Disputes regarding Investments between States and Nationals of Other States (CIADI).

After publication in the Official Gazette of the Republic of Argentina of the resolution approving the rates arising from the Full Rates Revision, Enersis S.A. and its subsidiaries Chilectra S.A., Empresa Nacional de Electricidad S.A. and Elesur S.A. (currently, Chilectra S.A.) would drop the abovementioned international arbitration started with the CIADI.

On September 16, 2005 the Republic of Argentina made a filing requesting the suspension of the proceedings. It was answered on September 22, 2005 by the plaintiffs, who opposed the suspension. On September 30, 2005 the court rejected the Argentinean request, for lack of consent. On October 7, 2005, Argentina made a new filing on the same issue, which the court communicated to us on October 11, 2005, and we answered the filing on October 18, 2005.

On March 28, 2006, the court ordered the suspension of the proceedings for a term of 12 months, after which it will call on the parties to report on the status of the negotiation conducted in accordance with the Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy. Subsequently, the court will decide whether or not the proceedings should continue. The Minutes of Agreement for the Adequacy of the Concession Contract for the Public Service of Distribution and Marketing of Electric Energy, after being approved by the Congress of the Argentine Nation, were ratified by the Executive National Argentine Power through decree 1959 of 2006, published on the Official Gazette on January 8, 2007, and now their regulation by the ENRE is pending.

**Amount involved: US\$574,739,550.**

#### c. Restrictions:

**c.1** The Company's loan agreements establish an obligation to comply with the following financial ratios:

- Enersis's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 6.5 in 2006, ending at 6.00 in 2008
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 4.5 in 2006, ending at 3.00 in 2008
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.80 in 2006 ending at 2.20 in 2008
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 77.5% in 2006, ending at 70% in 2008
- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets, steadily until 2008
- Minimum shareholders' equity at least equal U.F.27 million.

As of December 31, 2006 and 2005 all these obligations have been met.

## NOTE 27. SURETIES OBTAINED FROM THIRD PARTIES

As of December 31, 2006, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	ARC S.A.	Third	8,031
Contract of Sit. and Srv. Corp.	Novell Chile S.A.	Third	6,307
Contract of Sit. and Srv. Corp.	Proveedores Integrales Prisa S.A.	Third	3,500
Contract of Sit. and Srv. Corp.	Clasificadora de riesgo Humphreys	Third	688
Contract of Sit. and Srv. Corp.	Felle-Rate Clasificadora de Riesgos	Third	688
Others		Third	1,238
<b>Total</b>			<b>20,452</b>

As of December 31, 2005, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	Gtd Teleductos S.A.	Third	18,352
Seriousness of supply	Telmex Chile Networks Sa	Third	18,352
Support contract	Smartcom S.A.	Third	18,352
Support contract	Empresa Nacional de Telecomunicaciones	Third	17,640
Support contract	Aguas Andinas S.A.	Third	9,176
Contract of Sit. and Srv. Corp.	Telefónica Móviles Chile	Third	9,176
Support contract	ARC S.A.	Third	8,038
Finish contract	Resguardo	Third	3,047
Support contract	Proveedores Integrales Prisa S.A.	Third	2,450
Others		Third	3,493
<b>Total</b>			<b>108,076</b>

## NOTE 28. FOREIGN CURRENCIES

As of December 31, 2006 and 2005, foreign currency denominated assets and liabilities are as follows:

### a. Current assets

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Cash	Ch\$	86,966	46,057
	US\$	75,969	75,054
Time deposits	US\$	6,949,540	-
Notes receivables	Ch\$	737	752
Other receivables	Ch\$	1,931,474	15,094,727
	US\$	6,236,428	4,273,295
Amounts due from related companies	Ch\$	5,876,797	23,205,019
	US\$	89,148,129	2,501,257
	U.F.	272,452	245,421
Income taxes recoverable	Ch\$	3,914,901	7,764,556
Prepaid expenses	Ch\$	21,075	633
Deferred income taxes	Ch\$	36,240,045	44,968,049
Other current asset	Ch\$	7,092,382	5,922,650
	US\$	4,008,541	
<b>Total current assets</b>		<b>161,855,436</b>	<b>104,097,470</b>

## b. Property, plant and equipment

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Buildings and infrastructure	Ch\$	22,553,982	22,554,028
Machinery and equipment	Ch\$	2,957,880	2,677,301
Other fixed assets	Ch\$	748,512	1,045,214
Technical appraisal	Ch\$	35,915	35,928
Depretiation	Ch\$	(15,116,748)	(14,081,250)
<b>Total property, plant and equipment</b>		<b>11,179,541</b>	<b>12,231,221</b>

## c. Other assets

Account	Currency	As of December 31,	
		2006 ThCh\$	2005 ThCh\$
Investment in related companies	Ch\$	1,846,353,266	1,853,301,670
	US\$	510,886,798	407,184,848
Investment in other companies	US\$	12,408,630	13,956,895
	Ch\$	632,037,053	685,879,097
Negative goodwill, net	US\$	5,663,855	6,080,891
	Ch\$	(88,049)	(104,819)
Goodwill, net	US\$	(359,616)	(473,495)
	Ch\$	-	-
Other receivables	US\$	345,573,366	202,775,775
	U.F.	137,076,073	156,622,993
Amount due from related companies	Ch\$	1,559,002	1,559,002
	Ch\$	(693,579)	(615,481)
Intangibles	Ch\$	59,813,862	7,452,939
	Ch\$		
Less: Accumulated amortization	Ch\$		
Other assets	Ch\$		
<b>Total other assets</b>		<b>3,550,230,661</b>	<b>3,333,620,315</b>
Total assets by currency	Ch\$	2,605,325,473	2,656,706,072
	US\$	980,591,640	636,374,520
	U.F.	137,348,525	156,868,414
<b>Total</b>		<b>3,723,265,638</b>	<b>3,449,949,006</b>

d. Current liabilities

Account	Currency	Within 90 days				91 days to 1 year			
		As of December 31, 2006		As of December 31, 2005		As of December 31, 2006		As of December 31, 2005	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Due to banks and financial institutions	US\$	-	-	-	-	-	-	-	-
Due to banks and financial institutions short-term	US\$	-	-	-	-	-	-	-	-
Due to banks and financial institutions long-term - short-term portion	US\$	870,753	-	12,124	-	-	-	-	-
	Ch\$	30	-	355	-	-	-	-	-
Bonds payable	U.F.	1,703,546	-	942,306	-	-	-	-	-
	US\$	7,326,327	-	-	-	-	-	165,203,800	-
Dividends payable	Ch\$	15,563	-	56,071	-	-	-	-	-
Accounts payable	Ch\$	369,676	-	370,422	-	-	-	-	-
Miscellaneous payable	Ch\$	155,577	-	44,267	-	-	-	-	-
	Ch\$	13,775,416	-	33,403,470	-	-	-	-	-
	US\$	24,387	-	134,285	-	22,088,079	-	1,096,229	-
Accrued expenses	Ch\$	5,022,790	-	4,429,548	-	18,517,023	-	17,633,630	-
Income tax payable	Ch\$	60,099	-	111,060	-	-	-	-	-
Deferred income	Ch\$	-	-	-	-	-	-	-	-
Other current liabilities	US\$	1,086,926	-	1,117,012	-	-	-	-	-
	Ch\$	-	-	77,818	-	-	-	-	-
Total current liabilities	U.F.	1,703,546	-	942,306	-	-	-	-	-
	Ch\$	19,399,151	-	38,493,011	-	18,517,023	-	17,633,630	-
	US\$	9,308,393	-	1,263,421	-	22,088,079	-	166,300,029	-
<b>Total current liabilities</b>		<b>30,411,090</b>		<b>40,698,738</b>		<b>40,605,102</b>		<b>183,933,659</b>	

e. Long-term liabilities, December 31, 2006

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %	Amount ThCh\$	Avg Rate %
Due to banks and financial institutions	US\$	167,702,850	49.10%	-	-	-	-	-	-
Bonds payable	U.F.	5,144,268	5.73%	3,732,902	5.75%	11,380,312	5.75%	13,349,301	5.75%
	US\$	-	0.00%	-	0.00%	-	-	319,749,177	7.39%
Accrued expenses	Ch\$	-	-	-	-	856,136	6.50%	2,274,432	6.50%
Amounts due from related companies	US\$	100,962,578	11.37%	-	-	-	-	-	-
Deferred income taxes	Ch\$	2,567,976	-	-	-	-	-	-	-
Other liabilities	Ch\$	154,647,605	-	-	-	-	-	-	-
Total long-term liabilities by currency	U.F.	5,144,268	-	3,732,902	-	11,380,312	-	13,349,301	-
	Ch\$	157,215,581	-	-	-	856,136	-	2,274,432	-
	US\$	268,665,428	-	-	-	-	-	319,749,177	-
Total current liabilities		431,025,277		3,732,902		12,236,448		335,372,910	

f. Long-term liabilities, December 31, 2005

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\$	44,477,313	4.91	-	-	-	-	-	-
Bonds payable	U.F.	3,336,384	5.72	3,434,118	5.74	10,185,214	5.75	18,301,987	5.75
	US\$	-	-	-	-	-	-	366,732,709	7.39
Accrued expenses	Ch\$	-	-	-	-	781,234	6.50	2,023,346	6.50
Deferred income taxes	Ch\$	2,947,556	-	-	-	-	-	-	-
Other liabilities	US\$	-	-	-	-	122,712,020	-	-	-
Total long-term liabilities by currency	U.F.	3,336,384	-	3,434,118	-	10,185,214	-	18,301,987	-
	Ch\$	2,947,556	-	-	-	123,493,254	-	2,023,346	-
	US\$	44,477,313	-	-	-	-	-	366,732,709	-
<b>Total current liabilities</b>		<b>50,761,253</b>		<b>3,434,118</b>		<b>133,678,468</b>		<b>387,058,042</b>	



## NOTE 29. SANCTIONS

The Company and its directors has not been the subject to sanctions by the SVS nor by any other administrative authorities.

## NOTE 30. SUBSEQUENT EVENTS

On January 15, 2007, the Company was notified of Decree 7-2006 dated January 12, 2007, issued by the Panel of Experts provided for in the General Electrical Services Law, settling the discrepancies arising by reason of the Technical Report containing observations and corrections to the studies for determining the Annual Value of the Subtransmission System, together with the respective rate formulas, approved by the National Energy Committee in Exempt Resolution 695 of October 31, 2006.



JUAN CARLOS WIECZOREK  
Deputy Chief Accounting Officer

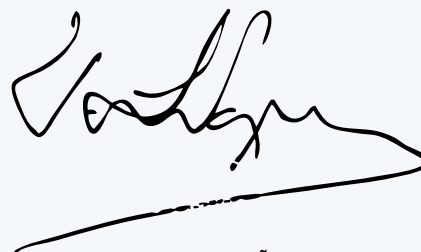
This Decree, which basically rejected the discrepancies set forth by the Company, will mean that the subtransmission rate setting process will result in a decrease of about Ch\$28 thousand million per year, before tax, in income from the sale of energy and power. This, in turn, will result in a decrease of about 4.6% per year in such income.

The above notwithstanding, Chilectra S.A. is studying actions and remedies that might apply with regard to such Decree.

No other significant events that might affect these financial statements have occurred in the period from January 1, 2007 to their date of issue.

## NOTE 31. ENVIRONMENT

As of December 31, 2006, the Company has not incurred in environmental expenses.



IGNACIO ANTOÑANZAS  
Chief Executive Officer

## ESSENTIAL FACTS

### DIVIDENDS

As agreed upon in the General Ordinary Shareholder's Meeting held on March 21st 2006, agreement was reached to pay a final dividend N° 73 of 60% of the liquid Company profits, which is \$0.9651 per share, rounded off to the closest whole number, the result of which is \$ 1.00 per share.

This represents a disbursement reaching M\$ 32,651,166 charged to the results of December 31 2005.

The aforementioned modifies the effect of the dividend policy on this subject, which provided a proposed disbursement of a final dividend of 50% of the liquid Company profits.

For this reason, a minimum obligatory dividend of \$ 0.48256 will be paid, and an additional dividend of \$ 0.51744 per share, which together make up the Definitive Dividend N° 73.

### CHANGES IN THE BOARD

In the Board Meeting held on March 29th 2006, Mr. Pablo Yrarrázaval Valdés was elected as President of the Board and the Company, and Mr. Rafael Miranda Robredo was elected as Vice President, and Mr. Domingo Valdés Prieto as Secretary. As a result, the Board elected in the General Ordinary Shareholder's Meeting on the 21st of March is established as follows:

Pablo Yrarrázaval (President)  
Rafael Miranda (Vice President)  
Juan Ignacio de la Mata  
Rafael Español  
Hernán Somerville  
Eugenio Tironi  
Patricio Claro  
Domingo Valdés (Secretary)

Likewise, in the aforementioned Board Meeting the designation of the Directors Committee established in Article 50 Bis of Law 18.046, was carried out, which is made up of Mr. Pablo Yrarrázaval Valdés, Mr. Hernán Somerville Senn, and Mr. Patricio Claro Grez. In compliance with that established in Circular N° 1.526 of the SVS (Chilean Securities and Exchange Commission), it is informed that the Director, Mr. Patricio Claro Grez was elected by votes distinct from those of the controller, its members, or any related persons.

Next, the Directors Committee designated as President Mr. Pablo Yrarrázaval Valdés, and as Secretary Mr. Domingo Valdés Prieto.

Also the Board of Enersis S.A., in compliance with that provided in the Company's Social Statutes, in the session held on March 29th 2006, the new members of the Audit Committee were designated, a body created

by the demands of the Sarbanes Oxley Law of the United States of America. The Audit Committee of Enersis S.A. is composed of Mr. Juan Ignacio de la Mata Gorostizaga, Mr. Rafael Español Navarro, and Mr. Hernán Somerville Senn, all of whom fulfill the requirements provided in the Sarbanes Oxley Law and its complementary norms.

Finally, it is important to inform that the Board has designated Mr. Rafael Español Navarro as Financial Expert of the mentioned Audit Committee.

### MERGER ELESUR - CHILECTRA

The Extraordinary Shareholders General Meeting of the subsidiaries Elesur S.A. (called Chilectra S.A. as of 31.03.06) and Chilectra S.A., both held on the 31st of March 2006, informs that it has been agreed upon by the shareholders of each company that, among other things, Elesur S.A. and Chilectra S.A. shall merge by the absorption of the last by the first, Chilectra being the merged company or absorbed by Elesur S.A. the absorbing company, merging its agencies in the Cayman Islands, which is Chilectra S.A. Cayman Islands Agency, the one which is absorbed, and Elesur S.A. Cayman Islands Agency the one that absorbs the former.

Due to the merger, Chilectra S.A. will dissolve, incorporating itself into Elesur S.A. so that the shareholders of Chilectra S.A. will become shareholders of Elesur S.A. a product of its capital increase and the exchange of corresponding shares acquired by Elesur S.A. the totality of the assets and liabilities of Chilectra S.A., conceding all of its rights, permits and obligations. Likewise as a result of the merger, all of the assets and liabilities of Chilectra S.A. Cayman Islands Agency shall be incorporated and acquired by Elesur S.A. Cayman Islands Agency, which shall take over all of the rights and obligations of Chilectra S.A. Cayman Islands Agency. The legal effects of the merger will occur as of April 1st 2006. The exchange conversion will be to the amount of 3.0337 shares of Elesur for each share of Chilectra S.A. According to current accounting regulations Elesur S.A. will recognize as of 31.03.2006, an accountable profit of near Ch\$100,000 million, for the right to compensate future taxes with tributary losses from previous fiscal years. Enersis S.A. through the consolidation of this subsidiary will take in to its Financial Statements on that date the accountable profit proportional with its participation.

### CHANGE OF ADMINISTRATION

In the session held on October 25th 2006, the Board received and accepted the resignation of the General Manager, Mr. Mario Valcarce Durán, effective as of October 26th 2006, and the said Board, in the same meeting has designated Mr. Ignacio Antoñanzas Alvear as General Manager, who will assume his duties on October 26th 2006.

### INTERIM DIVIDEND

In the session held on November 29th 2006, the Board agreed to declare an Interim Dividend N° 74 of \$ 1.11 per share, dated December 26th 2006, charged to the results of the fiscal year 2006, which corresponds to 14.91% of the liquid profits calculated on October 31st 2006, in compliance with the Company's dividend policy.

# EMANAGEMENT'S ANALYSIS OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

**ENERSIS GROUP FOR THE YEAR ENDED DECEMBER 31, 2006**

## 1. INCOME STATEMENTS ANALYSIS

The profit obtained by the Company as of December 31st 2006, comes to \$ 285,960 million which means an increase of \$ 216,515 million compared with the previous year, in which the profits obtained reached \$ 69,445 million.

The comparison and variations in each item of the Income Statements of the results are presented in the following table:

INCOME STATEMENT (MILLION Ch\$)	Dec-05	Dec-06	Variation Dec 06-05	%Variation Dec 06-05
Sales	4,684	4,696	12	0.3%
Cost of Sales	(1,168)	(1,320)	(152)	13.0%
Operatinmg Margin	3,516	3,376	(140)	(4.0%)
Administration and Selling Expenses	(17,406)	(16,853)	553	(3.2%)
Operating Income	(13,890)	(13,477)	413	(3.0%)
Income (loss) on investments in related companies	153,381	388,118	234,737	153.0%
Non operating income & expenses, net	9,652	3,581	(6,071)	(62.9%)
Financial margin, net	(31,830)	(22,763)	9,067	(28.5%)
Goodwill amortization	(54,356)	(54,365)	(9)	0.0%
Price.level restatements	(1,653)	(756)	897	(54.3%)
Exchange differences	(6,676)	(4,436)	2,240	(33.6%)
Non Operating Result	68,518	309,379	240,861	351.5%
Income Tax	14,777	(9,982)	(24,759)	(167.6%)
Amortization negative goodwill	40	40	-	0.0%
Net income for the year	69,445	285,960	216,515	311.8%
R.A.I.I.D.A.I.E. (*)	158,259	397,310	239,051	151.1%
Earnings per share	2.13	8.76	6.63	311.3%

(\*) Income before tax, interests, depreciation, amortization, and extraordinary items.

The **operating income** reached a positive variation of \$413 million; the said variation is explained mainly by a reduction in administrative costs and sales through general expenses and services with related companies.

The **non operating income** company results increased by \$240,861 million, equivalent to a 351.5%, going from a profit of \$68,518 million in the year 2005, to a profit of \$309.379 million en the year 2006.

This is explained by the following variations:

The **net financial expenses of financial income** reached a positive variation of \$9,067 million compared with the same period the year before. This is due to lower financial expenses with financial institutions

for the amount of \$11.661 million, and for income of \$611 million, compensated with greater financial expenses with related companies for \$3.025 million.

The **income on investments in related companies** show, as of December 31st 2006, a net profit of \$388,118 million, which compared with the same period last year registered a profit of \$153,381 million, representing an increase of \$234,737 million, and is due to the results of greater investments in Chilectra S.A., Endesa S.A., Enersis Internacional, Endesa Brasil, Ampla Energía e Serviços S.A., Codensa S.A., Inmobiliaria Manso de Velasco Ltda., Ampla Investimentos, Cam Ltda., Cía Peruana de Electricidad S.A. and Synapsis Colombia Ltda. for \$249.242 millon, compensated with CGTF, Synapsis Soluciones y Servicios IT Ltda., Distrilec Inversora S.A., Edesur S.A., Inversiones Distrilima S.A., Investluz S.A., for \$14.505 millon.

The **amortization of goodwill** does not represent important variations with the year before.

The **other non-operating income and expenses (net)** reached a profit of \$3,581 million as of December 2006, which compared with the \$9,652 million of profit that there was on the same date of 2005, shows a negative variation of \$6,071 million. This effect is mainly explained by:

- A reduction of \$4,669 million in compensations received (Tax returns from SII to Elesur).
- A reduction of \$823 million in incomes for the administration of projects, maintenance and construction.
- A reduction of incomes financed by related companies for \$389 million.

**Price level restatement and exchange differences** underwent a net, positive variation of \$3,137 million compared with the same period the year before, going from a loss of \$8,329 million in December 2005, to a loss of \$5,192 million as of December 2006. This is due to a strengthening of the foreign exchange position.

**Income tax and deferred taxes** show a negative variation of \$24,759 million due to a reduction in tributary losses the effect of which on the expense for deferred tax is \$9,778 million, and for the recognition of lower benefits for absorbed profits by \$14,981 million.

The **amortization of goodwill** doesn't show variations with the year before.

## FOREIGN EXCHANGE AND INTEREST RATE ANALYSIS

The Company has a percentage of its credits denominated in dollars since part of its income flows are in that currency. Despite this natural economic coverage, the company is exposed to a high dollar volatility, and has continued with its strategy to partially cover its accountable mismatch between assets and liabilities in dollars, in order to ease the effect of the fluctuations and their effect on results due to variations in the exchange rate.

Considering the important reduction in the mismatch in the accounting in recent years, reaching prudent levels, the company has modified its dollar-peso coverage policy to establish a policy of cash flow coverage, together with the maximum permissible accounting mismatch, upon which coverage operations are carried out. As of December 31st 2006, in individual terms, the company maintained dollar-UF Swap contracts for the amount of US\$600 million. On the same date the year before, the company had contracted US\$700 million in dollar-UF SWAP, as part of the establishment of the new, previously mentioned coverage policy, of which US\$100 million matured in 2006.

In terms of interest rate risk, the company has a debt relation in fixed interest and variable interest of 90%/10% fixed/variable as of December 2006. This risk relation has diminished if compared with the same date the year before, in which period the relation fixed/variable was 100% / 0%, due mainly to refinancing debt maturities, with the new debt at a variable rate. Despite this, risk levels have been maintained at levels within the range established by coverage policies of the company.

## 2. BALANCE SHEET ANALISYS

Assets (million Ch\$)	Dec-05	Dec-06	Variation Dec 06-05	%Variation Dec 06-05
Current Assets	104,097	161,855	57,758	55.5%
Fixed Assets	12,232	11,180	(1,052)	(8.6%)
Other Assets	3,333,620	3,550,231	216,611	6.5%
<b>Total Assets</b>	<b>3,449,949</b>	<b>3,723,266</b>	<b>273,317</b>	<b>7.9%</b>

The total assets of the company show an increase of \$273,317 million compared with the same period the year before. This is due mainly to:

- An increase in the accounts receivable from related companies of short and long term for \$192,595 million, principally with Ampla Energia e Serviços S.A. and Chilectra Agency, this last company was product of the awarding of the assets and liabilities by Enersis Agency, due to the liquidation of Enersis Internacional.
- An increase in investments in related companies for the net amount of \$96,754 million, mainly for positive variations in Chilectra S.A., Endesa S.A., Ampla Energia e Serviços S.A., Distrilec Inversora S.A., Endesa Brasil, Distrilima S.A., Ampla Investimentos e Serviços S.A., CAM Ltda., Synapsis Soluciones and Servicios IT Ltda., Inmobiliaria Manso de Velasco Ltda., Cía. Peruana de Electricidad S.A., Synapsis Argentina S.R.L. and Synapsis Colombia Ltda. for \$380,721 million, compensated with reductions in the companies Enersis Internacional, Codensa, Edesur S.A. for \$283,967 million. Because of the dissolution of Enersis Internacional, Enersis Agencia was awarded investments in Enersis Internacional. Enersis Agencia was awarded investments in Distrilec Inversora S.A., Inversiones Distrilima S.A., Cía. Peruana de Electricidad S.A., Ampla Energia e Serviços S.A., Ampla and Investimentos e Serviços S.A. y Synapsis Argentina S.R.L.
- An increase in the short and long term assets by \$57.539 million, mainly for the loss not made by derivative contracts.
- A reduction of positive goodwill by \$54,259 million, mainly with Endesa S.A. and the corresponding amortization of one year.

Liabilities (million Ch\$)	Dec-05	Dec-06	Variation Dec 06-05	%Variation Dec 06-05
Current Liabilities	224,632	71,016	(153,616)	(68.4%)
Long-term liabilities	574,932	782,368	207,436	36.1%
Shareholders' Equity	2,650,385	2,869,882	219,497	8.3%
<b>Total Liabilities</b>	<b>3,449,949</b>	<b>3,723,266</b>	<b>273,317</b>	<b>7.9%</b>

Liabilities increased by \$53,820 million, compared with December of 2005, which is the equivalent of 6.7% and principally explained by:

- An increase in the short and long term accounts payable due to related companies for \$102,216 million, mainly with Ampla Energia e Serviços S.A. for \$121,093 million, debt incurred by the dissolution of Enersis Internacional, which originated that Enersis Agency held the assets and liabilities of Distrilec Inversora S. A., Inversiones Distrilima S.A., Cía. Peruana de Electricidad S.A., Ampla Energia e Serviços S.A., Ampla Investimentos e Serviços S.A. and Synapsis Argentina S.R.L., besides an increase in the commercial current accounts with CAM Ltda. e Inmobiliaria Manso de Velasco Ltda. for \$5,857 million, compensated by the payment made to Endesa Internacional for \$12,922 million.
- An increase in the obligations with banks and financial institutions for \$123,225 million due to the 2nd revolving line of credit withdrawal of US\$ 310,000 million, plus the exchange rate effect.
- A reduction of the short and long term obligations with the public for \$205,751 million, for the payment of 1st segment of the Yankee Bonds for \$159,183 million (US\$ 300 million), beside, as a result of the liquidation of Enersis Internacional, the Enersis Agency held the repurchase of the said bonds of this company, those which show net obligations with the public for \$50,185 million, besides the amortization of the national bonds for the amount of \$856 million, compensated for the exchange rate effect.
- An increase on the long term liabilities for \$31,932 million for the adjustment of fair value in SWAP contracts for \$41,090 million, compensated with a reduction in unrealized profits of fair value for \$8,843 million.

Regarding equity, it should be pointed out that this had a positive variation of \$219,497 million compared with December 2005. This is explained largely by the increase in profits for the fiscal year of \$285,960 million, plus the reserves for the period of \$2,431 million, compensated with the diminishing of dividends paid for \$68,894 million.

## Main Indexes

Indicator		unit	Dec-05	Dec-06	Variation Dec 06-05	%Variation Dec 06-05
Liquidity	Current Liquidity	Times	0.46	2.28	1.82	395.7%
	Acid Test (1)	Times	0.46	2.28	1.82	395.7%
	Working Capital	MM Ch\$	(120,535)	90,839	211,374	(175.4%)
Indebtedness	Debt Ratio	Veces	0.30	0.30	-	0.0%
	Short-Term Debt	%	0.28	0.08	(0.20)	(71.4%)
	Long-Term Debt	%	0.72	0.92	0.20	27.8%
	Financial Expenses Coverage (2)	Times	2.74	8.06	5.32	194.2%
Profitability	Return on Equity	%	2.62%	9.96%	7.34%	280.2%
	Return on Assets	%	2.01%	7.68%	5.67%	282.1%

(1) Current Asset net of advance costs

(2) RAIIDAIE divided by financial expenses

The evolution of main financial indexes has been the following:

The liquidity index as of December 2006 reached 2.28 times that shows and increase of 1.82 points compared with the same date the year before, this given mainly by the paying of the 1st segment of the Yankee Bonds.

The debt rate is placed at 0.30 times that of December 2006 which when compared with the same period of 2005 does not show variations, despite the awarding of assets and liabilities by Enersis from the liquidation of Enersis Internacional. This meant an increase the accounts payable to related companies and to net the obligations to the public with the repurchase of bonds.

Regarding the profitability index, the net worth reaches 9.96%, which on the same date the year before it reached 2,62%. This increase of 7,34% is due to a greater recognition in the results compared to the same period the year before.

## 3. MAIN CASH FLOW

During the period, the Company generated a net positive flow of \$15.935 million, performed as follows:

Cash Flow (Millions Ch\$)	Dec-05	Dec-06	Variation Dec 06-05	%Variation Dec 06-05
Operations	52,635	62,159	9,524	18.1%
Financing	(185,171)	(77,063)	108,108	(58.4%)
Investment	107,635	27,941	(79,694)	(74.0%)
Net Cash Flow of the year	(24,901)	13,037	37,938	(152.4%)

The operational activities generated a positive net flow of \$62.159 million. This flow is mainly composed of profits for the fiscal year of \$285.960 million, plus the positive variation of assets and liabilities which affect the operational flow by \$100,772 million, compensated by the charges to the results which do not represent the cash flows of \$324.573 million.

The financing activities generated a negative net flow of \$77.063 million, due mainly to the paying of Yankee Bonds of \$159.582 million, the paying of dividends of \$69,572 million, the paying of bank loans of

\$42.886 million, compensated with the obtaining of bank loans for the revolving line of credit of \$163.848 million and the obtaining of loans of related companies of \$33.486 million.

The investment activities generated a positive net flow of \$27.941 million which is largely explained by other investment activities of \$26.800 million, for the collection of documented loans from related companies for \$22.891 million, compensated by permanent investments of \$12,124 million, and by other loans granted to related companies for \$6,154 million and other investment outlays for \$3,274 million.

## II. BOOK VALUE AND ECONOMIC VALUE OF THE ASSETS

Regarding the most important assets, it's important to note the following:

The value of fixed asset goods are adjusted according to the accounting criteria established by the SVS en Circulars N° 550 and 566 of 1985. This case of the foreign company Inversiones Distrilima S.A. its fixed asset values were adjusted according to the exceptional criteria indicated in the Technical Bulletin N° 45 of the Chilean Accountants Association A.G., regulations which were in effect at the moment the investment was made, and which has not been modified by Technical Bulletin N° 51, which replaced the former.

The depreciation is calculated over the updated value of the good according to the years left in the normal life span of each item.

The investments in related companies are shown valued at their proportional patrimonial value. In the case of foreign companies, the application of this methodology has been carried out on the financial statements prepared following the regulations established in Technical bulletins N° 72, and N° 64 of the Chilean Accountants Association A.G., and the intangible values are found with monetary correction and are amortized in compliance with the regulations found in Technical Bulletins N° 55, of the Chilean Accountants Association A.G.

According to the Official Circular N° 150 of January 31st 2003 of the S.V.S the Company has evaluated the closing of its financial statements for the year 2002 the recoverability of its investments related assets, applying the generally accepted accounting principals in Chile which are the Technical Bulletin N° 33 for fixed assets and by the scale defined in the Technical Bulletin N° 56 and has applied the NIC 36 for greater and lesser values related to these investments.

The assets expressed in foreign currency show the exchange rate in effect at the closing of the period.

The investments in financial instruments with agreements are shown according to their purchase value plus the proportion of corresponding interest with the implicit rate in each transaction.

The accounts and documents receivables from related companies are classified according to their short and long term due dates. The operations comply with the equity conditions similar to those prevailing on the market.

In summary, the assets are show valued according to the accounting principals and regulations generally accepted and the relevant instructions issued by the SVS, shown on Note 2 of the Financial Statements.





## FINANCIAL STATEMENTS OF SUBSIDIARIES

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## SUMMARIZED BALANCE SHEETS BY SUBSIDIARY

As of December 31, 2006 and 2005 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS	
	2006	2005	2006	2005
<b>ASSETS</b>				
Current Assets	147,943,067	138,348,157	21,563,721	20,964,452
Fixed Assets	463,038,606	419,876,506	9,493,597	8,365,016
Other Assets	607,665,047	521,151,669	31,335	59,392
<b>TOTAL ASSETS</b>	<b>1,218,646,720</b>	<b>1,079,376,332</b>	<b>31,088,653</b>	<b>29,388,860</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>				
Current Liabilities	127,338,877	104,311,380	16,512,141	18,118,760
Long Term Liabilities	409,878,189	482,889,218	2,095,427	1,396,229
Minority Interest	(7,768,054)	(6,541,249)	11,004	9,816
Shareholders Equity	689,197,708	498,716,983	12,470,081	9,864,055
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1,218,646,720</b>	<b>1,079,376,332</b>	<b>31,088,653</b>	<b>29,388,860</b>

## SUMMARIZED INCOME STATEMENTS BY SUBSIDIARY

As of December 31, 2006 and 2005 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS	
	2006	2005	2006	2005
<b>OPERATING INCOME</b>				
Operating Revenues	664.957.299	606.014.895	54.261.890	46.512.974
Operating Costs	(500.813.595)	(444.798.511)	(44.991.907)	(35.424.558)
Administrative and Selling Expenses	(47.005.935)	(43.618.748)	(10.363.721)	(7.557.414)
<b>NET OPERATING INCOME</b>	<b>117.137.769</b>	<b>117.597.636</b>	<b>(1.093.738)</b>	<b>3.531.002</b>
<b>NON OPERATING INCOME</b>				
Non-Operating Revenues	39.284.306	23.960.318	412.781	626.738
Non-Operating Expenses	(38.023.205)	(47.026.792)	(855.012)	(346.277)
Price Level Restatement and Exchange Rate Difference	262.630	3.725.599	133.707	(199.780)
<b>NET NON OPERATING INCOME</b>	<b>1.523.731</b>	<b>(19.340.875)</b>	<b>(308.524)</b>	<b>80.681</b>
Income Tax	113.118.106	(21.853.528)	(997.251)	(1.512.339)
Extraordinary Items	-	-	-	-
Minority Interest	258.310	(1.436.742)	(5.081)	(4.607)
Negative Goodwill Amortization	-	-	-	-
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>232.037.916</b>	<b>74.966.491</b>	<b>(2.404.594)</b>	<b>2.094.737</b>

## SUMMARIZED CASH FLOW STATEMENTS BY SUBSIDIARY

As of December 31, 2006 and 2005 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS	
	2006	2005	2006	2005
Net Positive (negative) Cash flow from Operating Activities	142.118.884	169.260.837	2.212.879	(154.594)
Net Positive (negative) Cash flow from Financing Activities	(79.574.779)	(140.483.631)	1.712.890	5.034.447
Net Positive (negative) Cash flow from Investment Activities	(66.573.283)	(23.699.145)	(2.969.749)	(3.461.882)
<b>NET POSITIVE (NEGATIVE) CASH FLOW FOR THE PERIOD</b>	<b>(4.029.178)</b>	<b>5.078.061</b>	<b>956.020</b>	<b>1.417.971</b>
Effect of the inflation on cash and cash equivalent	31.640	(506.748)	(51.482)	(91.405)
<b>NET VARIATION OF CASH AND CASH EQUIVALENT</b>	<b>(3.997.538)</b>	<b>4.571.313</b>	<b>904.538</b>	<b>1.326.566</b>
<b>INITIAL BALANCE OF CASH AND CASH EQUIVALENT</b>	<b>14.363.807</b>	<b>9.792.494</b>	<b>3.447.619</b>	<b>2.121.053</b>
<b>FINAL BALANCE OF CASH AND CASH EQUIVALENT</b>	<b>10.366.269</b>	<b>14.363.807</b>	<b>4.352.157</b>	<b>3.447.619</b>

(\*) Since October 1st, 2005 consolidates the societies of Ampla, Coelce, Cachoeira Dourada, Endesa Fortaleza and CIEN.

I. MANSO DE VELASCO		CAM		ENERSIS INTERNACIONAL		DISTRILIMA	
2006	2005	2006	2005	2006	2005	2006	2005
31,182,749	23,939,265	69,591,394	65,644,598	-	40,718,772	41,656,984	35,276,265
36,689,626	43,420,147	14,272,042	13,597,571	-	-	288,876,236	281,608,889
7,129,477	5,642,574	3,136,718	2,420,164	-	346,731,975	2,577,423	2,025,025
<b>75,001,852</b>	<b>73,001,986</b>	<b>87,000,154</b>	<b>81,662,333</b>	-	<b>387,450,747</b>	<b>333,110,643</b>	<b>318,910,179</b>
2,383,709	2,300,178	22,611,258	25,671,337	-	12,284,792	82,039,509	78,755,192
594,969	566,875	7,109,625	6,400,989	-	103,522,927	115,779,196	92,926,187
34,848,083	33,347,506	49	34	-	-	56,626,307	58,864,938
37,175,091	36,787,427	57,279,222	49,589,973	-	271,643,028	78,665,631	88,363,862
<b>75,001,852</b>	<b>73,001,986</b>	<b>87,000,154</b>	<b>81,662,333</b>	-	<b>387,450,747</b>	<b>333,110,643</b>	<b>318,910,179</b>

I. MANSO DE VELASCO		CAM		ENERSIS INTERNACIONAL		DISTRILIMA	
2006	2005	2006	2005	2006	2005	2006	2005
21.659.308	11.355.154	141.079.847	127.792.077	-	-	214.271.061	197.488.163
(11.762.042)	(8.194.927)	(121.468.511)	(108.433.636)	-	-	(155.726.612)	(149.600.225)
(2.626.602)	(2.103.221)	(9.837.376)	(8.051.337)	-	-	(19.965.790)	(18.159.825)
<b>7.270.664</b>	<b>1.057.006</b>	<b>9.773.960</b>	<b>11.307.104</b>	-	-	<b>38.578.659</b>	<b>29.728.113</b>
2.369.367	4.088.909	2.007.960	1.448.492	16.439.320	25.159.862	5.056.246	9.310.933
(2.710.468)	(1.994.947)	(2.260.804)	(5.607.078)	(8.343.925)	(12.744.682)	(21.391.659)	(9.579.890)
123.668	64.777	429.161	(875.503)	5.691.422	(22.367.350)	-	-
<b>(217.433)</b>	<b>2.158.739</b>	<b>176.317</b>	<b>(5.034.089)</b>	<b>13.786.817</b>	<b>(9.952.170)</b>	<b>(16.335.413)</b>	<b>(268.957)</b>
(789.297)	(236.586)	(2.320.830)	(1.432.751)	-	-	(14.004.860)	(11.068.572)
-	-	-	-	-	-	-	-
(2.280.863)	(434.145)	(9)	(10)	-	-	(3.387.870)	(7.366.489)
-	-	-	-	-	-	-	150.176
<b>3.983.071</b>	<b>2.545.014</b>	<b>7.629.438</b>	<b>4.840.254</b>	<b>13.786.817</b>	<b>(9.952.170)</b>	<b>4.850.516</b>	<b>11.174.271</b>

I. MANSO DE VELASCO		CAM		ENERSIS INTERNACIONAL		DISTRILIMA	
2006	2005	2006	2005	2006	2005	2006	2005
13.500.168	7.597.568	6.020.504	(6.059.370)	4.239.617	8.158.651	42.423.083	38.450.898
(5.221.887)	(14.465.528)	(3.399.624)	1.479.480	(38.684.849)	(12.107.790)	(19.918.340)	(20.362.760)
(8.310.757)	6.880.864	(2.648.219)	3.499.959	34.366.653	2.495.637	(21.145.648)	(16.879.925)
<b>(32.476)</b>	<b>12.904</b>	<b>(27.339)</b>	<b>(1.079.931)</b>	<b>(78.579)</b>	<b>(1.453.502)</b>	<b>1.359.095</b>	<b>1.208.213</b>
291	5.488	308.875	(418.608)	433	15.614	-	-
<b>(32.185)</b>	<b>18.392</b>	<b>281.536</b>	<b>(1.498.539)</b>	<b>(78.146)</b>	<b>(1.437.888)</b>	<b>1.359.095</b>	<b>1.208.213</b>
<b>50.780</b>	<b>32.388</b>	<b>1.523.648</b>	<b>3.022.187</b>	<b>83.176</b>	<b>1.520.901</b>	<b>1.811.197</b>	<b>571.926</b>
<b>18.595</b>	<b>50.780</b>	<b>1.805.184</b>	<b>1.523.648</b>	<b>5.030</b>	<b>83.013</b>	<b>3.170.292</b>	<b>1.780.139</b>

EDESUR		ENDESA CHILE		CODENSA		ENDESA BRASIL (*)	
2006	2005	2006	2005	2006	2005	2006	2005
72,572,373	66,490,966	418,324,915	290,918,234	235,513,143	165,965,783	660,284,941	557,092,467
558,805,112	560,787,224	4,150,576,272	3,992,211,914	679,734,841	673,413,198	1,894,422,419	1,816,090,298
8,598,590	7,766,262	715,785,600	693,704,608	18,710,562	9,787,102	490,821,560	480,280,149
<b>639,976,075</b>	<b>635,044,452</b>	<b>5,284,686,787</b>	<b>4,976,834,756</b>	<b>933,958,546</b>	<b>849,166,083</b>	<b>3,045,528,920</b>	<b>2,853,462,914</b>
93,917,685	91,904,779	461,617,399	538,847,579	237,824,866	110,796,648	634,452,594	640,918,073
87,636,265	69,587,110	2,093,571,094	1,807,729,320	171,872,554	169,114,254	939,213,638	838,432,399
-	-	935,188,443	953,511,592	-	-	466,519,847	441,071,043
458,422,125	473,552,563	1,794,309,851	1,676,746,265	524,261,126	569,255,181	1,005,342,841	933,041,399
<b>639,976,075</b>	<b>635,044,452</b>	<b>5,284,686,787</b>	<b>4,976,834,756</b>	<b>933,958,546</b>	<b>849,166,083</b>	<b>3,045,528,920</b>	<b>2,853,462,914</b>

EDESUR		ENDESA CHILE		CODENSA		ENDESA BRASIL (*)	
2006	2005	2006	2005	2006	2005	2006	2005
244.438.883 (216.897.461) (35.574.393)	239.469.513 (205.917.399) (29.814.974)	1.337.120.927 (793.260.032) (39.385.780)	1.146.622.685 (704.080.979) (39.387.634)	449.810.665 (301.258.158) (13.200.958)	401.711.238 (278.455.186) (18.764.717)	1.125.728.588 (784.000.850) (68.741.047)	258.878.889 (166.998.704) (36.886.343)
<b>(8.032.971)</b>	<b>3.737.141</b>	<b>504.475.115</b>	<b>403.154.072</b>	<b>135.351.549</b>	<b>104.491.335</b>	<b>272.986.691</b>	<b>54.993.842</b>
8.756.618 (19.829.838) -	7.446.549 (22.699.651) -	87.255.538 (216.554.715) 5.095.463	71.680.252 (246.623.864) 16.559.508	9.111.748 (21.076.310)	20.973.408 (21.659.405) -	161.021.709 (273.177.500) -	47.676.016 (51.990.839) -
<b>(11.073.220)</b>	<b>(15.253.102)</b>	<b>(124.203.714)</b>	<b>(158.384.104)</b>	<b>(11.964.562)</b>	<b>(685.997)</b>	<b>(112.155.791)</b>	<b>(4.314.823)</b>
(4.284.462) - -	(6.392.698) - -	(130.856.751) - (65.910.792) 6.037.460	(93.885.428) - (53.570.412) 15.631.948	(36.236.229) - -	(35.611.676) - -	(22.951.195) - (45.654.941) -	(3.776.385) - (14.449.894) -
<b>(23.390.653)</b>	<b>(17.908.659)</b>	<b>189.541.318</b>	<b>112.946.076</b>	<b>87.150.758</b>	<b>68.193.662</b>	<b>92.224.764</b>	<b>32.452.740</b>

EDESUR		ENDESA CHILE		CODENSA		ENDESA BRASIL (*)	
2006	2005	2006	2005	2006	2005	2006	2005
26.790.893 11.722.567 (35.814.594)	35.481.384 (4.731.340) (29.234.676)	420.100.772 (136.166.481) (200.382.110)	276.617.083 (374.771.957) (56.275.095)	97.443.752 (64.500.116) (42.250.355)	113.216.737 (254.650.405) (7.176.545)	185.858.038 (64.031.617) (160.860.197)	117.573.944 (22.463.659) (50.791.521)
<b>2.698.866</b>	<b>1.515.368</b>	<b>83.552.181</b>	<b>(154.429.969)</b>	<b>(9.306.719)</b>	<b>(148.610.213)</b>	<b>(39.033.776)</b>	<b>44.318.764</b>
-	-	(11.112.397)	(5.651.512)	528.268	(27.579.073)	28.764.985	(15.339.964)
<b>2.698.866</b>	<b>1.515.368</b>	<b>72.439.784</b>	<b>(160.081.481)</b>	<b>(8.778.451)</b>	<b>(176.189.286)</b>	<b>(10.268.791)</b>	<b>28.978.800</b>
<b>23.091.742</b>	<b>21.180.096</b>	<b>83.073.421</b>	<b>243.154.902</b>	<b>29.079.418</b>	<b>204.769.884</b>	<b>215.854.328</b>	<b>183.174.841</b>
<b>25.790.608</b>	<b>22.695.464</b>	<b>155.513.205</b>	<b>83.073.421</b>	<b>20.300.967</b>	<b>28.580.598</b>	<b>205.585.537</b>	<b>212.153.641</b>





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