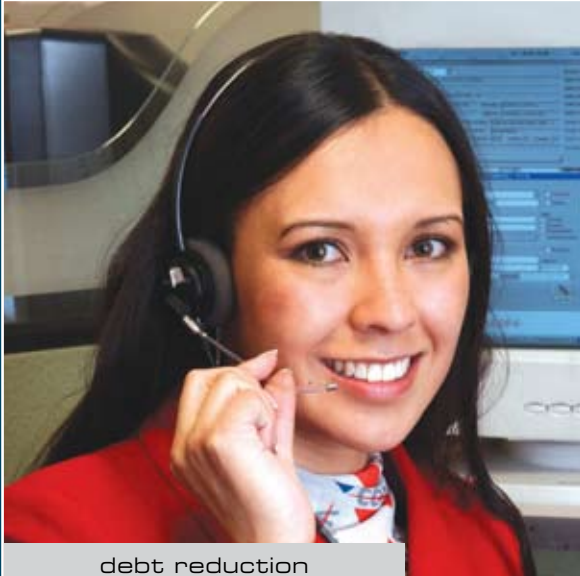


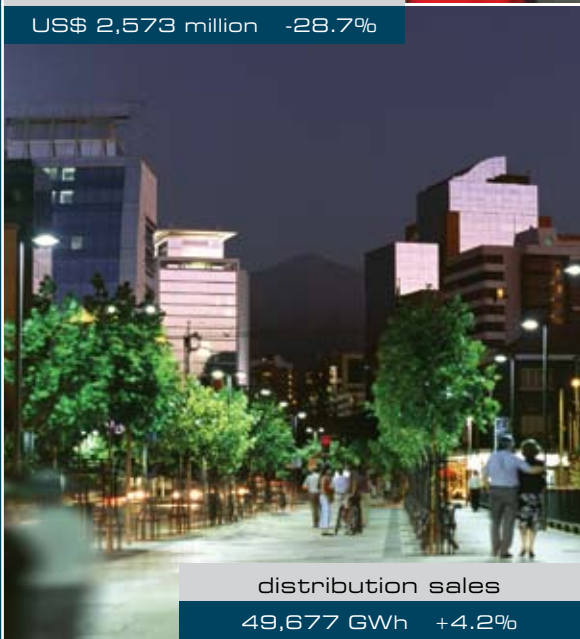
2003 annual report Enersis



debt reduction
US\$ 2,573 million -28.7%



generated energy
42,929 GWh +4.6%



distribution sales
49,677 GWh +4.2%

SANTIAGO STOCK EXCHANGE
ENERSIS

NEW YORK STOCK EXCHANGE (NYSE)
ENI

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



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letter from the chairman of the board

Dear Shareholder:

I am pleased to present you with the Annual Report corresponding to the performance of the Enersis Group for the year 2003.

Before I go on to the summary of the activities of the Group during last year, I must remind you of the situation that we have had to face in recent times. Our results have been seriously affected by a crisis that touched and still touches upon our region, and especially upon several countries in which we possess important investments, having a significant impact on the electricity business and, consequently, on our liquidity.

In these circumstances, Enersis was forced to implement what was called "The Financial Strengthening Plan", launched in October, 2002 that sought not only to strengthen our companies and reduce the risks for the investors, but also to reinforce the financial and equity situation of Enersis, recovering in this way, the confidence of the financial markets.

As was decided, this plan contained three fundamental pillars, each with a clear target announced at the time: Refinance the short and medium term debt of US\$ 2,300 million; strengthen the equity base by means of a capital increase of US\$ 2,000 million; and the sale of assets for a figure in the region of US\$ 900 million, including their debts.

The year 2003 shall be remembered for its intense and successful financial activity. In order to appreciate the magnitude of what was done, we must highlight that throughout the year, the Enersis Group carried out multiple operations for approximately US\$ 7,000 million, which is the equivalent to some 20% of the foreign debt of this country.

The step to refinance US\$ 4,018 million was completed utilizing various alternatives such as new syndicated loans, bond issues on the local and international markets, pre-payment of bank debts and other operations. In this context, Enersis took advantage of the improved market conditions to refinance its debt at very favorable rates and this allowed it to obtain important savings in terms of future interest payments. These operations permitted the booking of Enersis' debt with a payment schedule in line with the generation of cash by the Group.

On the other hand, the divestment of assets achieved the best expectations as the prices offered were within the top level expected. In total, assets were sold for US\$ 757 million, including the Canutillar Power Plant and the Compañía Eléctrica del Río Maipo S.A. distribution company, excellent assets that had to be disposed of as a result of the liquidity requirements of the Company. Given the adverse market conditions, the most attractive assets were those located in Chile.



Nevertheless, I must point out that the 175 MW of installed capacity of the Canutillar hydroelectric power plant that was sold, will be amply exceeded by the 570 MW capacity of the new Ralco power plant which will come on stream during this year 2004. This is not considering the 310 MW capacity of the new Endesa Fortaleza thermoelectric power plant in the northeast of Brazil, which has been in operation since January 2004 and in which Enersis holds 49% of the ownership. With respect to the sale of the Río Maipo distribution company, I should mention that in 2003 the number of distribution clients rose by 504,000, 1.5 times the size of the aforementioned distribution company.

With regard to the capital increase, this exceeded even the most optimistic expectations. In this respect, we must recall that when we launched this operation, stock markets were still very depressed and some sectors were more than skeptical about our possibilities of obtaining the participation of the shareholders. In fact, this permitted the Company to increase its equity base by more than US\$ 2,104 million, a significant part

of which corresponded to the capitalization of debts of US\$ 1,219 million made by the controlling shareholder and US\$ 799 million provided by the minority shareholders, reaffirming their confidence in the future of the Company. All this led to Latin America's largest capital increase in recent history.

All together, these operations permitted not only the extension of the maturity curve of Enersis' debt but also a substantial reduction in the financial debt of the Group, from US\$ 8,980 million at the end of 2002 to US\$ 6,407 million as of the close of the 2003 period, strengthening in a decisive manner the financial situation of the Company.

These operations also brought with them an improved risk perception of the Company which, together with the recovery in demand for electricity in most of the areas under concession, is reflected in a sustained growth in the liquidity of Enersis' shares, both on the local and on the international markets and a sustained rise in share and ADR prices which, during 2003, increased by 49% and 80%, respectively.

With regard to the results for the year 2003, Enersis showed a profit of Ch\$ 12,468 million which compares favorably with the loss of Ch\$ 225,985 million registered as of December, 2002. In this regard, we should remember that this loss was fundamentally due to once only

accounting adjustments in relation to the investments in Argentina and Brazil and to the effects from the regional crisis.

Net Operating Income amounted to Ch\$ 531,098 million during this period, reflecting a slight reduction due principally to the deconsolidation of the assets referred to above. I must point out the negative impact that the important appreciation of the Chilean Peso against the US Dollar had during the year as a consequence of the adjustment to Chilean norms on the application of Technical Bulletin N° 64 issued by the Chilean College of Accountants.

4

I must highlight the increase of 4% in physical sales in distribution, reaching 49,677 GWh and a rise of 5% in the sales of generated energy amounting to a total of 51,053 GWh, which is consistent with the pace of the economic recovery of most of the countries in which the Enersis Group operates and which permits us to assume that there will be a sustained improvement in the level of sales in 2004.

These two elements, together with the strengthening of the currencies, are the most important when evaluating our main business, its projections and perspectives.

This period has also signified a new orientation in the way we perform our activities. Enersis has been consolidated as the head of the Group and the fundamental depository of investors confidence. In turn, we have boosted its role as the financial holding company, retaining its part as controller of Endesa Chile and Chilectra. These companies have become the operating heads of the Generating and Distribution lines in Latin America, with outstanding success.

Not only the performance of our business has been successful. Today we are able to confirm that our commitment with society has been widely recognized by the community with such projects as: "Illuminating Churches in America", which has provided more than 30 temples in Chile, Colombia and Peru with modern ornamental illumination; libraries for the remote communities in the country, with which, together with the El Mercurio newspaper, we have provided over three thousand books; The Energy Information Center open to children and youths in the country where they can learn, in an interesting and educational way, about the use and forms of energy; and other support activities in different cultural areas.

Furthermore, Enersis was awarded the "Heritage Prize" granted by the Corporación de Patrimonio Cultural de Chile, in recognition of its sustained commitment in matters of Corporate Social Responsibility.

Likewise, we have continued with a constant effort to maintain all our investors and shareholders fully informed. For this purpose we have restructured our Web Page with a change in design, content and technology. This has been acknowledged by a jury of specialists from the capital markets who awarded Enersis a prize for first place in the "Best Investor Relations Website" category for the "Southern Cone, Andean Region and Bermuda" for its technical criteria.

Today, the Company possesses a solid base for future projections, not only in Chile, but also in the rest of Latin America. Thus, for the year 2004, we hope to invest some US\$ 500 million, resources required for the conclusion of the generating projects under development and for investments required for the natural growth of the business.

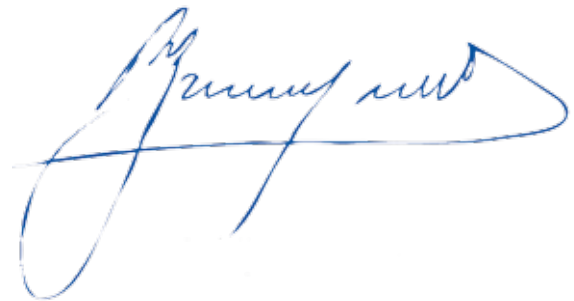
In addition, we are taking all the steps necessary to reduce and curtail the regulatory risks in relation to our business in Brazil and Argentina in order to obtain the expected return .

Finally, I wish to convey to our shareholders that the effort we have made has been of significant importance, but at the same time, I wish to leave on record our firm desire not to fail in our commitment to preserve and enhance our leadership in the Latin American electricity sector in

order to further improve the quality of service and customer attention.

We shall also continue in our pursuit of a fair return to our shareholders who have placed their confidence in our Company.

Yours faithfully,



Pablo Yrarrázaval
Chairman
Enersis S.A.

INFORMATION ON THE COMPANY

Corporate Name:
ENERSIS S.A.

Type of Company
Limited Liability Stock Company

Tax Register Number
94.271.000.3

Address
Santa Rosa N° 76, Piso 17, Santiago, Chile

Postal Code
833-0099 Santiago

Telephones
(56-2) 353 4400, (56-2) 378 4400

Fax
(56-2) 378 4788

Articles of Incorporation and By-laws

The company that gave rise to Enersis S.A. was originally established as Compañía Chilena Metropolitana de Distribución Eléctrica S.A., as recorded in a public deed of June 19, 1981, executed before Patricio Zaldívar, Notary Public in the city of Santiago and amended by public deed of July 13 of the same year before the same Notary Public mentioned above ■ The existence of the Company was authorized and its by-laws were approved pursuant to Resolution No 409-S of July 17, 1981 of the Superintendency of Securities and Insurance. The extract of the existence authorization and the approval of the by-laws were recorded in the Register of

Businesses of the Property Register of Santiago on page 13,099 N° 7,269 of the year 1981 and was published in the Official Gazette on July 23, 1981 ■ To date, the by-laws have been the subject of various amendments. On August 1, 1988 the company changed its name to Enersis S.A. The latest amendment is recorded in the public deed dated April 9, 2003 granted before Patricio Zaldívar, Notary Public in Santiago. The extract was recorded in the Register of Businesses of the Property Register of Santiago on page 11,109, N° 8,665 of the Business Register of 2003 and published in the Official Gazette on April 29, 2003 ■

Historic overview

The origins of Enersis S.A. date back to June 19, 1981 when Compañía Chilena de Electricidad S.A.

P.O.Box
1557, Santiago

Web Site
www.enersis.com

E-mail address
comunicacion@e.enersis.cl

Securities Register Number
N° 175

External Auditors
Deloitte & Touche

Number of Shares
32,651,166,465

Number of Shareholders
10,294

Paid-in Capital (ThCh\$)
2,227,711,340

Reference Name on Chilean Stock Markets
ENERSIS

Reference Name on NYSE
ENI

Reference Name on Madrid Stock Market
XENI

ADRs Custodian Bank
Banco de Chile

Depository Bank ADR Program
Citibank N.A.

Latibex Custodian Bank
Banco Santander

Latibex Liaison Entity
Santander Central Hispano Investment S.A.

Local Risk Rating Companies
Feller Rate, Fitch, Humphreys

International Risk Rating Companies
Fitch, Moody's, Standard & Poor's

was restructured into a parent company and 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 organizational 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 proposal 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, the

Company changed its corporate name to Enersis S.A.

■ Furthermore, for the purpose of providing a better quality of service to its customers, as of June 1, 1989, approval was given for the division of the subsidiary, Distribuidora Chilectra Metropolitana S.A. into a company that would continue in the business with the name Chilectra S.A. and a new company that was established with the name Compañía Eléctrica del Río Maipo S.A., which currently serves the demand for the distribution and sale of electric power in the rural and semi-urban zones of the Metropolitan Region of Chile

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

Corporate Purpose

The purpose of the company is to undertake both in Chile and abroad, the management, development, operation, generation, distribution, transmission, transformation and/or sale of energy of whatever form or nature, directly or through other companies, as well telecommunications activities and the provision of engineering consultancy services, either in Chile or abroad. Its purpose will also be to invest and manage the company's investments in subsidiaries or related companies that generate, transmit, distribute or sell electric power or that are involved in any of the following lines of business: (i) energy in any of its forms or of any nature, (ii) the supply of public services or companies having energy

as their main raw material, (iii) telecommunications and information technology, (iv) intermediation business through Internet. In the fulfillment of its main objective, the company will develop the following functions:

- a) Promote, organize, establish, modify, dissolve or liquidate companies of any nature, whose corporate purpose is similar or related to those of the Company.
- b) Propose to its subsidiary companies policies on investments, financing and marketing as well as accounting systems and criteria which they must adhere to.
- c) Supervise the operations of its subsidiary companies.
- d) Provide its subsidiary or related companies with the financial resources necessary to develop its business and, in addition, provide its subsidiaries with management services, financial, commercial, technical,

legal and auditing advice and in general, services of any nature that might appear necessary for its better performance ■ In addition to its main objective and acting always within the bounds determined by the Investment and Financing Policy approved at the Ordinary General Meeting of Shareholders, the company may invest in: a) The acquisition, management, construction, rental, intermediation, marketing and divestment of any kind of property and real estate, either directly or through subsidiary or related companies. b) All types of financial assets, including shares, bonds and debentures, financial instruments and, in general, all types of securities and capital investments in companies, either directly or through subsidiary or related companies ■

ownership and control

Ownership Structure

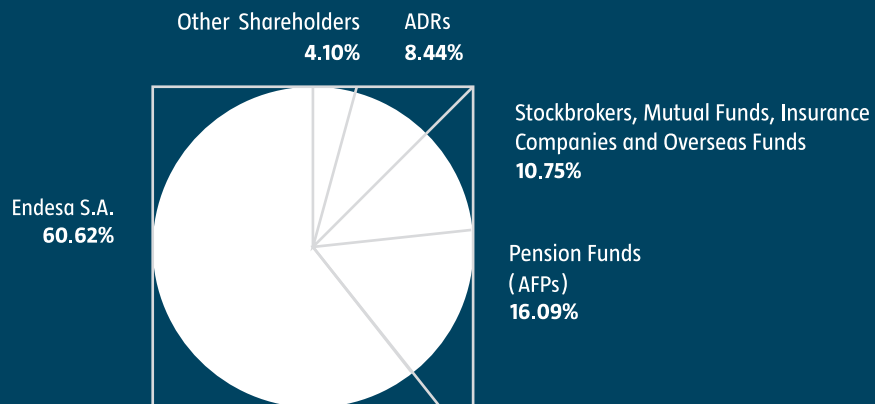
The capital of the Company is divided into 32,651,166,465 shares with no nominal value, all from a same and single series.

As of December 31, 2003 there were 32,651,166,465 shares subscribed and paid-up, distributed over 10,294 shareholders.

Controllers

Pursuant to Title XV of Law Nº 18,045, the controller of the Company, Endesa S.A., Spain, possesses 60.62% of Enersis through the control the latter has over Endesa Internacional S.A. and Sociedad de Inversiones Chispa Uno S.A.

Ownership Structure



The twelve largest shareholders of the Company

As of December 31, 2003, Enersis was owned by 10,294 shareholders. The twelve largest were:

Shareholders	Tax Register Number	Number of Shares	%
Endesa Internacional S.A.	59.072.610-9	19,794,583,473	60.62
Citibank N.A. (ADRs and Chapter XIV)	97.008.000-7	3,131,712,672	9.59
AFP Provida S.A.	98.000.400-7	2,054,685,902	6.29
AFP Cuprum S.A.	98.001.000-7	912,855,104	2.80
AFP Summa Bansander S.A.	98.000.600-K	729,762,948	2.24
AFP Santa María S.A.	98.000.000-1	691,869,309	2.12
AFP Habitat S.A.	98.000.100-8	679,461,335	2.08
Banchile Corredores de Bolsa S.A.	96.571.220-8	673,750,034	2.06
Cía. de Seg. de Vida Consorcio Nacional de Seguros	99.012.000-5	213,109,789	0.65
Bolsa Electrónica de Chile Bolsa de Valores	96.551.730-8	178,161,247	0.55
Consorcio Corredores de Bolsa S.A.	96.772.490-4	168,087,039	0.51
BCI Corredores de Bolsa S.A.	96.519.800-8	150,826,312	0.46
Subtotal: 12 shareholders		29,378,865,164	89.98
Others: 10,282 shareholders		3,272,301,301	10.02
Total: 10,294 shareholders		32,651,166,465	100.00

Principal changes in ownership

During 2003, the principal changes in the ownership of Enersis were:

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Shareholders	Tax Register Number	Number of Shares as of 31/12/2002	Number of Shares as of 31/12/2003	% Variation
Endesa Internacional S.A.	59.072.610-9	694,591,189	19,794,583,473	2,749.82
Citibank N.A. (ADRs and Chapter XIV)	97.008.000-7	328,916,750	3,131,712,672	852.13
AFP Provida S.A.	98.000.400-7	255,812,109	2,054,685,902	703.20
AFP Cuprum S.A.	98.001.000-7	178,611,688	912,855,104	411.08
AFP Summa Bansander S.A.	98.000.600-K	91,054,355	729,762,948	701.46
AFP Santa María S.A.	98.000.000-1	150,793,071	691,869,309	358.82
AFP Habitat S.A.	98.000.100-8	323,304,197	679,461,335	110.16
Banchile Corredores de Bolsa S.A.	96.571.220-8	178,368,323	673,750,034	277.73
Cía. de Seg. de Vida Consorcio Nacional de Seguros	99.012.000-5	61,996,453	213,109,789	243.75
Bolsa Electrónica de Chile Bolsa de Valores	96.551.730-8	18,274,684	178,161,247	874.91
Consorcio Corredores de Bolsa S.A.	96.772.490-4	42,267,412	168,087,039	297.68
BCI Corredores de Bolsa S.A.	96.519.800-8	27,866,141	150,826,312	441.25
Larraín Vial S.A. Corredores de Bolsa	80.537.000-9	72,983,101	138,605,309	89.91
Santander Investment Corredores de Bolsa	96.683.200-2	8,832,648	138,085,786	1,463.36
Bolsa de Comercio de Santiago	90.249.000-0	47,995,976	135,192,884	181.68
AFP Plantival	98.000.900-9	30,275,201	129,016,633	326.15
BICE Corredores de Bolsa S.A.	79.532.990.0	9,361,088	122,996,154	1,213.91
Celfin Cardeweg S.A. Corredores de Bolsa	84.177.300-4	32,272,220	110,658,803	242.89
Compañía de Inversiones Chispa Uno S.A.	96.641.060-4	1,780,246,340	34,666	N/A
Elesur S.A.	96.800.570-7	2,914,325,536	-	N/A
Bancard S.A.	96.894.180-1	91,338,455	-	N/A

Stock Exchange Transactions by Directors and Senior Executives

The following are the stock exchange transactions carried out by the Directors and Senior Executives during the year 2003:

Shareholder	Tax Register Number	Buyer/ Seller	Date Transaction in Shareholders' Register	Number of Shares Traded	Unit Price of Transaction (Ch\$)	Relationship with the Company
Inversiones Santa Verónica Ltda.	79.880.230-5	Buyer	7/5/03	1,500,000	63.6700	Related to Hernán Sommerville, Director
Inversiones y Asesorías Sydarta Ltda.	78.133.360-3	Buyer	13/6/03	2,940,891	60.4202	Related to Ernesto Silva, Director
Ernesto Silva	5.126.588-2	Buyer	13/6/03	400,125	60.4202	Director
Cristián Herrera	10.545.763-4	Buyer	25/6/03	13,366	60.4202	Executive
Inversiones Santa Verónica Ltda.	79.880.230-5	Buyer	25/6/03	4,411,337	60.4202	Related to Hernán Sommerville, Director
Rosario Alvia! S.	17.409.139-0	Buyer	26/6/03	402	60.4202	Daughter of Executive
Ricardo Alvia! S.	16.607.480-0	Buyer	26/6/03	402	60.4202	Son of Executive
Consuelo Alvia! S.	16.209.886-1	Buyer	26/6/03	402	60.4202	Daughter of Executive
Ricardo Alvia! M.	7.330.389-3	Buyer	26/6/03	2	60.4202	Executive
María Elena Valdés	2.471.642-2	Buyer	27/6/03	399,958	60.4202	Related to Pablo Yrarrázabal, Chairman of the Board
María Elena Yrarrázabal	5.710.932-7	Buyer	27/6/03	362,447	60.4202	Related to Pablo Yrarrázabal, Chairman of the Board
Pablo Yrarrázabal	5.710.967-K	Buyer	27/6/03	362,447	60.4202	Chairman of the Board
Jorge Alé	8.360.211-2	Buyer	30/6/03	62,370	60.4202	Executive
Jorge Alé	8.360.211-2	Seller	8/10/03	62,370	81.4900	Executive
Inversiones y Asesorías Sydarta	78.133.360-3	Seller	22/10/03	2,940,891	86.7500	Related to Ernesto Silva, Director
Inversiones y Asesorías Sydarta	78.133.360-3	Buyer	2/12/03	119,642	60.4202	Related to Ernesto Silva, Director
Ernesto Silva	5.126.588-2	Buyer	2/12/03	64,150	60.4202	Director
Inversiones Santa Verónica Ltda.	79.880.230-5	Buyer	3/12/03	707,248	60.4300	Related to Hernán Sommerville, Director
Renzo Costa	7.353.051-2	Buyer	10/12/03	488	60.4202	Executive
Rosario Alvia! S.	17.409.139-0	Buyer	17/12/03	64	60.4202	Daughter of Executive
Ricardo Alvia! S.	16.607.480-0	Buyer	17/12/03	64	60.4202	Son of Executive
Consuelo Alvia! S.	16.209.886-1	Buyer	17/12/03	64	60.4202	Daughter of Executive
María Elena Valdés	2.471.642-2	Buyer	19/12/03	64,123	60.4202	Related to Pablo Yrarrázabal, Chairman of the Board
María Elena Yrarrázabal	5.710.932-7	Buyer	19/12/03	58,109	60.4202	Related to Pablo Yrarrázabal, Chairman of the Board
Pablo Yrarrázabal	5.710.967-K	Buyer	19/12/03	58,109	60.4202	Chairman of the Board
Cristián Herrera	10.545.763-4	Buyer	19/12/03	2,142	60.4202	Executive
Jorge Alé	8.360.211-2	Buyer	19/12/03	2,537	60.4202	Executive
Beatriz García Huidobro	6.981.877-3	Buyer	20/12/03	259	60.4202	Wife of Executive

Santiago Stock Exchange, Chilean Electronic Stock Exchange and Valparaíso Stock Exchange

The transactions carried out on the stock exchanges in which Enersis shares are traded, both in Chile, through the Santiago Stock Exchange, the Chilean Electronic Stock Exchange and the Valparaíso Stock Exchange, and in the United States and Spain, through the New York Stock Exchange (NYSE) and the Latin American Stock Exchange of the Madrid Stock Exchange (Latibex) respectively, were as follows:

Quarterly Stock Exchange Information for the last three years

During the year, 8,038 million shares were traded on the Santiago Stock Exchange for a total value of Ch\$ 577,374 million. The closing price of the share as of December 30 was Ch\$ 86.00.

Santiago Stock Exchange	Units	Amounts (Ch\$)	Average Price (Ch\$)
1st Quarter of 2001	217,618,425	44,437,043,299	205.94
2nd Quarter of 2001	292,388,256	57,663,194,013	197.59
3rd Quarter of 2001	226,195,786	41,936,113,910	185.74
4th Quarter of 2001	393,051,599	73,344,332,507	183.26
1st Quarter of 2002	512,037,133	72,041,084,807	140.70
2nd Quarter of 2002	474,079,058	48,911,115,424	103.17
3rd Quarter of 2002	692,521,240	54,285,443,986	78.39
4th Quarter of 2002	684,639,252	44,147,517,186	64.48
1st Quarter of 2003	435,639,838	26,289,331,211	60.35
2nd Quarter of 2003	2,037,701,115	126,168,454,878	61.92
3rd Quarter of 2003	2,615,141,119	183,158,237,990	70.04
4th Quarter of 2003	2,949,415,326	241,758,079,458	81.97

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During the year, 2,703 million shares were traded on the Electronic Stock Exchange of Chile for a total value of Ch\$ 196,015 million. The closing price of the share as of December 30 was Ch\$ 86.00.

Electronic Stock Exchange of Chile	Units	Amount (Ch\$)	Average Price (Ch\$)
1st Quarter of 2001	83,608,430	17,152,644,402	205.77
2nd Quarter of 2001	158,055,600	31,321,294,251	197.13
3rd Quarter of 2001	109,886,421	20,354,381,577	186.42
4th Quarter of 2001	169,896,292	31,038,862,776	182.94
1st Quarter of 2002	269,920,400	37,714,503,611	139.72
2nd Quarter of 2002	190,914,137	19,585,092,537	102.59
3rd Quarter of 2002	175,890,647	13,502,731,692	76.77
4th Quarter of 2002	209,062,958	13,168,996,825	62.99
1st Quarter of 2003	129,900,766	7,816,872,780	60.18
2nd Quarter of 2003	701,457,496	44,548,746,027	63.51
3rd Quarter of 2003	798,685,064	56,421,436,525	70.64
4th Quarter of 2003	1,073,262,130	87,227,786,087	81.27

During the year, 70 million shares were traded on the Valparaíso Stock Exchange for a total value of Ch\$ 5,016 million. The closing price of the share as of December 30 was Ch\$ 85.91.

Valparaíso Stock Exchange	Units	Amount (Ch\$)	Average Price (Ch\$)
1st Quarter of 2001	1,170,182	241,026,099	205.97
2nd Quarter of 2001	2,746,772	532,712,377	193.94
3rd Quarter of 2001	2,071,416	389,093,093	187.83
4th Quarter of 2001	4,724,089	856,465,194	181.29
1st Quarter of 2002	18,797,002	2,597,626,847	138.19
2nd Quarter of 2002	7,970,306	748,664,861	93.93
3rd Quarter of 2002	22,259,663	1,751,836,764	78.70
4th Quarter of 2002	9,087,665	570,105,970	62.73
1st Quarter of 2003	9,976,687	588,061,758	58.94
2nd Quarter of 2003	16,722,391	1,076,487,907	64.37
3rd Quarter of 2003	20,788,077	1,486,507,277	71.51
4th Quarter of 2003	22,763,455	1,864,617,521	81.91

New York Stock Exchange (NYSE)

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Energis' shares began to be traded on the New York Stock Exchange (NYSE) on October 20, 1993. The Company's ADR is composed of 50 shares and their trading name is ENI. Citibank N.A. acts as the depository bank and the Banco de Chile as the custodian in Chile.

During the year 2003, in the United States of America, 96 million ADRs were traded for a total value of US\$ 543 million. The price of the ADR closed at US\$ 7.36

New York Stock Exchange	ADR's	Amount (US\$)	Average Price (US\$)
1st Quarter of 2001	6,105,000	109,434,411	17.93
2nd Quarter of 2001	6,181,500	100,399,572	16.24
3rd Quarter of 2001	4,750,900	64,675,499	13.61
4th Quarter of 2001	6,703,000	88,799,879	13.25
1st Quarter of 2002	10,004,100	103,381,378	10.33
2nd Quarter of 2002	4,378,200	35,266,409	8.06
3rd Quarter of 2002	3,304,200	17,965,659	5.44
4th Quarter of 2002	4,063,400	17,549,621	4.32
1st Quarter of 2003	2,396,400	9,594,354	4.00
2nd Quarter of 2003	22,642,100	103,382,511	4.57
3rd Quarter of 2003	28,205,200	144,246,700	5.11
4th Quarter of 2003	43,052,600	285,393,515	6.63

Latin American Stock Exchange of the Madrid Stock Exchange (LATIBEX)

The Enersis shares began to be traded on the Latin American Stock Exchange (Latibex) on October 17, 2001. The contracting unit for the Company is 50 shares and its trading name is XENI.

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

During the year 2003, 329 million shares for a total value of € 1,466 million were traded on the Latin American Stock Exchange of the Madrid Stock Exchange. The closing price of the share was € 5.86.

Latibex	Titles	Amount (€)	Average Price (€)
1st Quarter of 2001	-	-	-
2nd Quarter of 2001	-	-	-
3rd Quarter of 2001	-	-	-
4th Quarter of 2001	91,330	1,376,275	15.07
1st Quarter of 2002	547,410	6,513,823	11.90
2nd Quarter of 2002	735,956	6,439,734	8.75
3rd Quarter of 2002	1,168,892	6,518,111	5.58
4th Quarter of 2002	1,332,800	6,028,207	4.52
1st Quarter of 2003	1,674,520	6,217,505	3.71
2nd Quarter of 2003	1,590,018	6,210,510	3.91
3rd Quarter of 2003	289,159,472	1,246,411,078	4.31
4th Quarter of 2003	36,196,071	207,310,744	5.73

Dividend policy for the year 2004

The Board of Directors, with the unanimous vote of its present members, agreed to propose to the Ordinary Meeting of Shareholders of Enersis due to take place on March 26, 2004, the following Dividend Policy with which the Board of Directors expects to comply during the 2004 period:

Distribute in May, August and November, 2004 and in February, 2005 an interim dividend of 85% of the net profits derived from the normal operations of the quarters ending in March, June, September and December of the period, to be charged to the profits for 2004. For the purposes of calculating the above, the interim dividends corresponding to the 2004 period that might have been paid as of the date of the distribution will be discounted from the 85% of the accumulated income before amortizations and negative goodwill.

The dividends established in this policy will be applied on the results derived from the normal operations of the Company, these being, the income before amortizations and negative goodwill made during the 2004 period, without considering those produced by the following events:

1. The effects of accounting produced as a result of the revaluation adjustments made to the contributions to subsidiaries.
2. The effects of accounting produced by the registration of the over-price when the subsidiaries place their own shares.
3. By the profits generated, directly or indirectly, from the investments in affiliates established both in the country and abroad.

4. By the profits generated by overseas subsidiaries or by subsidiaries in which the Company's direct or indirect participation is less than 60% of their equity and by the profits derived from the sale of assets.
5. By the registration of the positive or negative goodwill of those investments.

The Board of Directors will not distribute dividends against a charge to the net profits deriving from the events listed above and the Ordinary General Meeting of Shareholders will have to decide on that issue when approving the definitive dividend.

The above is the intention of the Board of Directors but its compliance will be conditioned to the net profits that are effectively obtained and also to the results projected periodically by the Company or the existence of determined conditions.

With respect to definitive dividends, the Board of Directors proposes that these should be at least for the amount of the interim dividends already distributed or those established in the Law of Quoted Companies, whichever of the two is the greater.

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

Dividend Number	Type of Dividend	Date of Closure	Date Paid	Chilean Pesos per Share (Ch\$ of each year)	Charged to Period
67	Interim	20.02.98	26.02.98	0.800000	1997
68	Definitive	07.05.98	13.05.98	4.500000	1997
69	Interim	20.11.98	26.11.98	1.600000	1998
70	Definitive	11.05.99	17.05.99	4.000000	1998
71	Definitive	19.04.01	25.04.01	1.806391	2000

Distributable Profit

We should recall that in accordance with the Policy on Interim Dividends proposed to the Ordinary General Meeting of Shareholders of the Company that took place on March 31, 2003, no interim dividend has been distributed. However, the Ordinary General Meeting of Shareholders to be held in March 2004 will decide on the possibility of distributing a definitive dividend.

	ThCh\$
Profit for the Period	12,467,863
Negative goodwill amortization (less)	51,176,198
Net Loss	(38,708,335)

Summary of the comments and proposals of the shareholders

No comments were received by Enersis with respect to the progress of the business during the period between January 1 and December 31, 2003 from the majority shareholders or from the group of shareholders that represent 10% or more of the issued shares with voting rights, in accordance with the regulations established in Article 74 of Law N° 18,046 and Articles 82 and 83 of the Regulations of the Law on Quoted Companies.

board of directors

Enersis is managed by a Board of Directors comprised of seven members who serve a three-year term and may be reelected. This Board of Directors was elected at the Ordinary Shareholders Meeting on March 31, 2003.



CHAIRMAN
Pablo Yrarrázaval
Tax Register Number:
5.710.967-K
Chairman of the Santiago de
Chile Stock Exchange



VICECHAIRMAN
Rafael Miranda
Tax Register Number:
48.070.966-7
Profession: Industrial Engineer
Instituto Católico de Artes e
Industrias (ICAI) de Madrid



DIRECTOR
Alfonso Arias
Tax Register Number:
48.087.945-7
Profession: Bachelors Degree in
Law and Economics and Business
Administration Universidad
Complutense de Madrid



DIRECTOR
José Luis Palomo
Tax Register Number:
51.316.595-F
Profession: Bachelors Degree in
Economic and Business Sciences,
in Law and in Sociology
University of Madrid



DIRECTOR
Ernesto Silva
Tax Register Number:
5.126.588-2
Profession: Business
Administration Graduate
Pontificia Universidad Católica
de Chile



DIRECTOR
Hernán Somerville
Tax Register Number:
4.132.185-7
Profession: Attorney
University of Chile



DIRECTOR
Eugenio Tironi
Tax Register Number:
5.715.860-3
Profession: Sociologist
School of Higher Studies in
Social Sciences, Paris, France

SECRETARY OF THE BOARD
OF DIRECTORS:
Domingo Valdés
Tax Register Number:
6.973.465-0
Profession: Attorney
University of Chile

remunerations of the board of directors

In accordance with the contents of Article 33 of Law N° 18,046 on Quotes Companies, the Ordinary General Meeting of Shareholders held on March 31, 2003 agreed on the remuneration corresponding to the Board of Directors of Enersis for the 2003 period.

Below we give the details of the amounts paid to the Directors of Enersis as such, or as members of a Committee and to the Directors of the Company who act or have acted as Directors of subsidiaries.

DIRECTOR	As of December 31, 2003 (ThCh\$)			As of December 31, 2002 (ThCh\$)		
	Board of Enersis	Committee of Enersis	Total	Board of Enersis	Committee of Enersis	Total
Pablo Yrarrázabal	50,311	8,584	58,895	22,814	2,411	25,225
Rafael Miranda	34,957	-	34,957	37,524	-	37,524
José Luis Alvarez	24,540	-	24,540	11,407	-	11,407
José María Fesser	9,120	-	9,120	24,406	-	24,406
Alfonso Arias	17,249	-	17,249	-	-	-
Ernesto Silva	25,156	8,584	33,740	25,015	3,591	28,606
Hernán Somerville	25,156	8,584	33,740	25,015	3,591	28,606
Eugenio Tironi	25,156	-	25,156	24,413	-	24,413
TOTAL	211,644	25,753	237,397	170,594	9,593	180,187

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expenses of the board of directors

During the year 2003, the Board of Directors did not utilize the expense allowance approved by the Ordinary Shareholders Meeting of the Company held in March, 2003.

board practices

Corporate Governance

Enersis is managed by its executive officers under the direction of its board of directors which, in accordance with the estatutos, or articles of incorporation and bylaws, of Enersis, consists of seven directors who are elected at the 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 until a permanent replacement is elected at the next general shareholders meeting. The current board of directors was elected in March 2003 and

their terms expire in March 2006. The members of the board of directors do not have service contracts with Enersis or any of its subsidiaries that provide benefits upon termination of employment.

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

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

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

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

Compliance with NYSE Listing Standards on Corporate Governance

Following is a summary of the significant differences between our corporate governance practices and those applicable to domestic issuers under the corporate governance rules of the New York Stock Exchange. Because we are a "controlled company" under the 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 a domestic U.S. company, be subject to the requirement that we have a majority of independent directors, or nomination and compensation committees.

Independence and functions of the Audit Committee

Under the NYSE corporate governance rules, all members of the audit committee must be independent. We will be subject to this requirement effective July 31, 2005. As required by Chilean Law, Enersis has a Comité de Directores composed of three directors. Although Chilean Law requires that a majority of the Comité de Directores (two out of three members) must be composed of directors who were not nominated by the controlling shareholder and did not seek votes from the controlling shareholder (a "non-control director"), it permits the Comité de Directores to be composed of a majority or even a unanimity of controlled directors, if there are not sufficient non-control directors on the board to serve on the committee. Currently, our Comité de Directores is composed by one non-control director and by two directors appointed by the controlling shareholder. Our Comité de Directores does not currently meet the independence requirements to which the audit committee of Enersis, whether the Comité de Directores or a different committee, will become subject on July 31, 2005, or the additional independence requirements to which the audit committees of U.S. companies are subject.

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

Corporate Governance Guidelines

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

Committees and Other Advisory Bodies

The Comité de Directores

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

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

Committee of Directors

In accordance with the regulations of Article 50 bis of Law N° 19,705, Enersis has a Committee of Directors, comprised of three members, with the powers and duties considered in that article.

On April 1, 2003, the Board of Directors of the Company designated as members of the Committee of Directors of Enersis, Messrs. Pablo Yrarrázaval, Hernán Somerville and Ernesto Silva. In turn, in its meeting N° 6 held on May 15, 2003, the Committee of Directors of Enersis agreed, with the unanimous vote of its members present, to designate Pablo Yrarrázaval as its Chairman and Domingo Valdés as its Secretary.

Consequently, as of December 31, 2003, the Committee of Directors of Enersis was comprised as follows:

CHAIRMAN:

Pablo Yrarrázaval

Tax Register Number: 5.710.967-K

Chairman of the Santiago de Chile Stock Exchange

MEMBER:

Ernesto Silva

Tax Register Number: 5.126.588-2

Business Administration Graduate
Pontificia Universidad Católica de Chile

MEMBER:

Hernán Somerville

Tax Register Number: 4.132.185-7

Attorney
University of Chile

SECRETARY OF THE COMMITTEE:

Domingo Valdés

Tax Register Number: 6.973.465-0

Attorney
University of Chile

Activities of the Committee during the year 2003

In its first session for the year held on January 15, 2003, the Committee of Directors agreed to propose to the Board of Directors, a list of potential candidates to be nominated as experts on the non-monetary contributions consisting of financial debts accepted as a form of payment towards the capital increase undertaken by the Company during the year 2003.

In the meeting held on February 3, 2003, the Committee was informed on the progress made on the Financial Strengthening Plan of the Company.

In the session held on February 10, 2003, the Committee proposed to the Board of Directors that Deloitte & Touche be designated External Auditors for the year 2003 and also agreed to propose to the Board of Directors, the designation of Feller Rate and Fitch Chile as the Local Private Risk Rating Agencies and Fitch, Moody's and Standard & Poor's as the International Private Risk Rating Agencies for Enersis for the year 2003.

In its meeting held on March 7, 2003, the Committee was informed on the Experts' Report on the capital increase prepared by the expert, Eduardo Walker.

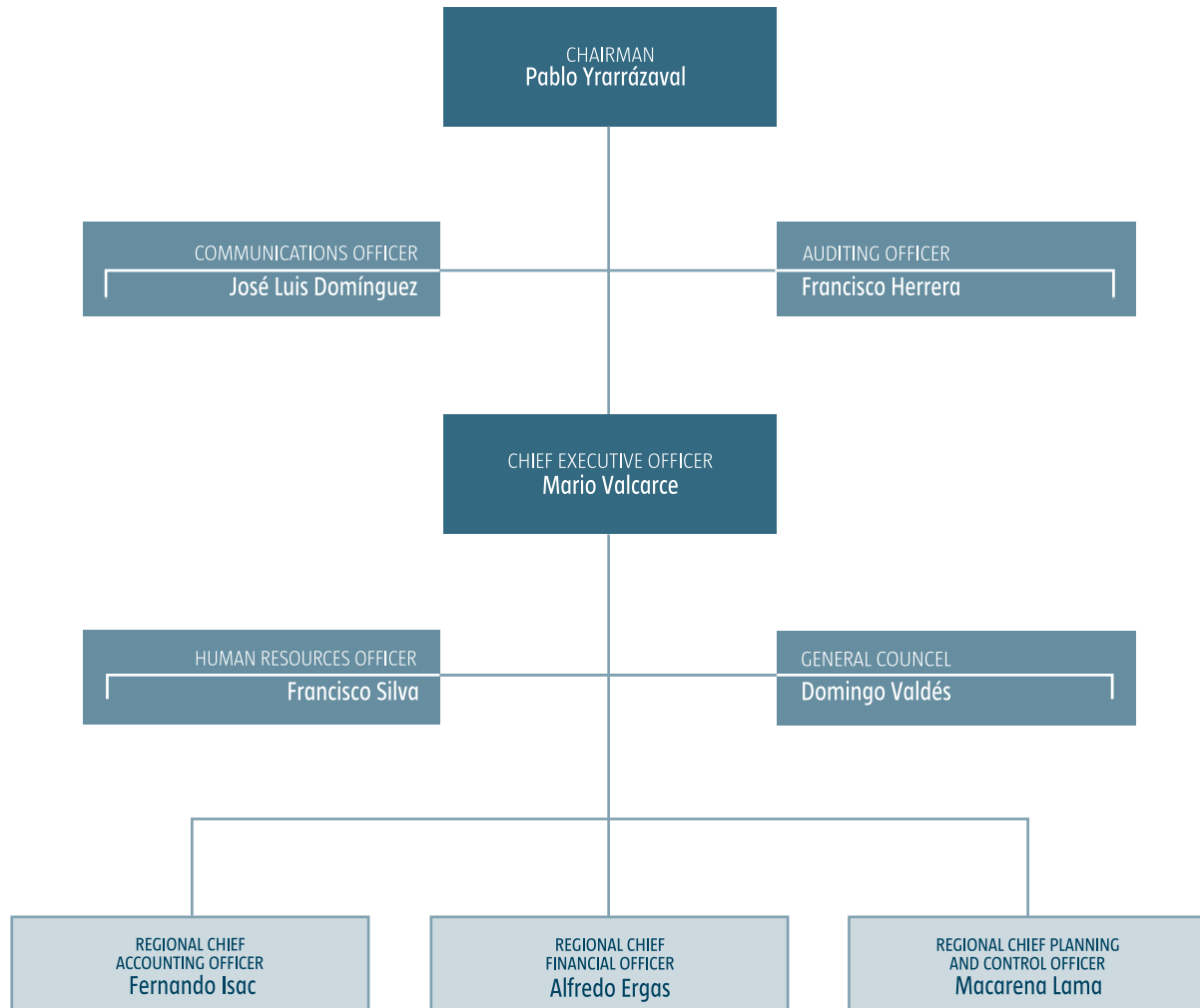
Furthermore, the Committee of Directors analyzed each quarter the Unconsolidated and the Consolidated Financial Statements of the Company; examined the information on the operations referred to in Articles 44 and 89 of Law N° 18,046 on Quoted Companies and prepared reports on these subjects; it also examined the system of remunerations and plans on the compensation to managers and senior executives.

To conclude, during the 2003 period, the Committee of Directors of Enersis has fully covered the matters indicated in Article 50 bis of the Law N° 18,046 on Quoted Companies.

Expenses of the Committee

During the year 2003, the Committee of Directors did not utilize the budget for functional expenses approved by the Ordinary Shareholders Meeting held in March, 2003 and has not had the need to employ professional consultancy to carry out its functions.

organization structure



Management of Enersis



CHIEF EXECUTIVE OFFICER
Mario Valcarce
 Tax Register Number:
 5.850.972-8
 Business Administration
 Graduate
 Universidad Católica de
 Valparaíso



REGIONAL CHIEF FINANCIAL
 OFFICER:
Alfredo Ergas
 Tax Register Number:
 9.574.296-3
 Business Administration
 Graduate
 University of Chile



REGIONAL CHIEF PLANNING AND
 CONTROL OFFICER
Macarena Lama
 Tax Register Number:
 21.495.901-1
 Agronomist
 Escuela Técnica de Ingenieros
 Agrónomos de Madrid



REGIONAL CHIEF ACCOUNTING
 OFFICER
Fernando Isac
 Tax Register Number:
 14.733.649-7
 Economist
 University of Zaragoza



GENERAL COUNCEL
Domingo Valdés
 Tax Register Number:
 6.973.465-0
 Attorney
 University of Chile



COMMUNICATIONS OFFICER
José Luis Domínguez
 Tax Register Number:
 6.372.293-6
 Civil Engineer
 Pontificia Universidad Católica
 de Chile



AUDITING OFFICER
Francisco Herrera
 Tax Register Number:
 7.035.775-5
 Civil Engineer
 Pontificia Universidad Católica
 de Chile



HUMAN RESOURCES OFFICER
Francisco Silva
 Tax Register Number:
 7.006.337-9
 Public Administration Graduate
 University of Chile

Managers' remunerations

The total remunerations received by the managers and senior executives of Enersis during the year 2003 amounted to Ch\$ 2,379 million.

Incentive plans

Enersis has a plan of yearly bonuses for its executives based on the compliance of targets and the individual contribution towards the results

of the Company. 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.

Indemnities paid

Indemnities paid during the year 2003 amounted to Ch\$ 241 million. This amount corresponds to that managers that left the Company during the year.

Management of subsidiaries

CHIEF EXECUTIVE OFFICER ENDESA CHILE

Héctor López

Tax Register Number: 48.062.402-5

B.Sc. in Law and Economic Sciences

ICADE de Madrid

CHIEF EXECUTIVE OFFICER OF CHILECTRA

Rafael López

Tax Register Number: 14.709.119-2

B.Sc. in Economic and Business Sciences

University of Malaga

CHIEF EXECUTIVE OFFICER OF EDESUR

José M. Hidalgo

NIF N° (Spain): 10.120.778-G

B.Sc. in Economic and Business Sciences

Universidad de Santiago de Compostela

CHIEF EXECUTIVE OFFICER OF EDELNOR

Ignacio Blanco

Tax Register Number: 14.677.073-8

B.Sc. in Economic and Business Sciences

University of Zaragoza

CHIEF EXECUTIVE OFFICER OF CERJ

José Inostroza

Tax Register Number: 6.917.769-7

Civil Engineer

University of Chile

CHIEF EXECUTIVE OFFICER OF COELCE

Cristián Fierro

Tax Register Number: 9.921.311-6

Civil Engineer

University of Chile

CHIEF EXECUTIVE OFFICER OF CODENSA

José M. Martínez

NIF N° (Spain): 36.547.347-W

Senior Industrial Engineer

Escuela de Barcelona

CHIEF EXECUTIVE OFFICER OF SYNAPSIS

SOLUCIONES Y SERVICIOS IT LTDA

Victor H. Muñoz

Tax Register Number: 7.479.024-0

Civil Engineer

Universidad Federico Santa María de Valparaíso

CHIEF EXECUTIVE OFFICER OF COMPAÑÍA AMERICANA

DE MULTISERVICIOS LTDA

Pantaleón Calvo

Tax Register Number: 6.611.573-9

Civil Engineer

University of Chile

CHIEF EXECUTIVE OFFICER OF INMOBILIARIA

MANSO DE VELASCO LTDA

Andrés Salas

Tax Register Number: 6.002.870-2

Civil Engineer

University of Chile

Distribution of human resources

The distribution of the human resources of Enersis in subsidiaries and affiliates as of December 31, 2003 was as follows:

Company	Senior Executives	Professionals and Technicians	Workers and Others	Total
Enersis	18	98	90	206
Endesa Chile (1)	54	1,323	138	1,515
Chilectra (2)	26	502	217	745
Edesur	32	1,622	604	2,258
Edelnor	14	340	200	554
Cerj	29	1,028	460	1,517
Codensa	19	754	85	858
Coelce	22	533	820	1,375
Synapsis (3)	14	692	51	757
Cam (4)	8	797	542	1,347
Inm. Manso de Velasco	4	9	11	24
Total	240	7,698	3,218	11,156

(1) Includes: Endesa Chile, Ingendesa, Pangue, Pehuenche, Celta, El Chocón, Edegel, Emgesa, Betania, Cachoeira Dourada and Túnel de Melón.

(2) Includes: Empresa Eléctrica de Colina

(3) Includes: Synapsis Chile, Synapsis Argentina, Synapsis Colombia, Synapsis Brazil and Synapsis Peru.

(4) Includes: Cam Chile, Cam Argentina, Cam Brazil, Cam Colombia and Cam Peru.

During the period, we restructured the way Human Resources functions in order to respond to the new organization structure of the Group.

The principal activities of this management were directed towards improving the perception of the working atmosphere within the organization, affected by the organization restructuring that has taken place over the past few years.

During 2003, we successfully negotiated the Collective Employment Contract with the Company's labor unions: Workers' Union and the Union of University Professionals, substantially improving the historic good labor relations between the workers and the Company.

Furthermore, we carried out different training programs for workers and their families such as the Supervision Program, Development of Technical and Personal Competence and Induction Courses, amongst others, totaling 9,880 hours of training, distributed in the following manner: 5% training of Senior Personnel, 45% training professionals and 50% training for clerical staff.

We also developed programs to bring Senior Management closer to all the levels within the Company by means of breakfasts with the General Management and Human Resources, Committee of Managers, Communicational Activities and Sporting Events.

With respect to infrastructure, we enlarged, remodeled and modernized some of the installations inside the Corporate Building.

Cultural activities

Energis maintains its commitment to the community, working in the fields of education and culture. In the latter, the Company's effort was acknowledged by the Corporación de Patrimonio Cultural de Chile which awarded it the "Heritage" prize in the Conservation category, thanks, amongst other things, to the "Illuminating Churches in the South of the World" project that provided modern lighting for temples in different parts of Chile, which became an important contribution to those communities.

This acknowledgement, according to the above institution, "confirms the importance of uniting the private world with works related to the national identity because, in addition to protecting the cultural and intellectual heritage, it permits the Company to acquire a purpose if it projects itself within the society of which it forms a part". It is for this reason that this prestigious award ratified the noble works that Energis has been doing, year after year, in the area of culture and that in 2003 can be summarized as follows:

Illuminating Churches

Since October 2001, the Endesa Foundation and the Energis Group have developed the noble program of illuminating the most emblematic temples in the country in order to conserve and highlight the architectural and spiritual value of the greatest number of monuments possible. From the moment of signing the agreement between the companies of the Group and the Chilean Episcopal Conference, 18 churches have been inaugurated throughout the country. In 2003, nine architectural works have been illuminated. These are: the Cathedral in Santiago, the Cathedral in Valparaíso, the Basílica de María in Antofagasta, the Cathedral in Arica, the Cathedral in La Serena, the San Francisco Church in Santiago, the Parroquia San Antonio del Mar in Barraza, the Nuestra Señora del Rosario Church in Quilpué and the Military Museum in Santiago.

We should point out that during this period, we decided to illuminate the Military Museum in Santiago due to the importance it has within

the historic heritage of the country. Furthermore, Energis published a book entitled "Illuminating Churches in America" with the images of all the temples illuminated, both in Chile and in Colombia, Peru and the Dominican Republic, thanks to this outstanding project.

Donation of libraries to the remote communities of the country

Three years ago, Energis joined forces with the El Mercurio newspaper to develop a campaign to provide libraries to the most remote communities in the country. To date, we have delivered more than three thousand books to public libraries belonging to remote communities in the country. The beneficiaries in 2003 were Puerto Natales, Putre and Easter Island.

Exhibition of works by Matta

Energis, together with the Fundación Plaza del Mulato Gil, arranged the Roberto Matta exhibition in the Museo de Artes Visuales that paid homage to someone that became one of the most important exponents of plastic arts in the last century. The exhibition comprised more than eighty works including paintings, graphics and ceramics. "Simply Matta" was open to the public between March and May of 2003.

Energy Information Center (EIC)

In addition to the sponsoring activities supported by Energis through its subsidiaries Chilectra and Endesa Chile, Energis owns the Energy Information Center (EIC) where children and youths in the country may learn about the use and the various forms of energy in an educational and interesting manner.

In 2003, the EIC received 8,618 visitors who learned about electricity through games, interactive maps and a video that explains the electricity generation and distribution activities.

Furthermore, the Company complemented this educational activity with the work by a team trained to give talks on this subject to students that reside in areas near to the electricity generating plants in the country.

Financial activities

The year 2003 will be remembered as one of intense and productive financial activity. During this year we carried out an important Financial Strengthening Plan announced in October 2002 and conceived to fulfill three fundamental objectives: refinance the short and medium term debts, strengthen the equity base of the Company with a capital increase and improve the liquidity situation by means of the sale of some chosen assets.

With a greater success than expected, this plan achieved a reduction in financial debts of 29%, from US\$ 8,980 million as of December 31, 2002 to US\$ 6,407 million as of December 31, 2003. Furthermore, the equity base increased by US\$ 2,104 million.

Refinancing of debt

The refinancing stage included different forms of financing such as new syndicated loans, bond issues on the local and international markets, prepayment of bank debts and other minor operations.

In the month of May, the first syndicated loan for the year was signed for a total of US\$ 2,330 million. This consisted of US\$ 1,587 million for Enersis at a rate of LIBOR + 350 basis points and US\$ 743 million for its subsidiary Endesa Chile at a rate of LIBOR + 300 basis points, at a term of five years with a grace period of 30 months on payments of principal.

In this case, the operation was headed by the following banks: BBVA, Dresdner, Kleinwort Wasserstein, Salomon Smith Barney Inc. and Santander Central Hispano Investments Inc. and included the participation of a further 28 banks.

This transaction included a series of restrictions such as obligatory prepayments, limits on new investments and compliance of financial ratios as well as taking the guarantee over the shares and the inter-company loan between Enersis and Chilectra.

For this reason, in the month of July, with the funds received from the capital increase undertaken by the Company, we proceeded to prepay US\$ 582 million of this loan.

Subsequently, in the month of November, Enersis launched a bond issue for US\$ 350 million on the Yankee market to mature in ten years at a face rate of 7.375%. Simultaneously, the Company obtained a new syndicated loan for US\$ 500 million at a rate of LIBOR + 225 basis points led by the Bank of Tokio-Mitsubishi Ltd., Banco Bilbao Vizcaya Argentaria S.A., Caja Madrid, Deutsche Bank AG, San Paolo IMI S.p.A and Santander Central Hispano Investment Securities Inc.

These two operations allowed Enersis to amortize the entire syndicated loan received in May, eliminating all the restrictions and releasing the security established.

On the other hand, during July, Endesa Chile issued yankee bonds for US\$ 600 million maturing in 10 and 12 years that permitted the payment of Euros 400 million in bonds on the European market (EMTN) and the prepayment of the syndicated loan received in May 2003.

Subsequently, in October 2003, this subsidiary placed bonds on the local market for an amount of UF 8,000,000 which were utilized for the additional prepayment of US\$ 197 million and improvement in the term of the credit of US\$ 743 million mentioned above, leaving only US\$ 284 million outstanding as of December.

Finally, in February 2004, Endesa Chile obtained a new syndicated loan of US\$ 250 million at a rate of LIBOR + 115 basis points with which this company prepaid the entire amount pending mentioned above.

Capital increase

The increase in capital was done in three stages with the idea of offering the shareholders all the possible guarantees to permit them to take a well-informed decision.

The first stage took place between May 31, 2003 and June 30, 2003. This consisted of a first period of a preferential offer during which the shareholders of the Company had the right to subscribe 2.9409 shares for each share they possessed. During this stage Endesa Spain capitalized a debt of US\$ 1,406 million owed by Enersis and the minority shareholders contributed US\$ 663 million, in a clear sign of support of the Company.

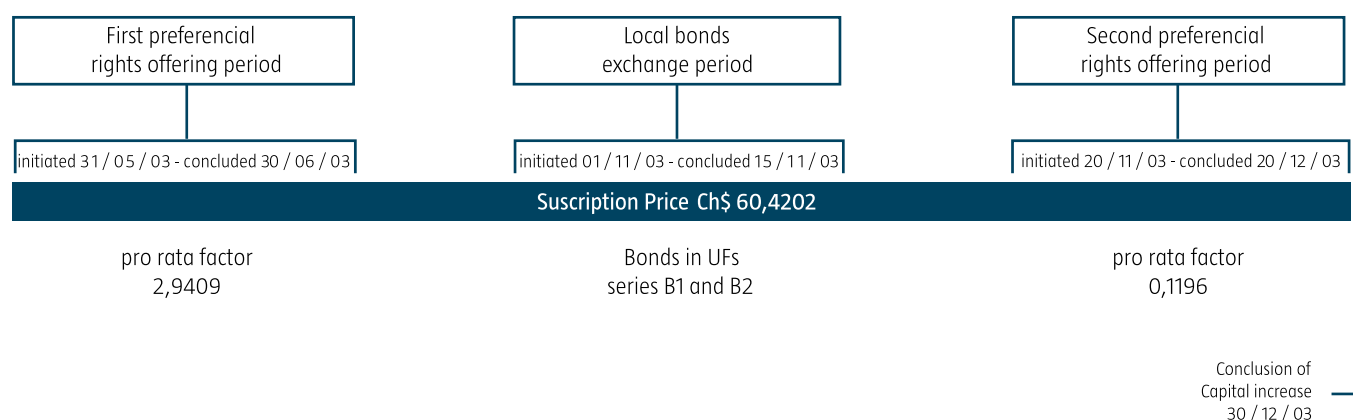
The second stage consisted of a period of exchange of local bonds that took place between November 1, 2003 and November 15, 2003, an operation in which over US\$ 86 million were swapped.

Finally, the third stage was carried out between November 20, 2003 and December 20, 2003 and consisted of a second preferential offer period when the right to the preferential subscription for the shareholders was 0.1196 shares for each share they possessed.

In accordance with its commitment assumed at the Extraordinary Meeting of Shareholders held in March 2003, Endesa Spain decided not to participate in this period in order to assure a greater pro rata for the rest of the shareholders that contributed an additional US\$ 136 million.

To summarize, the capital increase ended up being the largest in Latin America in recent times, and collected more than US\$ 2,100 million, surpassing even the most optimistic expectations. In this respect, we must remember that when this operation was launched, the stock markets were still fairly depressed and some sectors were very skeptical.

Structure of the capital increase



Sale of assets

The divestment of assets satisfied the most optimistic expectations as the prices offered for the assets on sale were in the upper levels of those expected. Assets were sold for a total of US\$ 757 million, including their debts.

Divestments	Deconsolidation			Date of Sale	Date of Deconsolidation
	Cash	Debt	Total		
Río Maipo	170	33	203	March 2003	April 2003
Canutillar	174	-	174	April 2003	May 2003
Transmission Lines	110	-	110	May 2003	-
Infraestructura 2000	50	220	270	June 2003	January 2003
Total	504	253	757		

Control of debts and capital markets

Another important aspect was the creation of a Control of Debts and Capital Markets area that arose in response to the greater requirements of the international financial and securities markets, responsible for ensuring the compliance of all the obligations that emanate from the agreements on credits signed by the companies of the Group.

With respect to the Capital Markets, the tasks of this area include the active participation in the financial operations of the companies of the Group, especially of the Chilean companies, on the local and international markets.

Credit Risk Rating

Enersis is an investment company whose assets are adequately diversified in five countries in the region, which provides a well-distributed corporate risk profile.

In the same way, the financial cash flows of Enersis are equally diversified, with the added advantage that they are produced by the business of generation, distribution and other related activities, providing the financial situation of the Company with a greater stability.

The above has been duly acknowledged by the local and international risk rating agencies. In fact, these institutions recognize, amongst others, that one of the strengths of the Group lies in the adequate portfolio of investments which has permitted Enersis to maintain an "Investment

Grade" rating beyond the contingencies experienced by some countries in the region during the past year.

The corporate strategy applied to contain the inherent risks to an investment company in the electricity sector has been to manage the Company's assets in a prudent and responsible manner. This policy has materialized in the past year in the strengthening of cash, reduction of debt, improvement of the ratios on quality of service, concentration of the primary activities and permanent monitoring of the economic and regulatory situation in each country where it has operations.

A concrete measure in the global context of the proactive management of the Group's risk has been the creation of the Committee on Risks, established to identify the broadest variety of risks that could affect the Company and to rapidly propose the necessary measures to contain them. This Committee has drawn up a map of risks to the Group and is operating under the most modern techniques of Management of Corporate Risks.

Amongst other activities, the Committee on Risks must periodically inform the Board of Directors on the various measures generated such as mechanisms to protect cash flows, assets and the continuity of the business operation.

Both Enersis' international and local risk rating, as of December 2003 may be seen in the following table, highlighting the fact that their outlook are all "stable".

	Fitch	Standard & Poor's	Moody's
Debt in local currency	BBB-	BBB-	-
Debt in foreign currency	BBB-	BBB-	Ba2

	Fitch	Feller Rate	Humphreys
Shares	1st Class Level 1	1st Class Level 1	1st Class Level 2
Bonds	A	A	BBB

Historic Expansion

Enersis is the largest electricity Group in Latin America, achieved through a steady and stable growth in its electricity businesses, generation and distribution, as well as in businesses related to this activity.

The development of the business of distributing electric power has been achieved jointly with its Chilean subsidiary Chilectra, a company involved in the distribution of electric power in the Metropolitan Region of Chile and overseas.

Its investments in the generation of electric power in the country and abroad have been developed through its subsidiary Empresa Nacional de Electricidad S.A. (Endesa Chile).

Furthermore, the Company is involved in businesses that complement its principal activities through a majority holding in the following companies:

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Synapsis 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.

Its activities are related to business and other operations in networks for public service companies, preferably in the service of measuring systems for public service companies and as a purchasing agent, importer and exporter, and also seller and supplier of materials for Enersis' subsidiaries and third parties.

International development

Enersis commenced 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 of that year, Distriec Inversora S.A., a company in which Enersis holds a participation, was awarded **Empresa Distribuidora Sur S.A., Edesur**, a company that distributes electric power 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 stock capital of **Empresa de Distribución Eléctrica de Lima Norte S.A. Edelnor** in Peru. Also that year, it acquired Edechancay, a company that distributes electricity.

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, Cerj** that distributes electric power in the city of Rio de Janeiro, Brazil.

In 1997, Enersis participated successfully, through a consortium, in the process of capitalization and subsequent control of **Codensa S.A. ESP**, a company that reserved the business of the distribution of electricity 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 acquired control of **Companhia Energética de Ceará S.A. Coelce**, a company that distributes electricity in the State of Ceará in Northern Brazil.

During 1999, **Endesa Spain** became the controlling shareholder of Enersis. Through a Tender Offer (OAA – an Offer of the Acquisition of Shares), in which Ch\$ 320 were offered for each, the multinational company bought another 32% of Enersis which, added to the 32% acquired in August 1997, increased Endesa Spain's final stake in the ownership of Enersis 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% of the capital stock. Consequently, Enersis attained approximately 60% of the ownership of the generating company, which it already controlled by appointing the majority of its directors. Thus, Enersis was consolidated amongst the largest private electricity Groups in Latin America.

Important operations were carried out during 2000 that may be 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 subsidiaries, Transelec, Esval, Aguas Cordillera and the real estate divestments, within the strategic scope provided for in the Genesis Project.

Important investments were made during 2001: US\$ 364 million to increase the company's stake in the capital stock of **Chilectra**; US\$ 150 million in the purchase of 10% of the capital stock of Edesur, Argentina that was owned by the company's workers; US\$ 132 million to increase the participation in the Brazilian company Cerj and US\$ 23 million to increase by 15% the participation of Enersis in Río Maipo.

During the year 2002, progress continued in Chile on the construction of the Ralco hydroelectricity plant located in the VIII Region and in Brazil of the Endesa Fortaleza Thermoelectricity Plant in the State of Ceará. Furthermore, the second phase of the electricity interconnection between Argentina and Brazil commenced operations, achieving a transmission capacity of 2,000 MW between the two countries. In addition, during this year, Enersis strengthened the financial position of Cerj by converting into equity US\$ 100 million in convertible bonds and with a capital increase of US\$ 100 million and invested US\$ 1.6 million to increase by 1.73% its share of the capital of Distrilima, the company through which it controls Edelnor.

During the year 2003, Enersis carried out the **capital increase** that permitted an increase in the Company's equity base by more than US\$ 2,104 million. In addition, refinancing operations were carried out for US\$ 4,108 million through different instruments such as new syndicated loans, bond issues on the local and international markets, prepayment of syndicated loans and other minor operations. Finally, assets worth US\$ 757 million were sold, including the Canutillar generating plant and the electricity distribution company, Río Maipo.

Risk factors

Enersis is a holding company that operates on the basis of the payments from its subsidiaries and affiliates in order to be able to meet its financial obligations. A significant part of the business of some of these subsidiaries depends on the conditions of water supplies, and thus, possible drought conditions could affect the profits of the Company. Furthermore, certain generating subsidiaries could find themselves in a situation of having to pay administrative fines due to drought.

Changes in regulations by the governments of the different countries where the subsidiaries and affiliates operate might mean additional operating expenses that could have an impact on their profits.

Enersis has debts subject to financial covenants and other contractual conditions. Also, possible variations in exchange rates could have a negative effect on the operating results of the Company.

Some Latin American economies in which the Company has investments have been known for their occasional drastic interventions by government authorities. For example, the Argentine authorities have introduced a series of measures on monetary and exchange control that have negatively affected the operating results and could continue to have an impact on them, affecting them negatively.

Development and growth

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

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

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

The above-mentioned factors enable Enersis to make investments that contribute to the growth of profits with an adequate weighting of risks deriving from its business activities.

Investments and Divestments

CHILE

Chile's most important investment during 2003 was the continuation of the construction of the Ralco hydroelectric power plant, which is being developed by our subsidiary Endesa Chile. During the present year US\$ 221 million were invested in the construction of the power plant and a physical progress rate of 95.7% was achieved at the end of the year.

In line with Enersis' Financial Strengthening Plan, during 2003 a series of divestments took place and are detailed as follows: In the month of March, Compañía Eléctrica del Río Maipo was sold to CGE Distribución S.A., a subsidiary of Compañía General de Electricidad S.A. This operation was for an amount of US\$ 203 million, of which US\$ 33 million corresponded to a deconsolidation of debt. In the month of April, the Canutillar power plant belonging to Endesa Chile was sold. The amount of the sale came to US\$ 174 million. In June Infraestructura 2000 was sold for US\$ 270 million, of which US\$ 220 million corresponded to a deconsolidation of debt. Finally, in May some assets in transmission lines in the north of the country were sold for a total amount of US\$ 110 million.

BRAZIL

On December 10, 2002 the Extraordinary General Meeting of Shareholders of Cerj approved a capital increase for an approximate value of US\$ 100 million.

The capital increase was materialized through the issue and subscription of 770,833,333,333 ordinary shares at a price of R\$ 0.48 for each lot of one thousand shares, raising the capital of the Company by US\$ 259 million.

With this operation, the percentage of Enersis' direct shareholding through its agency increased momentarily from 20.38% to 40.03% having to register a greater value in investments of Ch\$ 71,610 million. On May 5, 2003, Enersis transferred to Chilectra 392,660,478,826 shares, equivalent to 13.56% of the capital of Cerj, for an amount of US\$ 57 million. This implied a reduction of the greater value by Ch\$ 47,402 million, leaving a balance of Ch\$ 24,208 million. With this sale, the relative participations of Chilectra and Enersis in Cerj that existed prior to the capital increase in that company are maintained.

Continuing with the strategic objective of increasing the presence in the generating sector in Brazil, Enersis jointly with Endesa Spain proceeded with the construction of the Fortaleza Thermoelectric Power Plant in the State of Ceará. This power station has an installed capacity of 310 MW and an investment of approximately US\$ 250 million. In this manner, Coelce's electric supply is assured, in a market with one of the highest growth rates in Brazil.

In effect, by December 2003 the first operating tests of the power plant had been carried out with excellent results, permitting the initiation of full operations during the first quarter of the year 2004.

Prospects for the Year 2004

CHILE

In the distribution business, the introduction of the so-called "Short Law" (Ley Corta) on the electricity sector in Chile has curtailed the uncertainty on investments in transmission and in other matters concerning the sector. A first sign of confidence in the conditions for investing appeared in 2003 when, for the first time in several years, different generating companies submitted bids in response to a tender for power from Chilectra.

We believe that the Governmental and legislative authorities created the right conditions to enable the companies in the sector to continue providing their clients with a service of the best quality. This requires an adequate return on investments that must be reflected in the price of

this service. In virtue of this, the periodic process of reviewing the tariffs is currently underway. The stage at which the New Replacement Value is set has been completed and the only matter pending is the setting of the Added Distribution Value, which will permit the definition of the tariff that will rule the distribution of electric power for the next 4 years.

The commitment of the Company with the city and its clients during 2004 is to surpass their expectations in terms of quality of service, satisfy their needs and become a substantial factor in the improvement of the quality of life in the city of Santiago. Furthermore, we wish to contribute this experience to all our distribution companies throughout Latin America and, at the same time, emulate their best practices.

The tendency observed in 2004 for the countries in which Enersis has operations is towards an increase in demand for electricity, of over 4%, in line with the rising economic activity, a similar range to the historic growth rates of the 90s.

With regard to the generating business, on December 10, 2003 Endesa Chile submitted a project on the expansion of the San Isidro Power Plant to the Environmental Impact Evaluation Authorities with the presentation of a Study on the Environmental Impact before the Regional Environmental Commission for the V Region.

The purpose of the project is to ensure a reduction of the dependence on the hydroelectricity plants in the southern zone of the country and to satisfy future demand for power in the Central Interconnected System (CIS). For this, Endesa Chile needs to increase the generating capacity of the San Isidro combined cycle thermoelectric power plant owned by its subsidiary, Compañía Eléctrica San Isidro S.A.

The project consists of the construction and start-up of a second combined cycle unit with 370 MW of power, duplicating its current generating capacity. We expect an annual generation of approximately 2,500 GWh and its connection to the CIS will be through a 220 kV power line between the station and the Quillota sub-station belonging to HQL Transelec Chile S.A. The characteristics of the enlargement will be very similar to the current San Isidro plant. The investment required to develop this project is estimated at US\$ 190 million.

BRAZIL

The focus of the efforts in Brazil will be placed on a determined and significant progress in energy losses in the Cerj concession area following the important investments made during 2003 in the distribution of electricity in Rio de Janeiro.

During the first quarter, we expect the third stage of Cerj's financial strengthening plan to be completed. This considers the restructure of the short-term bank borrowings by means of a bond issue and the new capitalization of inter-company loans for an amount of US\$ 250 million. These measures will enable the company to strengthen its equity base, giving it a more solid financial position. All this will permit the company to concentrate its efforts principally on the main business, the distribution of electricity and fundamentally on the application of the plans to reduce the losses mentioned above.

Both Cerj and Coelce, the distribution company in the State of Ceará, will have to face during the period just starting a new regulatory model of the electricity business in Brazil that implies a degree of uncertainty for our operations. This new scheme is characterized by an increase in the role of the State in the regulatory functions, even when the initial rumors indicate that the distribution sector will continue being, essentially, a pass-through business.

Should the pace of stabilization of the Brazilian economy continue, just as we have been able to appreciate throughout the second semester of 2003, this should result in a sustained growth in demand for energy. In that case, it would be logical to expect an interesting growth in the sales of both companies.

ARGENTINA

The operations in Argentina will be marked by the process of renegotiation of the concession contract of Edesur, as defined by law at the end of last year. This process commenced with positive signs. The Argentine Government has taken steps to readjust the tariffs for the large industrial clients and we trust that during the course of the year there will be a possibility of authorizing increases for the distribution companies for account of the negotiations. These signs are particularly opportune considering that Enersis has taken all the necessary measures to permit

the full operation of Edesur, though some of them, such as the strong reduction of Capex, may not be possible to maintain in medium and long term due to, amongst other reasons, the important growth in demand in our concession area. Thus, our subsidiary, Edesur, may benefit from the growth in demand that the recovery of the Argentine economic activity would suggest, an aspect confirmed by some of the main industrial activity statistics throughout 2003.

In any case, the adequate resolution of the matter of tariffs will continue being an essential aspect in the overall performance of Edesur, as also of the other electricity distribution companies in the country.

PERU

In Peru, during the second half of the year, Edelnor will commence its process of fixing tariffs in an atmosphere of strong questioning of the performance of the privatized companies. In any case, Edelnor can demonstrate in its favor a permanent policy of expansion of its coverage and improvement in its technical quality. In fact, the statistics on the interruption of supply and their respective duration have improved ostensibly since the company was privatized.

It is interesting to point out that since the year 1996 this subsidiary has significantly reduced its energy losses, which reflects growing signs of efficiency.

Just as in other countries in which the Enersis Group has operations, if the macroeconomic conditions in Peru remain stable, this subsidiary could experience an interesting growth in its sales of energy.

COLOMBIA

In Colombia, in the financial area, Codensa expects to conclude a bond issue on the local market during 2004.

The company will multiply its efforts to venture into new businesses such as the recent opening of a new line of credit for the clients interested in acquiring electrical appliances. In this way, and by facilitating the access to equipment that consumes electricity, it is hoped to stimulate the consumption of electricity preferably in the business and residential areas. This would have an important effect not only on the added consumption but also on the diversification of the source of demand and the result of which should be a more stable increase in revenues.

It is also hoped to make progress on the subject of reducing non-technical losses in order to reach a position more in line with the Chilean and Peruvian companies. In fact, Codensa has the technical capacity and sufficient trained human resources to achieve a better level of efficiency in this area.

The Ordinary Meeting of Shareholders held on March 31, 2003 approved the Investment and Financing Policy for the year 2003 described below:

1. Investments

(a) Investment areas

As approved in the by-laws, Enersis will make investments in the following areas:

- Equity contributions for investment or creation of subsidiary or related companies whose activity is similar, related or connected to energy in any of its forms or nature, or to the supply of public services or that have energy as their main raw material.
- Investments consisting in the acquisition, exploitation, construction, rental, management, marketing and sale of any kind of real estate, be it directly or through subsidiary companies.
- Other investments in any kind of financial assets, titles and instruments.

(b) Maximum investment limits

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

- i) Investments in its subsidiaries in the electric sector, as needed to enable such subsidiaries to fulfill their respective corporate purposes.
- ii) Investments in other subsidiary companies, such that the total of the proportions of the fixed assets corresponding to the participation in each one of these other subsidiary companies does not exceed the proportion of fixed assets corresponding to the participation in the subsidiaries of the electric sector and of Enersis S.A.

(c) Controlling participation in investment areas

In order to control areas of investment and in accordance with the definition of the corporate purpose of Enersis, actions as far as possible will be taken as follows:

- Propose to the Shareholders' Meetings of the subsidiary and related companies, the appointment of Directors that correspond to Enersis'

participation in their capital with appointees originating preferably from the Board of Directors or the senior management of both the Company and its subsidiaries.

- Propose to the subsidiary companies the investment, financial and commercial policies, as well as the accounting systems and criteria, which they are to abide by.
- Supervise the management of the subsidiary and related companies.
- Maintain a permanent control of the borrowing limits such that the investments and contributions made or planned do not imply a variation beyond the norms on parameters that define the maximum limits for investments.

2. Financing

(a) Maximum level of indebtedness

The maximum level of indebtedness for Enersis will be based on a ratio of total debt to equity plus minority interests equal to 1.75 times the consolidated balance sheet.

(b) Attributes of management to agree with creditors on restrictions to dividend payments

Restrictions on dividend payments may only be agreed to with creditors when these restrictions have been previously approved at a General Meeting of Shareholders (either Ordinary or Extraordinary).

(c) Attributes of management to agree with creditors on the granting of collateral

The management of the Company may agree with the creditors to grant real or personal security, if complying with the law and the Company's by-laws.

(d) Essential assets for the operation of the Company

The shares that represent the equity investments made by Enersis in its subsidiaries Chilectra and Compañía Eléctrica del Río Maipo are essential assets for the operation of the Company.

evolution of the financial statements

Millions of Ch\$ (nominal)	1994	1995	1996	1997	1998
Total Assets	743,066	1,524,737	4,136,432	6,180,415	7,442,034
Total Liabilities	226,364	704,661	2,028,207	3,202,042	4,017,266
Minority Interests	132,123	311,971	1,465,902	2,272,352	2,640,805
Shareholders' Equity	384,579	508,105	642,323	706,021	783,963
Liquidity Ratio	1.28	0.75	1.17	1.20	0.94
Debt Ratio (1)	0.44	0.86	0.96	1.08	1.17
Operating Income	343,432	736,026	1,160,667	1,334,977	1,548,497
Operating Costs	(251,033)	(561,474)	(718,014)	(857,444)	(942,288)
Selling and Administrative Expenses	(38,142)	(86,030)	(117,240)	(115,129)	(129,857)
Operating Income	54,257	88,522	325,413	362,404	476,352
Non-Operating Income	24,156	57,516	(14,845)	(66,693)	(184,815)
Profit (Loss) for the Period	68,811	97,542	105,969	103,516	90,093

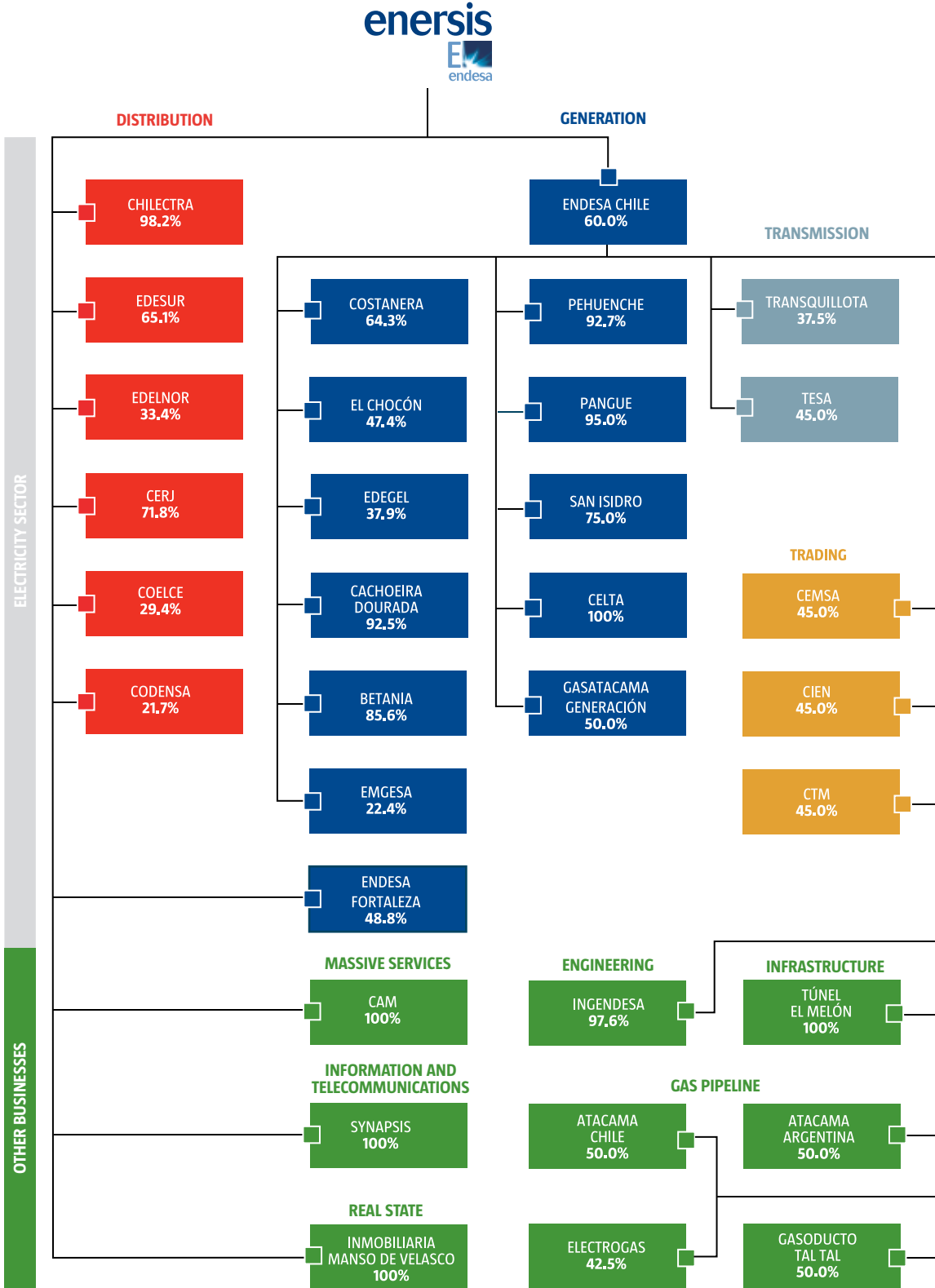
(1) Total Liabilities / (Shareholders' Equity plus Minority Interests)

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Millions of Ch\$ (nominal)	1999	2000	2001	2002	2003
Total Assets	11,123,834	11,058,463	12,388,155	12,621,165	10,732,747
Total Liabilities	6,822,701	6,444,707	7,254,045	7,564,982	4,835,073
Minority Interests	3,602,470	3,513,155	3,954,923	4,050,603	3,349,282
Shareholders' Equity	698,662	1,100,600	1,179,186	1,005,580	2,548,392
Liquidity Ratio	0.81	0.62	0.71	0.56	1.02
Debt Ratio (1)	1.59	1.40	1.41	1.50	0.82
Operating Income	2,270,897	2,589,957	2,970,273	2,485,873	2,352,333
Operating Costs	(1,596,916)	(1,754,707)	(1,966,322)	(1,730,050)	(1,651,732)
Selling and Administrative Expenses	(244,742)	(314,736)	(271,383)	(223,179)	(169,503)
Operating Income	429,240	520,514	732,567	532,644	531,098
Non-Operating Income	(400,246)	(159,532)	(483,496)	(796,530)	(449,911)
Profit (Loss) for the Period	(78,159)	90,083	40,926	(223,748)	12,468

(1) Total Liabilities / (Shareholders' Equity plus Minority Interests)

corporate structure

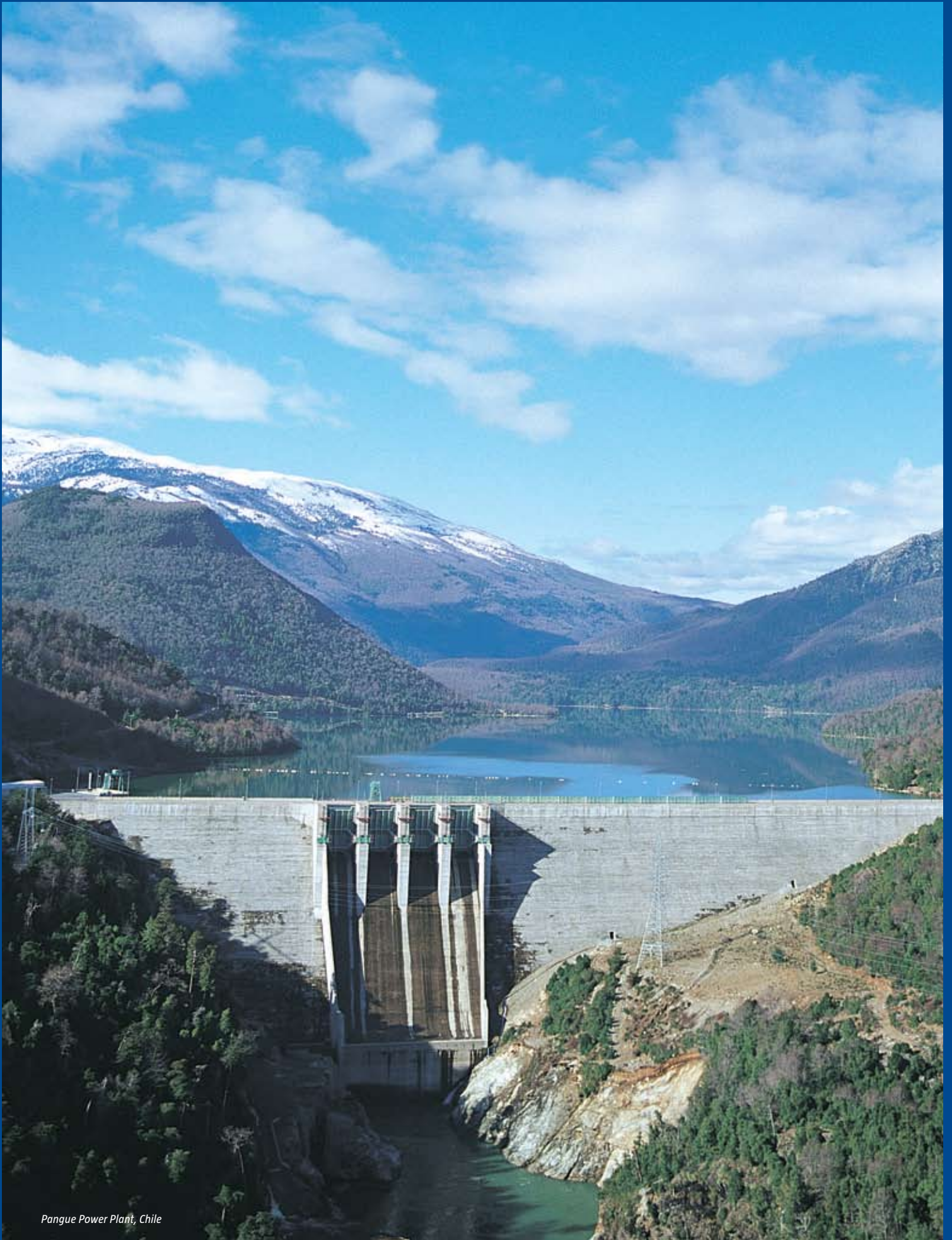


evolution of the operating data

GENERATION	1994	1995	1996	1997
ENDESA CHILE				
Sale of Energy (GWh)	22,075	26,613	32,765	39,953
Production of Energy (GWh)	20,027	23,663	27,680	28,722
Installed Capacity (MW)	5,093	5,967	6,837	10,247
Employees	2,679	2,950	2,300	2,753
Sales/ Employee (MWh) / employee)	8,240	9,021	14,246	14,513
ENDESA FORTALEZA (CGTF) (*)				
Sale of Energy (GWh)	-	-	-	-
Production of Energy (GWh)	-	-	-	-
Installed Capacity (MW)	-	-	-	-
Employees	-	-	-	-
Sales/ Employee (MWh) / employee)	-	-	-	-
DISTRIBUTION				
CHILECTRA				
Sale of Energy (GWh)	6,358	6,676	7,256	7,647
Loss of Energy	9.3%	9.0%	8.6%	7.6%
Clients (Thousands)	1,064	1,099	1,133	1,169
Employees	1,811	1,801	1,643	1,664
EDESUR				
Sale of Energy (GWh)	8,897	9,731	10,398	11,160
Loss of Energy	16.2%	12.0%	10.1%	8.3%
Clients (Thousands)	2,043	2,050	2,042	2,078
Employees	4,324	3,950	3,515	3,180
EDELNOR				
Sale of Energy (GWh)	2,650	2,756	2,993	3,256
Loss of Energy	18.8%	16.1%	13.8%	11.7%
Clients (Thousands)	580	673	749	805
Employees	866	758	943	777
CERJ				
Sale of Energy (GWh)	-	-	5,733	6,424
Loss of Energy	-	-	29.3%	25.3%
Clients (Thousands)	-	-	1,217	1,341
Employees	-	-	4,376	2,288
CODENSA				
Sale of Energy (GWh)	-	-	-	7,929
Loss of Energy	-	-	-	23.8%
Clients (Thousands)	-	-	-	1,536
Employees	-	-	-	2,067
COELCE				
Sale of Energy (GWh)	-	-	-	-
Loss of Energy	-	-	-	-
Clients (Thousands)	-	-	-	-
Employees	-	-	-	-

(*) Station inaugurated in January 2004. Number of employees as of December 31, 2003.

	1998	1999	2000	2001	2002	2003
	50,291	50,812	56,482	54,234	48,629	51,053
	37,000	39,892	42,122	42,227	41,022	42,929
	11,886	12,251	12,347	12,253	11,953	11,599
	3,158	2,526	1,764	1,752	1,623	1,515
	15,925	20,116	32,019	30,955	29,962	33,698
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	310
	-	-	-	-	-	45
	-	-	-	-	-	-
	1998	1999	2000	2001	2002	2003
	8,175	8,425	8,854	9,585	9,952	10,518
	6.0%	5.4%	5.2%	5.4%	5.6%	5.6%
	1,212	1,239	1,262	1,289	1,319	1,341
	1,674	1,383	868	772	720	745
	11,680	12,325	12,597	12,909	12,138	12,638
	8.1%	7.8%	10.3%	9.9%	11.6%	11.8%
	2,094	2,105	2,108	2,097	2,090	2,117
	2,999	2,630	2,379	2,267	2,251	2,258
	3,389	3,423	3,583	3,685	3,872	3,972
	9.7%	8.8%	9.9%	8.9%	8.5%	8.4%
	816	843	852	867	871	892
	765	722	618	557	565	554
	7,208	7,694	7,656	6,739	7,146	7,398
	19.1%	15.3%	19.7%	22.7%	22.6%	23.6%
	1,452	1,559	1,581	1,691	1,778	1,905
	2,260	1,782	1,402	1,354	1,451	1,517
	8,217	8,502	8,776	8,673	9,015	9,254
	19.5%	14.4%	10.5%	11.8%	10.3%	10.2%
	1,628	1,746	1,802	1,850	1,911	1,972
	1,904	1,213	969	813	802	858
	5,377	5,709	5,894	5,352	5,558	5,897
	13.3%	11.2%	13.3%	13.0%	12.9%	13.5%
	1,508	1,652	1,796	1,917	2,009	2,255
	1,834	1,958	1,592	1,464	1,401	1,375



Pangue Power Plant, Chile



generation



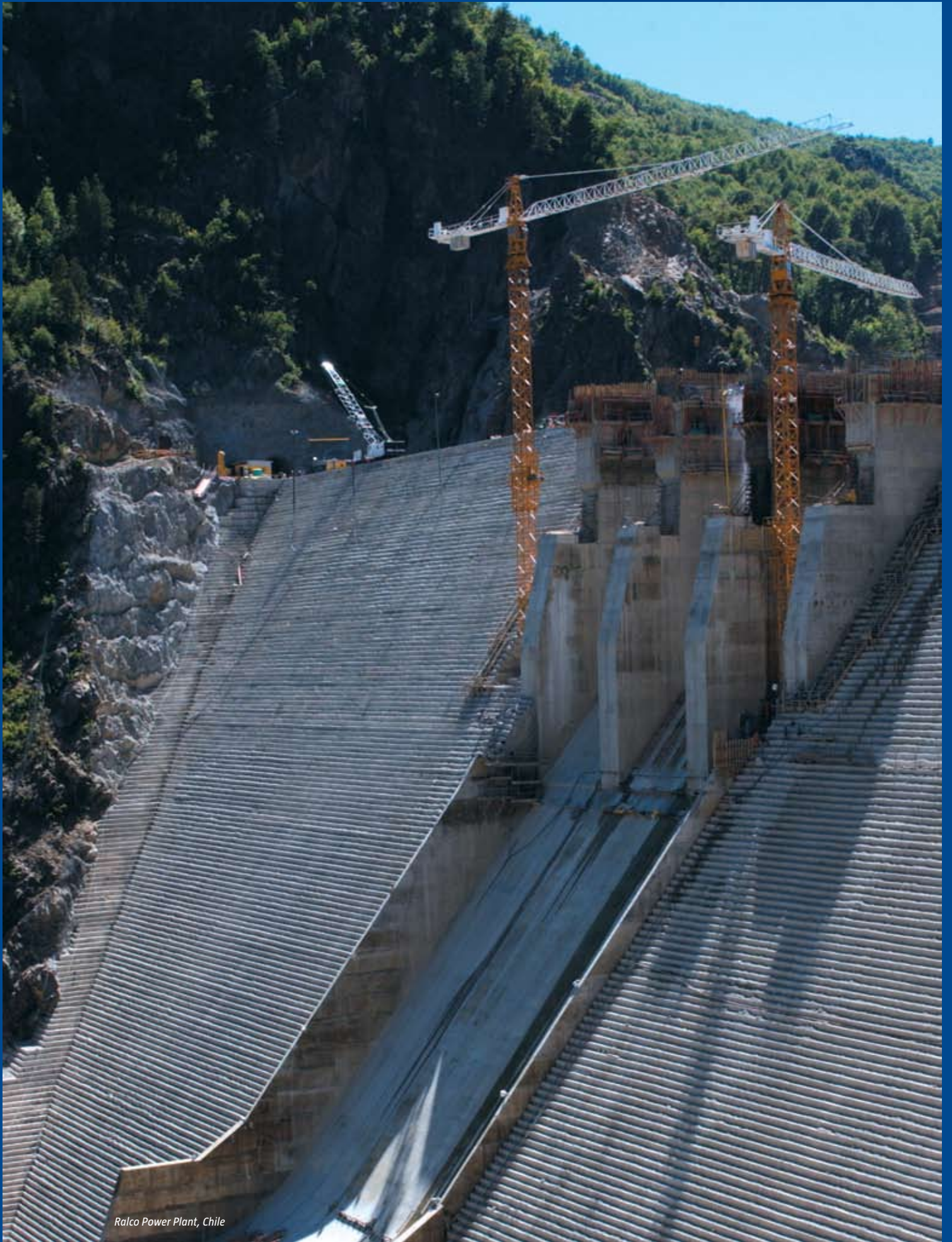
 Colombia
2,589 MW

 Peru
967 MW

 Brazil
968 MW

 Argentina
3,622 MW

 Chile
3,763 MW



Ralco Power Plant, Chile



information of the company

Corporate Name
**Empresa Nacional
de Electricidad S.A.**

Stock Company

Tax Register Number
91.081.000-6

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

Telephone
(56-2) 630 9000

Fax
(56-2) 635 4720

P.O. Box
1392, Santiago

Web Site
www.endesa.cl

E-Mail
comunicacion@endesa.cl

Inscript. Securities Register
N° 114

External Auditors
**Ernst & Young Servicios
Profesionales de Auditoría
Ltda.**

Number of Shares
8,201,754,580

Number of Shareholders
27,334

Subscribed and Paid-in Capital
(ThCh\$) 1,050,193,846

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

Corporate purpose
**Generation and supply
of electric power, sale of
consulting and engineering
services within the country and
abroad and construction and
management of infrastructure
works.**

BOARD OF DIRECTORS

Chairman of the Board
Luis Rivera

Vice-Chairman
Antonio Pareja

Directors
**Jaime Bauzá
Ignacio Blanco
Enrique García
Carlos Torres
Andrés Regué
Antonio Tuset
Leonidas Vial**

SENIOR EXECUTIVES

Chief Executive Officer
Héctor López

Chief Communications Officer
Renato Fernández

Legal Counsel
Carlos Martín

Chief Financial Officer
Alejandro Gonzalez

Chief Human Resources Officer
Juan Carlos Mundaca

Chief Planning and Control
Officer
Julio Valbuena

Chief Trading and Sales Officer
José Venegas

Chief Energy Planning Officer
Rafael Errázuriz

Chief Production and Transport
Officer
Rafael Mateo

Chief Chile Generation Officer
Claudio Iglesias

Enersis is the principal shareholder of **Endesa Chile** with 59.98% of its property. Through Endesa Chile, the Group has channeled its investments into the area of electricity generation. The principal activities it carries out are related to the generation and sale of electric power. In addition, it sells consultancy and engineering services in all its specialities ■

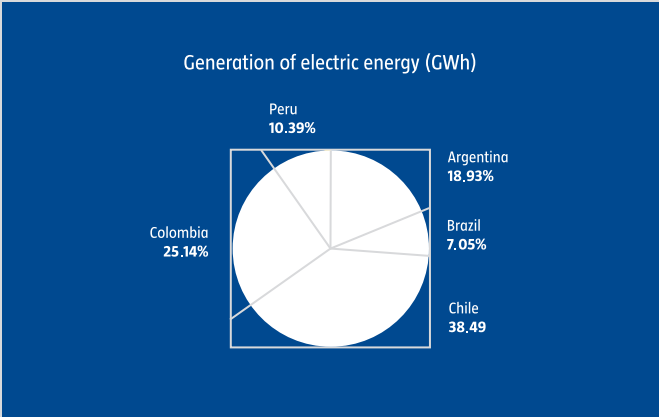
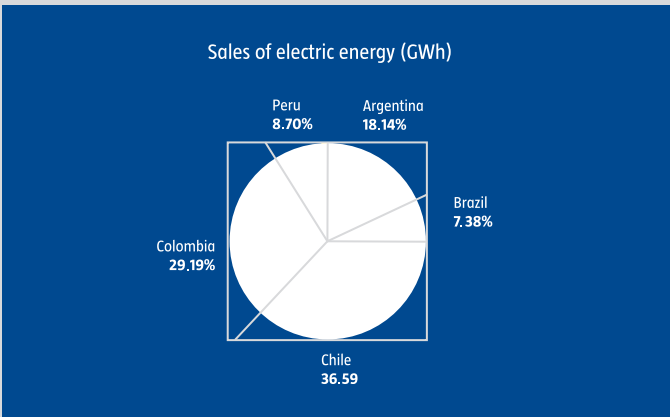
In Argentina, through Central Costanera S.A. and Hidroeléctrica El Chocón S.A., it operates a total of 3,622 MW of power. In this way, Endesa Chile is one of the principal operators in the generating activity with 16% of the total of the Argentine Interconnected System. During the year it generated 8,128 GWh and sold 9,259 GWh. Endesa Chile also controls CTM and TESA, transport companies that own

the interconnecting lines with Brazil; and CEMSA, a sales company that has established contracts for exports to that country through the related Brazilian company, CIEN. The latter is supplied mainly by Central Costanera that has committed 962 MW with the Brazilian market ■ **In Brazil**, through Centrais Elétricas Cachoeira Dourada S.A. it operates a total of 658 MW of power that represents 1% of the national installed capacity. During the year 2003 it generated 3,024 GWh and sold 3,770 GWh. Furthermore, it participates in the sales market through the interconnection line operated by CIEN that has 2,000 MW committed ■

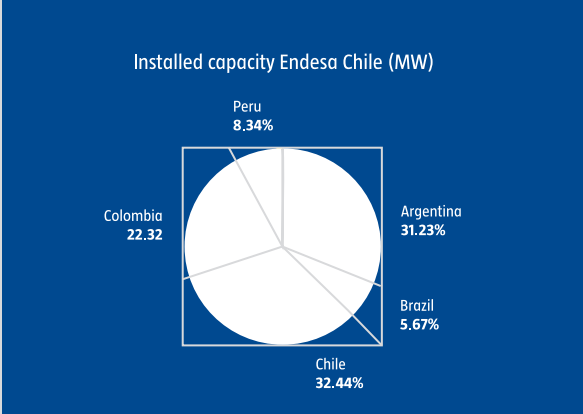
Endesa Chile is the principal generating company of electric power in Chile and one of the largest companies in the country. **In Chile**, it operates a total of **3,763 MW of power**, which represents 35%

of the installed capacity in the country. Some 73% of the installed capacity of Endesa Chile and its subsidiaries is hydroelectric and the rest is thermal. Endesa Chile participates in the Central Interconnected System (CIS), the principal interconnected system in the country and that extends through an area where approximately 93% of the population of the country resides. Endesa Chile and its subsidiaries have an installed capacity of 3,581 MW in this system, accounting for approximately 50% of CIS. The company also participates in the Northern Interconnected System (NIS) through its subsidiary, Celta S.A. and indirectly through Gasoducto Atacama Chile Limitada and GasAtacama Generación Limitada, supplying different mining companies and with sales

on the spot market. The installed capacity of Celta S.A. in this system amounts to 182 MW, 5% of NIS and if we include GasAtacama Generación, of which Endesa Chile owns 50%, the installed capacity in NIS amounts to 27%. Thus, during the year, Endesa Chile generated 16,524 GWh and sold 18,861 GWh ■ **In Colombia**, through Central Hidroeléctrica de Betania S.A. E.S.P. and Emgesa, it operates a total of 2,589 MW of power that represents 20% of the Colombian installed capacity. During 2003, they generated 10,794 GWh with an annual sale of 14,900 GWh ■ **In Peru**, through Edegel, it operates a total of 967 MW of power that represents 22% of the Peruvian system with an annual generation of 4,458 GWh and annual sales of 4,443 GWh ■ With respect to the



most important projects developed during 2003, we would highlight the **Ralco Power Plant** that is located in the Alto Bío Bío area, approximately 120 kilometers southeast of the city of Los Angeles and some 30 kilometers above the Pangué Plant. Its nominal power will be 570 MW. This will permit an annual contribution to the Central Interconnected System of an average generation of 3,100 GWh and its start-up is expected during 2004. As of December 31, 2003, the physical progress in the construction works reached 96% ■ Related to this project, we highlight the Link between the Ralco Station and the CIS. This project was concluded on June 27, 2003 and included the construction of a transmission line of 2x220 kV and 140 kilometers in length that connects the Ralco Hydroelectricity Plant to the Charrúa sub-station where the energy will be delivered to the Central



Interconnected System ■ Another important project is the Enlargement of the San Isidro II Plant, whose objective is to ensure a reduction in the dependence on the hydroelectricity plants in the southern zone of the country and to satisfy future demand for energy from the Central Interconnected System (CIS) ■ This consists of constructing and putting into operation an enlargement of the combined cycle plant (Second Unit) i.e. natural gas-steam, with 370 MW of power, increasing the generating capacity of

San Isidro by 100%. The annual generation is expected to be approximately 2,500 GWh and the investment amounts to US\$ 190 million ■ With respect to CIEN, the contracts associated with the Argentina-Brazil power interconnection lines are: 300 MW with Tractebel, 700 MW with Furnas, 400 MW with Copel (previously 800 MW that were renegotiated to the current 400 MW) and 200 MW with Cerj. With power purchased from Petrobras and Dona Francisca, in 2003 the Company supplied 106 MW to Coelce and 54 MW starting in 2004. In addition, commencing in January 2004, the sale to Cerj will increase by 84 MW ■ In addition to generation, Endesa Chile possesses **other businesses** in which we highlight Ingendesa that participated in important investment projects in Chile and in Latin America, particularly in the

areas of energy, infrastructure, mining, public works and telecommunications, through services provided to the Group and other unrelated clients ■ Furthermore, Endesa Chile manages the concessionaire, Túnel El Melón S.A. that operates on Route number 5 North. This company began its definite operations in September 1995 when it placed its use and installations at the disposal of its customers. The horizon of the concession stretches till May 2016 ■ During 2003, we very successfully concluded the sale of Infraestructura 2000 S.A. to the Spanish company OHL Concesiones S.L. for a total amount of approximately US\$ 50 million. This transaction permitted the deconsolidation of approximately US\$ 220 million in debts that Infraestructura Dos Mil S.A. had with third parties ■

Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	920,281	947,480	(27,199)	(2.9%)
Operating Costs	(550,447)	(561,142)	10,695	1.9%
Selling and Administrative and Expenses	(31,324)	(36,652)	5,328	14.5%
Operating Income	338,511	349,687	(11,176)	(3.2%)
Non-Operating Income	(179,005)	(316,559)	137,554	43.5%
Net Income	78,131	(9,412)	87,543	930.1%



Endesa Fortaleza Power Plant, Brazil



information of the company

Corporate Name
**CGTF- Central Geradora
Termelétrica
Fortaleza S.A.**

Type of Company
Foreign Stock Company

Address
**Rua Adolfo Pinheiro 176,
Dionisio Torres**

Postal Area Code
60.120-040

Telephone
(55-85) 216 4551/52

Fax
(55-85) 216 4564

External Auditors
Deloitte & Touche Tohmatsu

Subscribed and Paid-in Capital
(R\$) 151,935,779

Participation of Enersis
**(direct and indirect)
48.82%**

Corporate purpose
**Development of projects for
thermoelectricity generation
in Brazil.**

BOARD OF DIRECTORS

Chairman
Francisco Javier Bugallo

Directors
**Juan Pablo Herrera
Marcelo Llévènes**

Chief Executive Officer
Hernán Salazar

Endesa Fortaleza, a combined cycle station located 50 kilometers from the capital of the Brazilian State of Ceará, commenced its business operations in December 2003. This plant is 51% owned by Endesa and 49% by Enersis ■ The new plant, which has an **net installed capacity of 310 MW** and which has involved an investment of US\$ 250 million, is included in the Priority Program for Thermoelectricity (PPT) promoted by the Brazilian government in February 2000, following the serious crisis in the supply of electricity suffered by the country as a result of the drought it faced. The primary objective

of the PPT was to stimulate the diversification of the sources of generation and, with it, reduce the strong dependence Brazil had on hydroelectric energy ■ The fact that the Endesa project was included in the PPT has meant some advantages such as the guaranteed supply of natural gas to the station during 20 years by the Government of Brazil, investment incentives and facilities to obtain lines of credit required for Brazilian equipment ■ Built in the Pecém Industrial and Port Complex, the new plant, whose construction works started in March 2002, lies on 70,000 square meters and has the capacity to supply electric power to a population of around 1,200,000 inhabitants, between industrial

and residential clients. We should point out that the Fortaleza thermoelectric station, which is capable of covering 30% of the current electricity consumption of Ceará, already has a contract that assures the sale of all the energy it generates. ■ **The start-up** of the new Fortaleza plant included in Endesa's Strategic Plan for Latin America, was justified, on the one hand, by the interest of the Company to increase its relative weight in the generation business in Brazil (1%), less than it has in distribution (4.6%), and on the other, by the wish to accompany the important growth being experienced by the Brazilian electric market which, undoubtedly, means taking advantage of the business opportunities that exist in that country. Furthermore, this investment

was perceived to assure the supply of energy to Coelce, a company that distributes energy in the State of Ceará and belongs to Enersis. It is sufficient to mention that during the 2001-2003 period, sales of energy in the State of Ceará rose by 10.2%, whilst the number of clients increased by nearly 250,000 ■








Niterói, Rio de Janeiro, Brazil



distribution



-  Colombia
1,972,016 clients
-  Peru
891,589 clients
-  Brazil
4,160,181 clients
-  Argentina
2,117,254 clients
-  Chile
1,340,717 clients



Las Condes, Santiago, Chile



information of the company

Corporate Name
Chilectra S.A.

Type of company
Limited Liability Stock Company

Tax Register Number
96.524.320-8

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

Telephone
(56-2) 675 2000

Fax
(56-2) 675 2999

P.O. Box
1557, Santiago

Web Site
www.chilectra.cl

e-mail
rrpp@chilectra.cl

Securities Register Number
N° 0321

External Auditors
**KPMG Jeria y Asociados
Auditores y Consultores Ltda.**

Number of shares
366,045,401

Number of shareholders
5,999

Subscribed and Paid-in Capital
(ThCh\$) 284,940,949

Trading name on Chilean Stock Markets
Chilectra

Participation of Enersis
(direct and indirect)
98.25%

Corporate purpose
**Operate in the country or
abroad in the distribution and
sale of hydroelectric, thermal,
caloric
or any other form of electric
energy.**

BOARD OF DIRECTORS
Chairman
Jorge Rosenblut

Vice-Chairman
José M. Fernández

Directors
**Pedro Buttazoni
Hernán F. Errázuriz
Marcelo Llévénos
Alberto Martín
Álvaro Quiralte**

SENIOR EXECUTIVES

Chief Executive Officer
Rafael López

Chief Communications Officer
Marcelo Castillo

Legal Counsel
Gonzalo Vial

Chief Regional Distribution Officer
Marcelo Silva

Chief Regional Services Officer
Cristóbal Sánchez

Chief Financial Officer
Juan Pablo Spoerer

Chief Planning and Control Officer
Jorge Faúndez

Chief Regulation Officer
Guillermo Pérez

Chief Operations Officer
Juan Camilo Olavarría

Chief Marketing Officer
Alfredo Herrera

Chief Contract Control Officer
Victor Orduña

Chief Human Resources Officer
Carmen Paz Urbina

Chief Technical Officer
Alejandro Gómez

Chief Corporate Business Officer
Christian Mosqueira

Chilectra is the largest electric energy distribution company in the country. It serves 33 boroughs of the Metropolitan Region and covers 2,118 square kilometers within its concession area, including the zones serviced by Empresa Eléctrica Colina Ltda. and Luz Andes Ltda. It has 661 kilometers of different high tension circuit lines, 53 sub-stations and 127 power transformers with a capacity of 5,558 MVA ■ Enersis, its principal shareholder and controller with a **direct participation of 98.24%** of its equity, has chosen Chilectra as its technical and administrative operator of the investments in Cerj and Coelce in Brazil, Edesur in Argentina and Edelnor in Peru ■

Furthermore, in the case of Codensa in Colombia, it has the responsibility for the commercial area and for the control of energy losses ■ In 2003, the **physical sales of energy** reached 10,518 GWh, an increase of 5.7% with respect to the same period of 2002. With regard to the supply to Large Clients, the new business projects and the expansion of capacity requested amounted to 90,000 KW. The renewal of important long-term contracts amount to over 3,300 GWh in projected sales of energy. We should especially mention the start-up of the new Aguas Servidas La Farfana wastewater treatment plant belonging to Aguas Andinas, considered one of the 5 largest plants of this type in the world ■ In addition, in 2003 Chilectra purchased energy from various

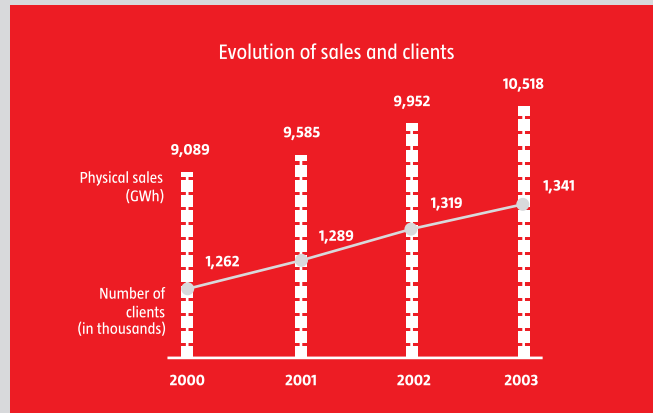
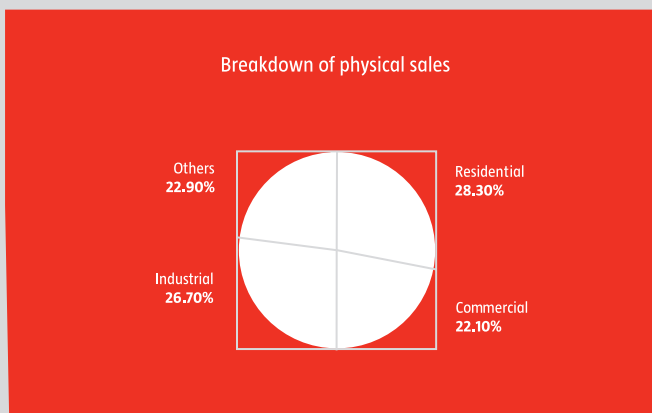
generators in the country, the most important being: AES Gener (34.5%), Endesa Chile (32.5%), Colbun (18.5%), Pangué (10.9%) Puyehue (0.9%) and others (2.7%) ■

The tariffs for the supply of electric energy, in accordance with the sector's legislation (Decree Law N° 1 of 1982 issued by the Ministry of Mining) are set every four years.

During 2003, Chilectra submitted to the authorities all the information required in accordance with the current legislation for the process of setting the tariffs on distribution. This process will conclude in November 2004 with the publication in the Official Gazette of the new decree that will set the tariffs for the next period

■ Chilectra has consolidated in the energy distribution

market, maintaining leading levels of efficiency in the Latin American area. In this way, we would point out that the **loss of energy index**, accumulated as of December 2003, was 5.6%. This figure permitted Chilectra to be, once more, one of the most efficient companies in the world in controlling losses. These results are due to the continuous efforts of the company in this activity, taking a series of steps and making investments in new projects on technical measures as well as in the control and maintenance of those already in existence, added to the permanent preventative and corrective actions carried out on site ■ The staff headcount of Chilectra as of December 31, 2003 amounted to 745 people, including

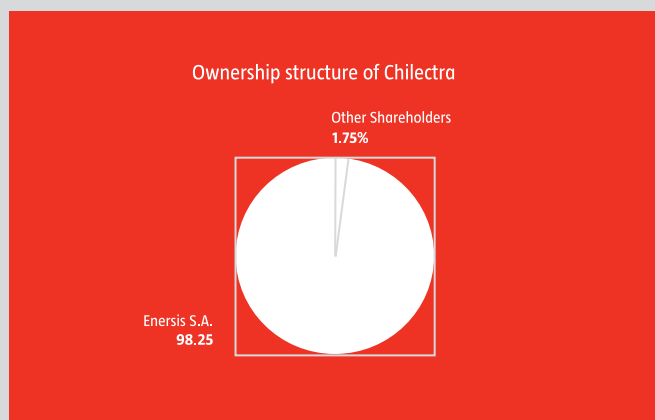


the personnel in Chilectra, Luz Andes and Empresa Eléctrica de Colina ■ With respect to the **business activities**, as of December 31, 2003 the total number of clients of Chilectra was 1,340,717, an increase of 1.6% with respect to the same date of the previous year ■ During the year 2003 Chilectra boosted its process of strengthening and positioning the company as a source of clean, safe and convenient energy to the market, responding to the new requirements in the area of technological innovation, safety, lighting and source of heat. Amongst the principal activities in the year, Chilectra continued with the promotion of its Full Electric service that permits houses, apartments and industries a complete operation through the use of electric power at competitive prices ■ Thus,

as an example, during the year and jointly with the Association of Bread Makers, Indupan A.G. and the National Environmental Corporation, Conama, Chilectra presented an Electric Heater for Chilean Ovens as a solution directed at energy reconversion. New payment channels were also implemented (Servipag and Internet), the consumption bill was redesigned to incorporate shadings and to include a magazine with information and entertainment. Chilectra continued its consolidation as an integral provider of electric services and products in the home, companies and industries. In this perspective, Chilectra intensified its sales plan of products that utilize electric power as fuel, as well as services such as insurance on protected energy ■ As a result of

the actions taken during 2003, Chilectra achieved third place in the Ranking of Concessionaire Companies of Public Distribution Services and first place amongst the companies with more than 50,000 clients, in accordance with the ranking drawn up by the Superintendency of Electricity and Fuels ■ In December 2003 Chilectra had the satisfaction of receiving the prize for **Social Responsibility** awarded by the Society for Fomenting Industry (SOFOFA) in recognition of the efforts made by the company to strengthen its relationship with the community and contribute towards a better quality of

life for its inhabitants. Amongst the activities carried out during the year 2003, we highlight the recovery of the historic heritage, the promotion of the use of electricity, prevention of juvenile drug addiction, the promotion of reading and literary creation, amongst other projects ■



Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	426,823	401,917	24,906	6.2%
Operating Costs	(304,334)	(281,512)	(22,822)	(8.1%)
Selling and Administrative Expenses	(34,438)	(32,212)	(2,226)	(6.9%)
Operating Income	88,052	88,193	(141)	(0.2%)
Non-Operating Income	(59,338)	(131,220)	71,882	54.8%
Net Income	51,470	(31,312)	82,782	264.4%



Puerto Madero, Buenos Aires, Argentina



information of the company

Corporate Name
Empresa Distribuidora Sur S.A.

Type of company
Stock Company

Tax Register Number
30-65511651-2

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

Telephone
(54-11) 4370 3700

Fax
(54-11) 4381 0708

Web Site
www.edesur.com.ar

E-mail
servicio@edesur.com.ar

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

Number of shares
898,585,028

Number of shareholders
141

Subscribed and Paid-in Capital
(Ar\$) 2,076,134,560

Participation of Enersis
(direct and indirect)
65.10%

Corporate purpose
**Distribution and sale of
electric power in the southern
zone of Buenos Aires and other
areas of the Province of
Buenos Aires and related
Services.**

BOARD OF DIRECTORS

Chairman
Rafael Fernández

Vice-Chairman
Rafael López

Directors
**Rafael Arias
Pablo Alejandro Ferrero
Alfredo MacLaughlin
Marcelo Silva
Julio Valenzuela
Gonzalo Vial
Jorge Volpe**

Deputy Directors
**Pedro Eugenio Aramburu
Alan Antes
Manuel María Benites
Jorge G. Casagrande
Santiago Daireaux
Roberto Fagan
Horacio Babino
Mariano F. Grondona
Pablo Martín Lepiane**

SENIOR EXECUTIVES
Chief Executive Officer
José María Hidalgo

Chief Environmental and Quality
Officer
José María Gottig

Chief Communications Officer
Daniel Horacio Martini

Chief Internal Audit Officer
Jorge Lukaszczuk

Legal Affairs Director
Alvaro Eduardo Estivariz

Human Resources Director
Héctor Hernán Ruiz

Marketing Director
Sandro Ariel Rollan

Distribution Director
Daniel Héctor Colombo

Services Director
Daniel Roberto Alasia

Planning and Financial Control
Director
Juan Grande

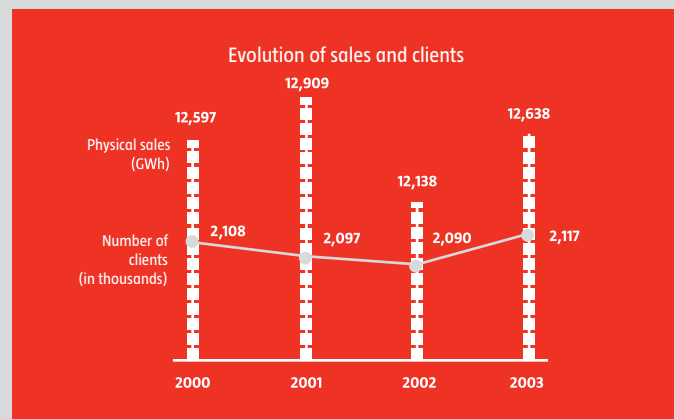
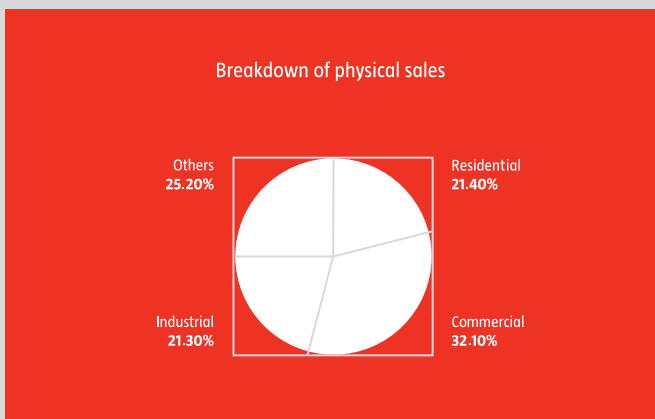
Administration and Finance
Director
Juan Eduardo Verbitsky

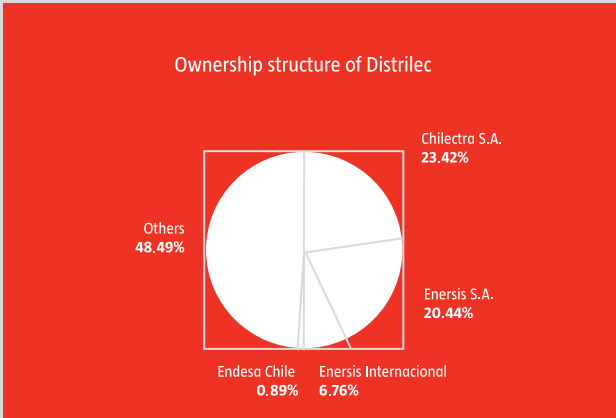
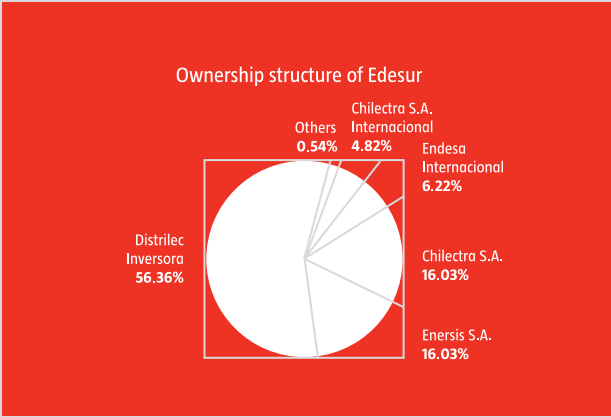
Edesur's principal purpose is the distribution and sale of electricity in the southern zone of the autonomous city of Buenos Aires and twelve districts in the Province of Buenos Aires. It has a concession area that covers 3,309 square kilometers ■ The financial restrictions obliged the company to develop the operating, maintenance and investment activities under severe budgetary limitations. In 2003 investments were made for a total of Ar\$ 111 million with the purpose of maintaining the supply and quality of the service ■ Physical sales amounted to 12,638 GWh, representing an increase of 4.1% with respect to the year 2002

■ With respect to the **tariff process**, the company's operations during the year 2003 continued to be affected by the stipulations of the Public Emergency Law decreed in January, 2002. These established, amongst other measures, the freezing of the tariffs on public services at values in Argentine Pesos similar to those in place before the devaluation. Only in the month of October was the Government authorized by law to renegotiate all the public service contracts in a process that should conclude in December 2004. This will permit the adjustment of the contracts beyond the bounds of the current regulatory framework and contemplates the possibility of approving increases for account of the results of the renegotiations ■ At

the beginning of December 2003, the first formal meeting took place between the representatives of the electricity transmitting and distribution companies and the Unit for the Renegotiation of Works and Services Contracts at which a chronogram of activities was handed out with the definition of “partial agreements” in a term of six months and the signature of the new contracts, as stated, by December 2004 ■ With respect to the

business activities, as of December 31, 2003 the total number of clients of Edesur amounted to 2,117,254, a net increase of 1.3%. The staff complement amounted to 2,258 people ■ Faced with the unprecedented economic crisis in Argentina, in 2003 Edesur directed its business activities towards trying to contain the loss of energy and delayed payments, the optimization of the cash flows and the quality of the processes. As of December





31 the level of losses was 11.8% and during the year punctual payments improved slightly to 99.1% of the total invoicing. With the purpose of responding to the new needs of the clients, the company developed new products and services amongst which we highlight the collection for other services and the advertising by third parties on the invoices. Furthermore, in the context of the serious social crisis, Edesur has implemented ideas that tend to demonstrate its social responsibility and its integration into the communities in which

it operates and develops its activities: a program with Food Aid in zones of extreme poverty jointly with Caritas Argentina for the donation of the change. Donation towards the emergency created by the floods in Santa Fe. Search for lost children through the electricity invoices, amongst others ■ From the financial point of view, the company has been able to refinance its entire debt maturities, being one of the few companies that

is not in default. As a recognition to its performance, the company was granted an improvement in its credit risk rating, the only such case among the companies in the sector ■

Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	183,942	201,473	(17,531)	(8.7%)
Operating Costs	(161,166)	(183,448)	22,282	12.1%
Selling and Administrative Expenses	(28,023)	(30,891)	2,868	9.3%
Operating Income	(5,247)	(12,866)	7,619	59.2%
Non-Operating Income	(9,347)	(13,586)	4,239	31.2%
Net Income	(27,101)	8,287	(35,388)	(427.0%)



Lima, Peru



information of the company

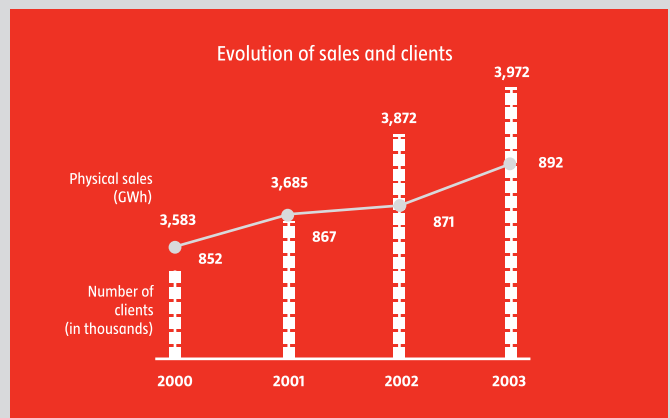
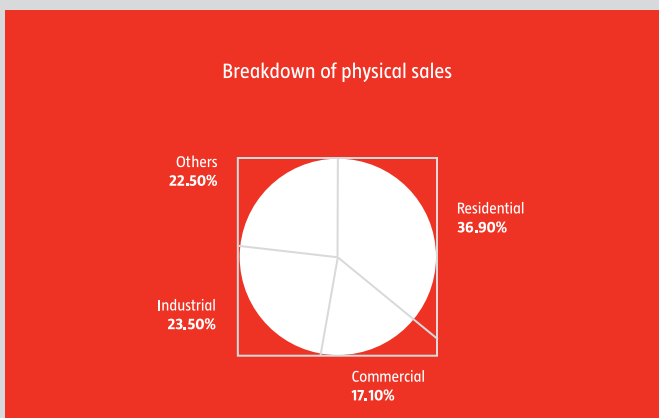
Corporate Name Empresa de Distribución Eléctrica de Lima Norte S.A.A.	BOARD OF DIRECTORS	SENIOR EXECUTIVES
Type of company Limited Liability Stock Company	Chairman Reynaldo Llosa	Chief Executive Officer Ignacio Blanco
Tax Register Number 20.269.985.900	Vice-Chairman Ignacio Blanco	Chief Marketing Officer Enrique Demarini
Address Jr. Teniente César López Rojas Nº201, Rub. Maranjas, San Miguel, Lima, Perú Control Officer	Directors Fernando Bergasa Cristián Herrera José M. Hidalgo Guillermo J. Morales Ricardo Vega	Chief Human Resources Officer Rocío Pachas
Telephone (51-1) 561 2001		Chief Technical Officer Walter Sciutto
Fax (51-1) 452 3007		Chief Administration and Juan Yamamoto
Web Site www.edelnor.com.pe		Legal Counsel Luis Salem
e-mail onlinea@edelnor.com.pe		
External Auditors Gris, Hernández y Asociados S.C. - Deloitte & Touche		
Number of shares 1,074,902,874		
Number of shareholders 867		
Subscribed and Paid-in Capital (Pe\$) 1,074,902,874		
Participation of Enersis (direct and indirect) 33.41%		
Corporate purpose distribution, transmission and generation of electric power		

Edelnor is a concessionaire of the electricity public service for the northern zone of Metropolitan Lima and the Constitutional Province of Callao, as well as the Provinces of Huaura, Huaral, Barranca and Oyón. It serves 52 districts on an exclusive basis and shares another 5 districts with the distribution company for the southern zone ■ In the metropolitan zone, Edelnor's concession covers principally the industrial area of Lima and some heavily populated districts of the city. The concession zone granted to Edelnor covers a total of 2,440 square kilometers of which 1,838 square kilometers correspond to the northern part of Lima and Callao ■ In

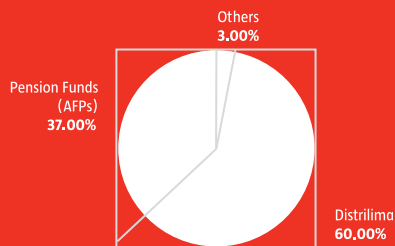
the year 2003, **physical sales** of energy amounted to 3,972 GWh, an increase of 2.6% with respect to the same period of 2002 ■ During the year 2003, Edelnor purchased energy from 6 generating companies: Electroperú (51.9%), Edegel (24.8%), Eepsa (4.5%), Egenor (14.0%), Cahua (4.4%), Pacasmayo (0.3%) and the other 0.1% corresponds to the self generation of the isolated systems that feed the rural areas in the zone of Norte Chico ■ With respect to the **distribution tariffs**, for Edelnor these are set every four years and are determined considering as a basis, a model of an efficient distribution company and taking into account the commercial costs associated with the client, standard losses of power and energy, standard costs

of investments, maintenance and distribution operations per unit of power supplied. The last adjustment of tariffs came into force on November 1, 2001 and shall be in force until October 31, 2005 ■ **Energy losses** as of december 2003 were 8.4%. This result was achieved following the strategic plan based on the follow-up of the losses by distribution sub-station. For this reduction to be possible, it was vital to first install totalizers in each sub-station, using as an installation criteria a decreasing order according to the level of losses of the feeders, thus maximizing the return on the investment ■ During the year, Edelnor invested US\$ 22 million mainly to improve

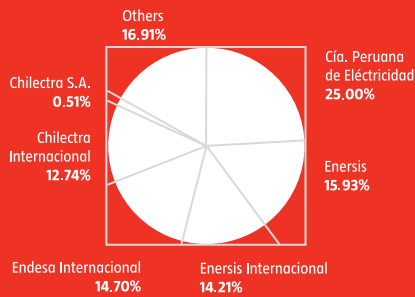
and expand the electricity and public lighting systems and to implement corporate computer systems ■ To this date, there are close to 4,500 sub-stations with measured distribution, 75% of the total sub-stations of the company, with balances of energy that permit the optimization of inspection costs and the assignment of the resources available in a more rapid and adequate manner, achieving a substantially speedier detection of theft. This, for sure, does not merely mean a temporary solution but also a medium and long term one, which in time will permit a sustainable reduction in the company's losses of energy. Furthermore, the appropriate policy



Ownership structure of Edelnor



Ownership structure of Distrilima



on power cuts and the reduction in the invoicing period from 1.5 days down to 1 day made a significant contribution towards obtaining an index of 100.5% punctual payments ■ As of December 31, 2003, the **number of clients** came to 891,589 which represents an increase of 2.3% with respect to the same date of the previous year. On the other hand, the staff complement of Edelnor as of December was 554 people ■ Within Edelnor's policy of providing the best service to its clients, contracts have been signed for collection services of bills-invoices with such companies as TIM, Bellsouth and Cable Express and the shared collection agreement with Telefónica

and Sedapal continues. Through these contracts and agreements, clients can enjoy the convenience of paying in one single place, in any of the Service and Payments Centers, both Edelnor's bills and those of the other companies with no added cost ■ Finally, we would mention that a new Electric Power Receipt format was designed. This arose as part of the policy of continuous improvement of the company with the object of being able to inform, foment and offer the products and services to the more than 800,000 residential clients in the area under concession ■ In its **financial activities**, in

September 2003 Edelnor placed its sixth corporate bond issue on the local market, for an amount of approximately US\$ 11.4 million at 4 years, achieving a cut-off rate of 4.47%. A new issue approved for up to a maximum of US\$ 50 million is kept current with the purpose of maintaining active the access to the local money market and face the obligations to refinance ■

Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	175,947	205,670	(29,723)	(14.5%)
Operating Costs	(132,315)	(152,721)	20,407	13.4%
Selling and Administrative Expenses	(17,094)	(19,725)	2,631	13.3%
Operating Income	26,538	33,224	(6,686)	(20.1%)
Non-Operating Income	(3,072)	(943)	(2,129)	(226.0%)
Net Income	13,078	19,957	(6,879)	(34.5%)



Cabo Frio, Rio de Janeiro, Brazil



information of the company

Corporate Name
**Cerj-Companhia de
Eletricidade do Rio
de Janeiro**

Type of company
Stock Company

Tax Register Number
33.050.071/0001-58

Address
**Praça Leoni Ramos Nº1, São
Domingos, Niterói, Rio de
Janeiro, Brazil**

Telephone
(55-21) 2613 7000

Fax
(55-21) 2613 7153

Web Site
www.cerj.com.br

E-mail
cerj@cerj.com.br

External Auditors
Deloitte Touche Tohmatsu

Number of shares
2,895,563,869,685

Number of shareholders
1,227

Subscribed and Paid-in Capital
(R\$) 915,424,306

Participation of Enersis
(direct and indirect)
71.82%

Corporate purpose
**Generation, transmission,
distribution and
sale of electric power.**

BOARD OF DIRECTORS

Chairman
Antônio Melo Martins

Vice-Chairman
**Gonzalo Carbó
José Alves de Mello Franco**
Directors
**Alfonso Arias
(Director of Enersis)**
Marcelo Llévénès
Rafael López
Fernando Nadal
Francisco C. Pereira
Marcelo Silva
Carlos Silva de Almeida

Deputy Directors
Joaquim Ferreira da Silva
José Alves de Mello
Antonio José Sellare
Fernando G. Urbina

SENIOR EXECUTIVES

Chief Executive Officer
José A. Inostroza

Chief Regulations and
Energy Officer
José Alves

Chief Administration and
Finance Officer
Julio Moratalla

Chief Marketing Officer
Gonzalo Mardones

Chief Technical Officer
María M. L M Olano

Chief Human Resources Officer
Eunice Rios Guimaraes

Chief Institutional Relations
Officer
Mario de Carvalho Rocha

Chief Losses Officer
Claudio M. Rivera

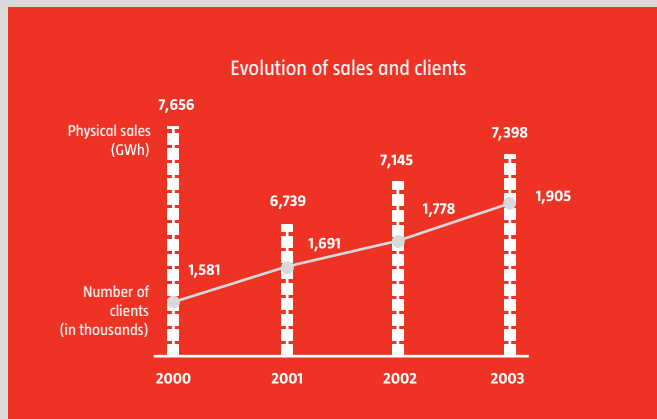
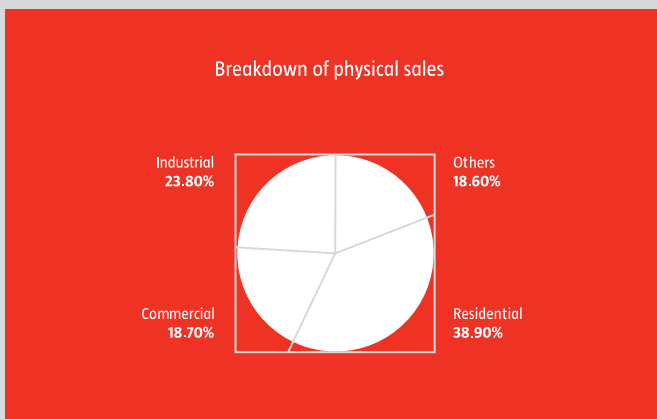
Cerj distributes electric power to a large part of the State of Rio de Janeiro in Brazil, supplying a population of over 8 million inhabitants belonging to 66 boroughs in an area of 31,741 square kilometers. The principal areas in which it provides its services are Niterói, Sao Gonçalo, Petrópolis, Campos and the Los Lagos Zone ■

The **sales of energy** in 2003 amounted to 7,398 GWh, an increase of 3.5% with respect to the previous year. In order to satisfy this market, the company purchased energy from Furnas (58.6%), Itaipú (19.1%), CIEN (16.7%), Enertrade (3.3%) and the rest was self-generated (2.3%)

■ During the year 2003, Cerj had to confront the periodic **process of reviewing the tariffs** corresponding to its concession contract. This process must be carried out every 5 years with the exception of the first one that was due in 2003. The percentage adjustment in tariffs was determined at 15.52% and a further 1.3% for its productivity factor ■ The company paid special attention to the **control of energy losses** for which it implemented a series of projects with the purpose of reducing this level. In 2003, the company managed to focus on the more problematic neighborhoods and to segment the losses by geographic zones and type of client: Improvements were made to the

computer system and to the processes that permitted an increase in efficiency and effectiveness in the detection of theft. Police and legal actions against thieves were also intensified. However, as a result of the variation in tariffs mentioned above and the current economic crisis, the index came to 23.6% ■ In the areas with a high index on losses (PIMT), the company attended 132,003 clients of which 53,850 clients were regularized. In the areas with traditional regularization, the company

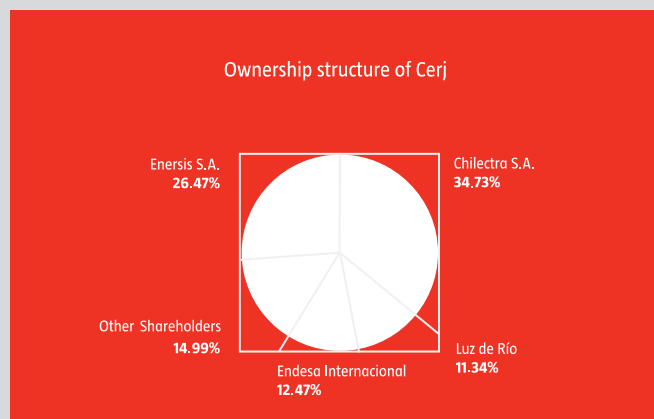
inspected 515,805 clients, regularizing 159,763 clients. With respect to large clients, the company inspected 14,477 clients, regularizing 1,409 of them ■ Finally, innovative solutions were created and tested to reduce losses such as: 1) The DAT network, directed at minimizing the fraudulent connection of clients in areas with high losses; 2) new alarm and remote measuring technology in the process of being adopted by large clients; and 3) new actions for treatment of the poor areas (mass census



for the application of low income tariffs, reforms to the client's internal installations and a general agreement with government entities on the payment of consumption in the shanty towns) ■ Furthermore, Cerj's performance permitted a rise in the collections and recoverability, achieving a 97.4% success ■ In 2003, the total **number of clients** of Cerj reached 1,905,202, which represented an increase of 7.1% with respect to the year 2002. On the other hand, as of December 2003, the company had 1,517 employees, mainly operating technicians ■ This year, the main focus was on the search for market

discipline through operating and administrative actions that permitted a better payment behavior by the clients. In this way, in 2003 the power cuts due to unpaid bills rose by 8% to 960,000 and reconnections rose by 17% with respect to the year 2002, with an improved replacement timing ■ Just as the **business activity** of Cerj during the year 2003 was principally focused on increasing the index on collections, there were also projects directed at improving the quality of customer service. Amongst these projects we highlight the new contractual mode practiced in the Call-Cerj Attention Center which has produced positive

results that can be perceived in terms of agility and quality of attention. Similarly, we highlight the Letter-Service and Cerj Easy projects, both destined to improve customer service ■



Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	317,593	348,613	(31,020)	(8.9%)
Operating Costs	(282,156)	(306,380)	24,224	7.9%
Selling and Administrative Expenses	(10,925)	(21,624)	10,699	49.5%
Operating Income	24,512	20,608	3,904	18.9%
Non-Operating Income	(151,141)	(40,163)	(110,978)	(276.3%)
Net Income	(98,773)	(9,103)	(89,670)	(985.1%)



Fortaleza, Ceará, Brazil



information of the company

Corporate Name
**Companhia Energética
do Ceará**

Type of company
**Limited Liability
Stock Company**

Tax Register Number
07.047.251/0001-70

Address
**Av. Barão de Studart, 2917/83,
Bairro Dionísio Torres,
Fortaleza, Ceará, Brazil
CEP 60.127-900**

Telephone
(55-85) 216 1100

Fax
(55-85) 216 1410

Web Site
www.coelce.com.br

E-mail
investor@coelce.com.br

External Auditors
**Deloitte Touche Tohmatsu
S/C Ltda.**

Number of shares
155,710,600,088

Number of shareholders
4,411

Subscribed and Paid-in Capital
(R\$) 433,057,723

Participation of Enersis
(direct and indirect)
29.43%

Corporate purpose
**Production, transmission,
distribution and sale of
electric power and related
services in the State of
Ceará.**

BOARD OF DIRECTORS

Chairman
Marcelo Llévénès

Vice-Chairman
Luciano Galasso

Directors
**Luis Gastao Bitencourt
Jorge Parente
José Alves de Mello
Fernando de Moura
Fernando Nadal
Manuel das Neves Bento
Manuel Soto
Fernando Urbina
Antonio Uchoa**

Deputy Directors
**José Nunes de Almeida
Priscila Cassoli
Juarez Ferreira de Paula
Luiz Fernando Gonçalves
Antonio A. Gouvêa Vieira
Isabel Carvalho Pinto
Antonio B. Pires e Albuquerque
Rogério Cruz Themudo
Antonio C. Viana de Barros**

SENIOR EXECUTIVES

Chief Executive Officer
Cristián Fierro

Chief Institutional Projects
Officer
José Nunes de Almeida

Chief Marketing Officer
Luciano Alberto Galasso

Chief Distribution Officer
José Távora Batista

Chief Planning and Control
Officer
Abél Pérez Claros

Chief Human Resources Officer
José R. Ferreira Barreto

Chief Administration and
Finance Officer
Antonio O. Alves Texeira

Coelce is the electric power distribution company of the State of Ceará, in the northeast of Brazil, covering a total concession area of 146,817 square kilometers in 184 districts. In this area, the company serves a population of more than seven million inhabitants.

Complying with its objective of providing a better service to its clients, during 2003, Coelce performed a series of activities in protection and maintenance of its electricity system amongst which we highlight the inspection of more than 124,000 kilometers of lines, the replacement of transformers and

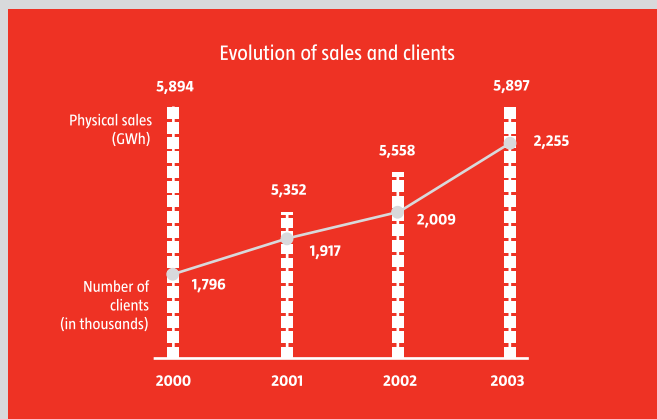
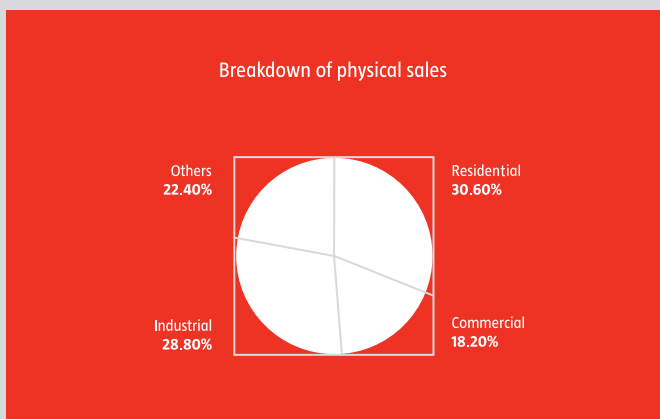
thermographic inspections, with which the quality of service indicators improved considerably ■ The **sales of energy** as of December 31, 2003 amounted to 5,897 GWh, an increase of 6.1% in relation to the same date in 2002. In order to satisfy demand, the company purchased a total of 6,825 GWh, 6.8% greater than the accumulated figure for the previous year ■ With regard to the **tariff process**, as per the definition in the concession contract, the tariffs were readjusted by 31.29% as from April 22, 2003. In addition to this, other extraordinary revenues were acknowledged making the total adjustment 31.8%. This increase was applied in differentiated stages according to the

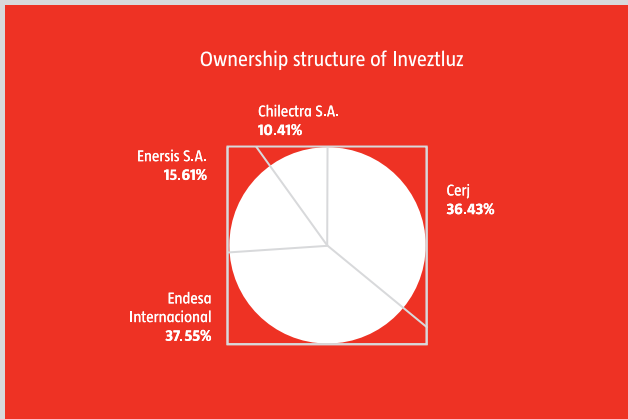
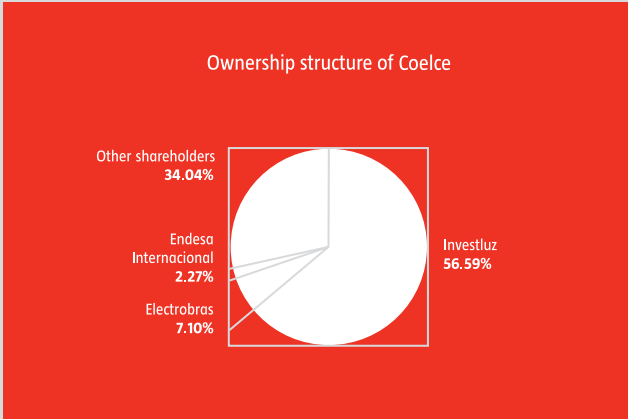
various levels of tension, with a lower percentage on the clients of low tension and a greater one for those of high tension. This falls within the tariff realignment plan promoted by the government over the next five years

■ **The TTM (Trailing Twelve Months) energy losses** as of December 31, 2003 came to 13.5%, slightly higher than the level registered in the year 2002. In regard to collections, the company managed to increase these from 98.4% to 99.7% as of December 2003 ■ The

number of clients served by Coelce as of December 31 was 2,254,979, reflecting a growth of 12.2% with respect to the year before. With regard to the number of employees as of December 31, 2003, this amounted to 1,375 people

■ In respect of its relationship with clients, customer service improved, a 3+1 Insurance was implemented and the Coelce Plus brand was created to sell the services of maintenance to its clients. Furthermore, the company continued with its improvement in the





quality and continuity of the distribution of electric energy service. These achievements have been acknowledged in the last opinion poll carried out by the National Electric Energy Agency (Aneel) for the northeast sector of Brazil where Coelce gained the first place amongst the larger distribution companies ■ During the year 2003, Coelce made **investments** in a project to remodel and expand the agencies that attend the public in order to improve customer service, respond to the new functional needs and uniform the visual aspect of the offices,

strengthening the Coelce brand image before its clients.

Furthermore, we would point out that in a new pioneering

project during the year 2003, Coelce, jointly with the

insurance companies, offered its clients a collection of

personal accident, financial protection and residential

insurance policies ■ With respect to the community,

Coelce invested approximately US\$ 2 million in social

and cultural projects through the State Law to Promote

Culture. It also developed project in benefit of society

through educational activities and mobile demonstrations

such as, for example, educational shows on electric power

with safety in schools and neighborhoods ■ Finally,

Coelce was selected from among 46 participants as

the **best energy distribution company in Brazil** in the

Financial Performance category, as per the award from

the Brazilian Association of Electric Energy Distributors

(Abradee) ■

Summary of Income Statement

Millions of Chilean Pesos

	2003	2002	Var 02-03	% Var
Operating Revenues	207,387	230,002	(22,615)	(9.8%)
Operating Costs	(158,070)	(164,954)	6,884	4.2%
Selling and Administrative Expenses	(29,622)	(40,713)	11,091	27.2%
Operating Income	19,695	24,335	(4,640)	(19.1%)
Non-Operating Income	(25,742)	756	(26,498)	(3504.5%)
Net Income	(10,188)	20,555	(30,743)	(149.6%)



Bogotá, Colombia



information of the company

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

Type of company
Private Stock Company

Tax Register Number
830.037.248-0

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 Colombia Ltda.

Number of shares
132,093,274

Number of shareholders
77

Subscribed and Paid-in Capital
(ThCol\$) 1,320,927,675

Participation of Enersis
(direct and indirect)
21.65%

Corporate purpose
Distribution and sale of electric power and activities related, complementary to or connected with the distribution and sale of energy, carrying out works, designs and consultancy in electrical engineering and the sale of products for the benefit of clients

BOARD OF DIRECTORS

Chairman
Andrés Regué

Directors
**Israel Fainboim
José María Martínez
Moisés Rubinstein
Cristóbal Sánchez
Juan Pablo Spoerer
José Antonio Vargas**

Deputy Directors
**David Acosta
Germán Castro
Silvia Escobar
Henry Navarro
Roberto Ospina
Lucía Piedrahita
Carmenza Saldías**

SENIOR EXECUTIVES

Chief Executive Officer
José María Martínez

Chief Marketing Officer
David Felipe Acosta

Chief Communications Officer
Emilia Sarracino

Chief Distribution Officer
Germán Castro

Chief Financial Officer
Lucía Piedrahita

Legal Counsel
Alvaro Camacho

Chief Planning and Control Officer
Roberto Ospina

Chief Human Resources Officer
Carlos Alberto Niño

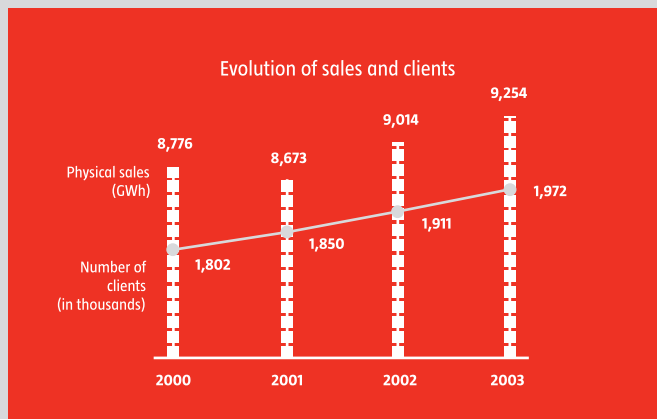
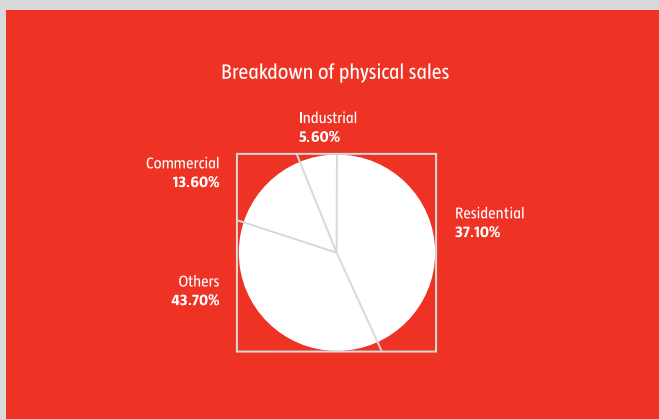
Chief Regulation Officer
Omar Serrano

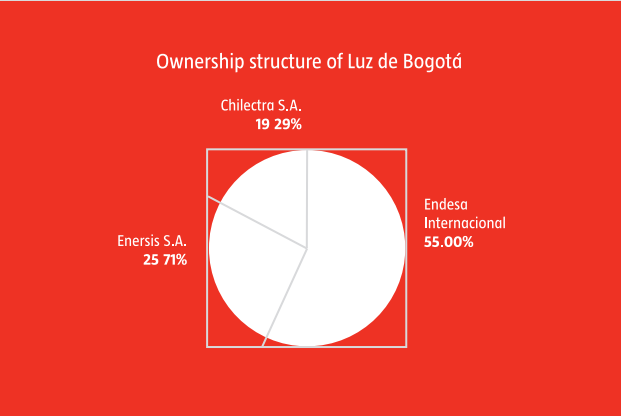
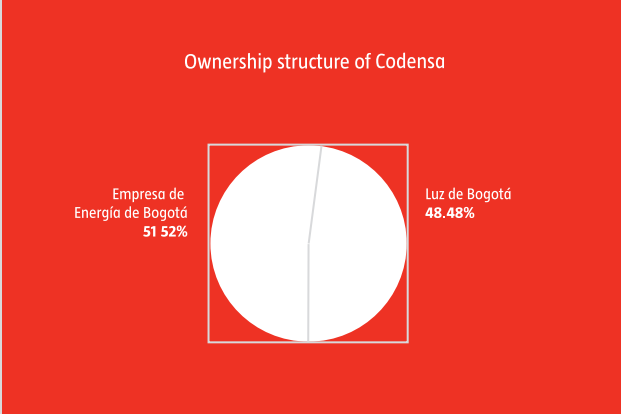
Codensa distributes and sells electric power in the City of Bogotá and in 96 municipal districts in the Departments of Cundinamarca, Boyacá and Tolima. In total, the company's area of operations comprises 14,087 square kilometers of which 1,587 square kilometers correspond to urban areas ■ **Physical sales** amounted to 9,254 GWh in 2003, representing an increase of 2.7% with respect to the same period of the previous year. With regard to the demand for energy in 2003, this reached 10,310 GWh, an increase of 2.4% in comparison with the year 2002 ■ The year 2003 saw the conclusion of the **process of setting tariffs** for the company,

where the charge for distribution was raised by an average of 38% with respect to the previous tariffs. This adjustment was made in two stages: 15.29% between October 2002 and April 2003 and the rest on a gradual basis from September 2003 until completing the final 38% towards the middle of 2004. These new adjustments will reign from September 1, 2003 until the end of 2007 ■ During this year, the company managed to lower its **TTM (trailing twelve months) energy losses** which as of December showed accumulated losses of 10.2%, an improvement of 0.1% with respect to last year. The company continued with its plans developed for the collection activity, achieving at the end of the year an improvement

in collections, closing the year 2003 with a percentage of 99.7% as compared to 98.4% in 2002 ■ During the year, 125,729 regularization inspections were made and 27,017 job orders were issued. For the Large Consumers 9,994 inspections were carried out and 907 job orders issued. The control of energy losses area invoiced 80 GWh corresponding to CNR ■ The company's **number of clients** as of December 31, 2003 amounted to 1,972,016, an increase of 3.2% over the figure for the year 2002. The

number of people employed by Codensa as of December 31, 2003 was 858, essentially comprised of professionals and technicians ■ In **business matters**, the company was consolidated as the leader in complementary services such as the financing of household electrical appliances and invoicing of insurance, to such an extent that the company currently has 128,000 of its own clients of these businesses. Furthermore, Codensa achieved an average of 8.1 points out of 10 in the perception of quality of





service ratings. Some of the tasks that contributed towards this good perception were the customer service program in which 168 operating contractors participated and the program of self-preparation and training for 274 workers of the company's sub-contracting companies ■ With respect to the performance in quality and environmental issues in 2003, the company obtained the **ISO 14001** certification of its Environmental Protection System. At the same time, the implementation of the Quality Control System reflected a progress of 81% at the end of the year. Also, the company developed the

diagnosis and the action plan for the implementation of the Occupational Health and Safety System (OHSAS 18001) ■ With respect to **legal matters**, the company adopted the Code of Corporate Management and the Code of Good Management, which include all the criteria that the norms require for the institutions interested in reflecting values. In order to achieve this, it was necessary to modify some of the articles in the by-laws and also reform others in order to adapt them to the

needs of the Company. The Legal Activity permitted an adequate control of the legal risks to which the company is exposed ■ In its **social activities**, Codensa carried out different activities such as the Guarding Energy program with the purpose of training young people to promote the productive, safe and efficient use of energy and the environmental responsibility, the awareness of the obligations and rights of the clients, and the programs of illuminating cathedrals ■

Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	292,155	334,820	(42,665)	(12.7%)
Operating Costs	(248,022)	(283,172)	35,150	12.4%
Selling and Administrative Expenses	(10,402)	(29,884)	19,482	65.2%
Operating Income	33,731	21,764	11,967	55.0%
Non-Operating Income	6,344	(8,595)	14,939	173.8%
Net Income	18,020	(6,723)	24,743	368.1%



Feeder Construction for Communications Antenna, Chile



other businesses



 **Colombia**
Synapsis
CAM

 **Peru**
Synapsis
CAM

 **Brazil**
Synapsis
CAM

 **Argentina**
Synapsis
CAM

 **Chile**
Synapsis
CAM
Inmobiliaria Manso de Velasco



Synapsis' Office, Chile



information of the company

Corporate Name
**Synopsis Soluciones
y Servicios IT Ltda.**

Type of company
**Limited Liability
Stock Company**

Tax Register Number
96.529.420-1

Address
**Catedral N° 1284, Piso 10
Santiago, Chile**

Telephone
(56-2) 397 6600

Fax
(56-2) 397 6601

Web Site
www.synopsis-it.com

e-mail
synopsis@synopsis-it.com

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

Subscribed and Paid-in Capital
(ThCh\$) 3,943,580

Participation of Enersis
100%

Corporate purpose
**Supply and sale of services
and equipment related to
computers, data processing,
telecommunications systems
and control systems for public
utility companies and others,
both domestic and foreign.**

AGENTS

**Cristóbal Sánchez
Victor H. Muñoz**

SENIOR EXECUTIVES

Chief Executive Officer
Victor H. Muñoz

Chief Financial and Admin.
Officer
Rodrigo A. Morelli

Chief Consulting Services Officer
Gustavo Pardo

Chief Operations Officer
María A. Letelier

Chief Plant Officer
José M. Gil

Chief New Business Officer
Manuel de Andrés

Synapsis Soluciones y Servicios IT is the professional services company in information technology of the Enersis Group. Synapsis is currently positioned as the leading company in Latin America in IT solutions for Government and service companies ■ Its Head Office is located in Santiago, Chile and it has branch offices in the most important cities in the region: Buenos Aires, Argentina; Rio de Janeiro and Fortaleza, Brazil; Bogotá, Colombia and Lima, Peru, assuring in this way, the coverage of the whole of Latin America ■ Synapsis' principal areas of activities are: consultancy in the search and implementation of technical solutions to support the Business Process; the Integration of services and products; Services of Development, Implementation and Maintenance of Systems; Outsourcing and Infrastructure Services; Data Centers, Contact Centers, Mass Printing; and Consultancy, execution of projects and Support in Telecontrol and Telecommunications ■ Currently, Synapsis does not only provide services throughout the companies of the Enersis Group but it has also significantly increased the number of other clients in its total portfolio of revenues ■ **In**

Chile, amongst the most important contracts within the Group awarded to Synapsis are the Technical Distribution System and the participation in the Communications and Telecontrol Projects for the El Salto Sub-Station (Chilectra); the hydroelectric power plant projects and the execution of the project to renew the Operations Support Systems Platform for Endesa Chile. With respect to contracts awarded from outside the group, we highlight the Heracles project for INP, the Government Social Security Authority, which makes the company one of the principal technological partners of the Chilean Government; the implementation of

the Fleet Control System of the CCU (Compañía Cervecerías Unidas) trucks; the extension for a further 15 months of the ESVAL contract and the implementation of all the systems for Aguas del Valle in the IV Region; the Televenta contract for Autopista Central; and the new Contract for Data Processing for Smartcom ■ **In Colombia**, Synapsis was awarded the contracts for the Projects for Eléctrica del Norte de Santander, Ecopetrol, Acueducto de Bogotá and the Municipality of Medellín. The latter is the first successful experience of an electronic municipal Government in the world utilizing SAP technology ■ **In Panama**, the

project to implement the business system for

Aguas de Panama IDDAN ■ **In Venezuela**

the implementation of the business system

in ENELBAR was successfully concluded ■

In Brazil, the Cerj Call Center was put into

operation with which the operations for the

Energis Group of companies in this country

were consolidated ■ **In Peru**, we highlight

the important development achieved on the

project for the Control System of the company

San Gabán ■ With respect to the **operating**

return, the company achieved a growth of 54%

with respect to 2002, an operating return on

sales close to 19% and a profit of nearly US\$ 10

million thanks to having being awarded important

contracts and to the execution of significant

projects for public and private companies in Latin

America ■ Finally, following the strategic policy

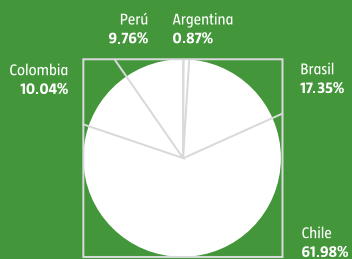
of Synapsis, during the year 2003, it transferred its

Business Synergy and Electric Distribution Systems

software factory to the Argentine subsidiary in

Buenos Aires ■

Breakdown of revenues by country



Summary of Income Statement

Millions of Chilean Pesos

	2003	2002	Var 02-03	% Var
Operating Revenues	45,283	50,028	(4,745)	(9.5%)
Operating Costs	(30,331)	(37,603)	7,272	(19.3%)
Selling and Administrative Expenses	(6,214)	(6,178)	(36)	0.6%
Operating Income	8,738	6,247	2,491	39.9%
Non-Operating Income	(292)	(467)	(273)	58.7%
Net Income	5,943	4,440	1,503	(33.8%)



Candelaria Substation Mounting, Chile



information of the company

Corporate Name
**Compañía Americana
de Multiservicios Ltda.**

Type of company
**Limited Liability
Stock Company**

Tax Register Number
96.543.670-7

Address
**Bulnes N°1238,
Santiago, Chile**

Telephone
(56-2) 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-in Capital
(ThCh\$) 2,572,038

Participation of Enersis
100%

Corporate purpose
**Perform for its own account
or on behalf of third parties
and/or in association with
third parties, both in Chile and
abroad, general services, real
estate services and building of
real estate, import, export and
distribution of products of any
nature.**

AGENTS

**Pantaleón Calvo
Eduardo López**

DEPUTY AGENTS

**Andreas Gebhardt
Cristóbal Sánchez**

SENIOR EXECUTIVES

Chief Executive Officer
Pantaleón Calvo

Chief Executive Officer,
CAM Brazil
Fernando Foix

Chief Executive Officer,
CAM Peru
Mario Albornoz

Chief Executive Officer,
CAM Colombia
Carlos Restrepo

Legal Representative,
CAM Argentina
Mauricio Naser

CAM's business is directed towards providing integral, mass and multiservice solutions, taking advantage of its experience in operations to service companies and its knowledge of management and logistics. Furthermore, in recent years, CAM has positioned itself strongly in the sector of construction and assembly of sub-stations and transmission lines ■ The Head Office in Chile and its subsidiaries in Argentina, Brazil, Colombia and Peru have consolidated their regional presence, successfully expanding the portfolio of clients. The commitment to an excellent service made by CAM is reflected in the ISO certifications obtained in all its

subsidiaries for their Measurement Laboratories services ■ During 2003, CAM was awarded **new contracts** worth US\$ 47 million in the different lines of business it manages, of which 42.5% came from third party clients and the other 57.5% corresponds to contracts with related companies. Of this last percentage, US\$ 5 million correspond to the award of joint contracts with Chilectra and for the transfer of networks and the construction of polyducts for highway concessions, the Subway system and the Ministry of Public Works ■ **In Chile**, with respect to the lines of business for public service companies, we highlight the important contracts such as the Cut and Replacement contract signed with Aguas Andinas. In

the area of Measuring Systems, the joint effort of CAM and Chilectra has permitted within its integral solutions, the incorporation of Integrated Measuring Cells. Examples of these are Entel Chile, Clinica Alemana, Jumbo-Easy, the Florida Center Mall, Sodimac and Carrefour, amongst others ■ In order to assure the metrological quality of the meters owned by the clients of Chilectra, CAM signed a contract with the distribution company to carry out a mass maintenance and control plan to verify the exactitude of 80,000 meters. A similar contract was signed with Empresa Eléctrica de Colina but for 20,000 meters ■ Another important event was the signing of

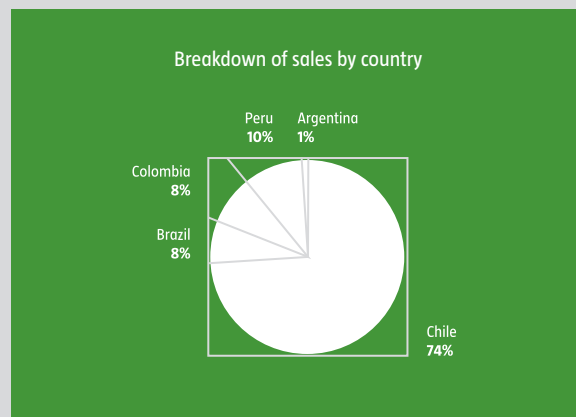
a Commercial and Technical Cooperation Agreement with COMPLANT International Trade Company from the Popular Republic of China ■ With regard to engineering, construction and the assembly of electric sub-stations, the company carried out a series of important works and projects, amongst which we highlight the assembly of the Los Maquis Sub-station and the assembly of the CMPC Santa Fe and Pacífico Sub-station in Los Angeles ■ An important level of activity and participation was achieved in the Telecommunications Sector and the development and installation of the Monitoring Network for the Autopista del Sol. It also built the Cellular Telephone

site in Valle Nevado for Smartcom PCS and the installation of repeater equipment for Smartcom

■ In the area of **sales of electrical materials**, outstanding amongst these was the business signed with ANDE, a distribution company in Paraguay, for the sale of electrical materials, cells,

transformers and sectioners for an amount of US\$ 1 million ■ Amongst the important events in the regional market, **CAM Colombia** stood out for venturing into the non electric-related sector, into gas and water, thus becoming a leader in the supply of services to public utility companies

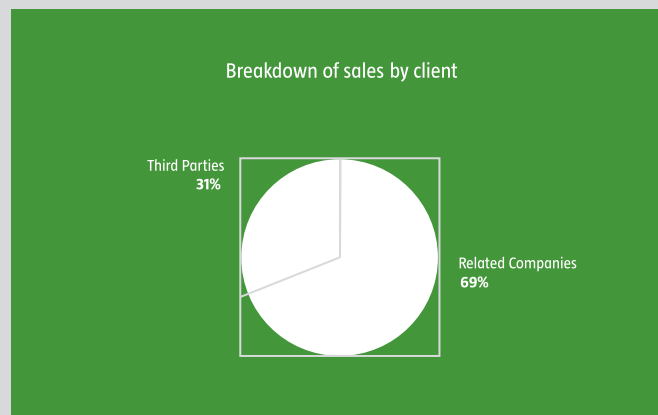
■ During 2003, **CAM Peru** has strengthened its supply services, its measuring systems and



its mass services initiated in previous years and, furthermore, it is now consolidated in the market as a supplier of electrical solutions for industrial clients

■ **CAM Argentina** passed the audit renewing the ISO 9,002/2000 on Quality and the ISO 14,001/1996 on Environmental Matters for a further year for the Measuring Systems both in the laboratories and on site. In respect of the operation, outstanding were the

works on normalizing the pumping chambers and wells and the replacement of meters for Aguas Argentinas. For Edesur, a full maintenance was carried out on the measuring equipment. ■ In 2003, the **CAM Brazil** operation was expanded with the award of the contracts with Cerj and Coelce, reflected in the increase in invoicing of R\$ 26 million with respect to the year 2002. This was the beginning of the first two long term contracts with Cerj: “Laboratory Services and Integral Management of Large Clients”, and “Control of Commercial Services” ■ In December, CAM Brazil won the bids for the Coelce



“Control and Identification of Losses”, a 5-year contract for R\$ 60 million and for the Cerj “Materials, Safety Material and Control of Project Materials Logistics”, a 5-year contract for R\$ 23 million ■

Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	91,718	94,885	(3,167)	(3.3%)
Operating Costs	(71,828)	(74,422)	2,594	(3.5%)
Administration and Sales Expenses	(6,151)	(7,994)	1,843	(23.1%)
Operating Income	13,739	12,469	1,270	10.2%
Non-Operating Income	(288)	(1,977)	1,689	(85.5%)
Net Income	10,820	8,062	2,758	(34.2%)



Enea Project, Santiago, Chile



information of the company

Corporate Name
**Inmobiliaria Manso
de Velasco Ltda.**

Type of company
**Limited Liability
Stock Company**

Tax Register Number
96.909.280-8

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

Subscribed and Paid-in Capital
(ThCh\$) 5,848,651

Participation of Enersis
100%

Corporate purpose
**Purchase, sale,
subdivision, division
into lots, sale and operation,
in any way, of any type of
real estate for own account
or on behalf of third parties.**

AGENTS

Cristóbal Sánchez
Andrés Salas

SENIOR EXECUTIVES

Chief Executive Officer
Andrés Salas

Legal Counsel
Alfonso Salgado

Chief Real Estate Development
Officer
Gustavo Cardemil

ENEA Project Manager
Bernardo Küpfer

Manso de Velasco centers its activities on the development of important real estate projects. During the year 2003 significant progress was made in real estate development and sale of the different projects, destined principally to the residential sector (Santuario del Valle and Puerto Pacífico) and to the industrial sector (ENEA) ■ **The ENEA Project** corresponds to the real estate development of 1,000 hectares strategically located in eastern Santiago, in the borough of Pudahuel, close to the Arturo Merino Benítez Airport. The evident roadway connection that the project has was strengthened in 2003

with the construction of roads linking it with Américo Vespucio, San Pablo and the future concession expressway, Costanera Norte that should come into operation in the year 2005. These works will permit ENEA to have an excellent connection with the nerve center of the city, which will permit an important development of this Business Park ■ The project is currently in Phase I that corresponds to the concept of an Industrial and Business Park. During 2003, work started on improving the road links between the project and the main artery, Américo Vespucio, which, at the same time, will permit the sale of part of the land (Phase III-A) situated

to the east of Américo Vespucio. The project has an innovative infrastructure and according to the master plan green areas will be implemented that will offer better equipment and service areas to the subdivision and to its users ■ During the fiscal year 2003 ENEA continued its progress with important advances in the business area. New important companies joined our Business Park, the most important being: Bredenmaster, Intertrade, Carlos Herrera A., Apresto Ltda. and the continuation of the housing development projects such as the Santa Catalina II Project. Some companies that already form part of the project are carrying out works to expand their center of operations within the Business

Park. During the period sales amounted to Ch\$ 3,648 million ■ Within this project is also **Aguas Santiago Poniente S.A.** that provides the water services associated with the ENEA real estate development project. As a result of the significant sales achieved from the project, the company was forced to activate the waterworks and sewage infrastructure with which it has to serve, to date, more than 1,600 residential and industrial clients and to treat 100% of the effluents from the project. In such a perspective, Aguas Santiago Poniente is in a phase of notoriously increasing its financial value on having the assurance of the existence of clients associated to the development of ENEA that require the services

provided by this company ■ **The Santuario del Valle Project**, located in the La Dehesa sector, has been consolidated as one of the most important real estate development projects in the country, directed at the sale of Single Home Residential Lots for the high class segment of the population ■ During the year 2003, sales of the lots located in Sector 6, the last lots to be developed, amounted to Ch\$ 4,442 million. The sale of this sector concludes the sale of this successful urban project ■ **The Meseta Puerto Pacífico Project** is situated on land measuring more than 35,000 square meters located in Viña del Mar, with a privileged location (15 Norte Street with

Nueva Libertad Street) close to important shopping centers and only 5 minutes from the center of Viña del Mar ■ During 2003, after the subdivision of the Meseta into 9 sub-lots, which brought with it a significant added value for its sale, the marketing process had, as a result, the sale of 4 lots, generating revenues of Ch\$ 3,213 million ■ In addition to the projects mentioned above, we would especially mention **the Tapihue Project** that contemplates lots corresponding to the land that used to be the Tapihue, Amancay – Lot B – and La Petaca farms. This land, jointly, covers an area of 7,302 hectares in the borough of Til-Til in the Province of Chacabuco

in the Metropolitan Region and possesses the ZDUC qualification (Conditioned Urban Development Zone) in accordance with the Metropolitan Regulatory Plan. Work is currently underway to regularize the water rights and other requirements that imply added value to the project ■ Within the real estate business, Manso de Velasco manages a total of 40,014 square meters of constructed property corresponding to office

buildings and shops that are mainly rented to related companies or third parties, achieving revenues in 2003 of Ch\$ 1,680 million ■ As of December 31, 2003 the company had a total of 24 employees, distributed as follows: 4 executives, 9 professionals and technicians and 11 clerical and other staff, outsourcing the engineering and architectural work required for the various projects ■

Summary of Income Statement	Millions of Chilean Pesos			
	2003	2002	Var 02-03	% Var
Operating Revenues	11,334	11,492	(159)	(1.4%)
Operating Costs	(10,501)	(6,037)	(4,465)	74.0%
Selling and Administrative Expenses	(1,691)	(1,641)	(50)	3.0%
Operating Income	(858)	3,814	(4,673)	(122.5%)
Non-Operating Income	2,075	(16,103)	18,178	(112.9%)
Net Income	1,307	(10,036)	11,342	113.0%

liability statement

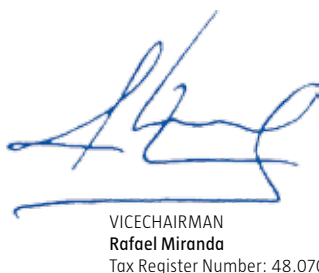
The Directors and the Chief Executive Officer of Enersis, signatories to this declaration, are liable, under oath, for the truthfulness of all the information provided in the present annual report, in compliance with General Rule N° 30 issued by the Superintendence of Securities and Insurance.



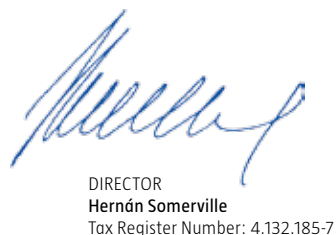
CHAIRMAN
Pablo Yrarrázaval
Tax Register Number: 5.710.967-K



DIRECTOR
Ernesto Silva
Tax Register Number: 5.126.588-2



VICECHAIRMAN
Rafael Miranda
Tax Register Number: 48.070.966-7



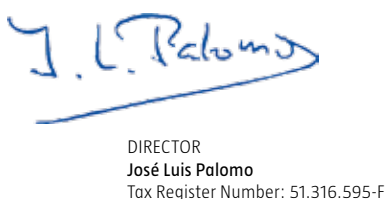
DIRECTOR
Hernán Somerville
Tax Register Number: 4.132.185-7



DIRECTOR
Alfonso Arias
Tax Register Number: 48.087.945-7



DIRECTOR
Eugenio Tironi
Tax Register Number: 5.715.860-3



DIRECTOR
José Luis Palomo
Tax Register Number: 51.316.595-F



CHIEF EXECUTIVE OFFICER
Mario Valcarce
Tax Register Number: 5.850.972-8

other subsidiaries and related companies

Distrilec

Corporate Name
Distrilec Inversora S.A.

Type of company
Foreign Closed Stock Company

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

Telephone
(54-11) 4114 3000

Fax
(54-11) 4114 3001/3002

External Auditors
Deloitte & Touche

Subscribed and Paid-in Capital
(ThCh\$) 301,356,842

Participation of Enersis
(Direct or Indirect)
50.73%

Corporate purpose
The exclusive purpose of capital investment in companies, already that have as their main activity the distribution of electric power.

BOARD OF DIRECTORS

Chairman
Rafael Lopez

Vice-Chairman
Rafael Juan Fernández

Directors
**Alan Arntsen
Mariano Florencio Grondona
Marcelo Silva
Gonzalo Vial
Horacio Ricardo Babino
Jorge Gustavo Casagrande
Daniel Jorge Maggi
Luis Miguel Sas**

Deputy Directors
**Luis Diego Barry
Santiago Daireaux
Manuel María Benites
Roberto José Fagan
Pedro Eugenio Aramburu
Rigoberto Mejía
Nicolás Carusoni
Pablo Alejandro Ferrero
Jorge Roberto Barros
Antonello Tramonti**

SENIOR EXECUTIVE

Chief Executive Officer
José María Hidalgo

Enersis Intenacional

Corporate Name
Enersis Internacional

Type of company
Foreign Stock Company

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

Telephone
(345) 949 8066

Fax
(345) 949 8080

External Auditors
Deloitte & Touche

Subscribed and Paid-in Capital
(ThCh\$) 206,727,605

Participation of Enersis
(Direct or Indirect)
100%

Corporate purpose
Any legitimate activity related with energy or fuel.

BOARD OF DIRECTORS

Chairman
Mario Valcarce
(Chief Executive Officer Enersis)

Director
Máximo de la Peña
(Enersis Chief Taxation Officer)

Investluz

Corporate Name
Investluz S.A.

Type of company
Foreign Stock Company

Address
**Av. Barao de Studart N° 2917,
Bairro Dionísio Torres Fortaleza, Ceará, Brazil**

Telephone
(55-85) 216 1123

Fax
(55-85) 216 1423

External Auditors
Deloitte & Touche Tohmatsu

Subscribed and Paid-in Capital
(ThCh\$) 506,670,818

Participation of Enersis
(Direct or Indirect)
52.00%

Corporate purpose
Participation in the capital of Coelce and in other companies in Brazil and established or to be established abroad, as a shareholder.

BOARD OF DIRECTORS

Chairman
Cristián Fierro

Directors
**Manuel Fernando das Neves
José Renato Ferreira
Luciano Alberto Galasso
Sílvia Pereira
Abel Pérez
Antonio Osvaldo Texeira**

SENIOR EXECUTIVE

Chief Executive Officer
Cristián Fierro

Distrilima

Corporate Name
Inversiones Distrilima S.A.

Type of company
Foreign Stock Company

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

Telephone
(51-1) 561 1604

Fax
(51-1) 452 3007

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

Subscribed and Paid-in Capital
(ThCh\$) 99,876,835

Participation of Enersis
(Direct or Indirect)
55.69%

Corporate purpose
**Investments in other companies,
related with the distribution and
generation of electric power**

BOARD OF DIRECTORS

Chairman
Ignacio Blanco

Vice-Chairman
Reynaldo Llosa

Directors
**Fernando Bergaza
Cristián Herrera
José María Hidalgo
José Chueca
Marciano Izquierdo**

Deputy Directors
**Pilar Dávila
Walter Sciotto
Patricia Marcaró
Luis Enrique Demarini
Mario Albornoz
Marco de Andrea
Fernando Fort**

SENIOR EXECUTIVE

Chief Executive Officer
Ignacio Blanco

Luz de Bogotá

(in liquidation)

Corporate Name
**Luz de Bogotá S.A.
Liquidación S.A.**

Type of company
Foreign Stock Company

Address
**Carrera 13A N° 93-66, Piso 6,
Bogotá,
Colombia**

Telephone
(57-1) 601 5402

Fax
(57-1) 601 5905

External Auditors
Deloitte Colombia Ltda.

Subscribed and Paid-in Capital
(ThCh\$) 125,218,347

Participation of Enersis
(Direct or Indirect)
44.66%

Corporate purpose
**Any legitimate commercial, industrial,
financial, real estate, air, marine,
mining or agricultural activity
related to energy or fuels in any
form or nature with supply to
public utilities or that have energy
as a prime input. II) Investments in
electric power generating and
distribution and particularly the
acquisition of shares in any electric
power generating, distribution or
transmission company**

LIQUIDATORS

Chief Liquidator
Alvaro Pérez

Deputy Liquidator
Carlos Mario Restrepo

Endesa Market Place en Liquidación S.A.

(in liquidation)

Corporate Name
Endesa Market Place en

Type of company
Stock Company

Address
**Rivera de Loira, 60
CEP 28042
¿DONDE? OJO**

Telephone
(34-91) 213 1000

Fax
(34-91) 213 1072

External Auditors
Deloitte & Touche

Subscribed and Paid-in Capital
(ThCh\$) 5,024,427

Participation of Enersis
(Direct or Indirect)
15.00%

Corporate purpose
B2B and new technologies

LIQUIDATOR

Jean Paul Zalaquett

consolidated financial statements

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CONSOLIDATED SIGNIFICANT EVENTS

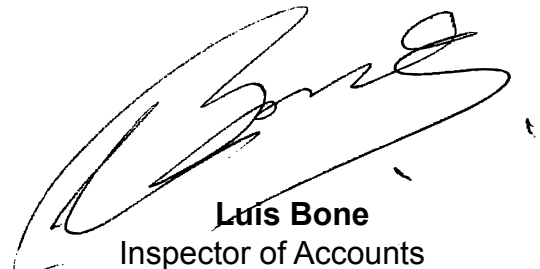
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RATIO ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT FROM THE INSPECTORS OF ACCOUNT

In accordance with the stipulations of Law N° 18,046 on Limited Liability Stock Companies and in compliance with the mandate conferred by the Ordinary General Meeting of Shareholders held on March 31 2003, we have proceeded to examine the Financial Statements of Enersis S.A. for the period between January 1 and December 31 of the year 2003.

Our task was centered on the verification, on a selective basis, of the match between the amounts included in the financial statements and the official registers of the Company and for this purpose we compared the figures presented in the general ledger against the grouping and classification spreadsheets, in order to subsequently verify that these amounts, which represent the totals of the accounts under one item, coincided with those included in the financial statements. We have no observations on this review.


Marcelo Villaseca
Inspector of Accounts


Luis Bone
Inspector of Accounts

Santiago, January 26, 2004



Deloitte & Touche
Sociedad de Auditores y Consultores Ltda.
RUT: 80.276.200-3
Av. Providencia 1760
Pisos 6, 7, 8 y 9
Providencia, Santiago
Chile
Fono: (56-2) 270 3000
Fax: (56-2) 374 9177
e-mail: deloittechile@deloitte.com
www.deloitte.cl

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Enersis S.A.

We have audited the accompanying consolidated balance sheets of Enersis S.A. and Subsidiaries (the "Company") as of December 31, 2002 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements at December 31, 2002 and 2003 of Empresa Nacional de Electricidad S.A. and Subsidiaries in Peru, and the consolidated financial statements at December 31, 2003 of Chilectra S.A. and Subsidiaries in Chile, or the 2002 financial statements of the Argentinean subsidiary Empresa Distribuidora Sur S.A. -- Edesur S.A.. These financial statements reflect total assets constituting 29.35% and 34.44%, respectively, of consolidated total assets at December 31, 2002 and 2003 and total revenues constituting 30.40% and 41.86%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Enersis S.A. and Subsidiaries as of December 31, 2002 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Chile.

Santiago, Chile
January 24, 2004

Una firma miembro de
Deloitte Touche Tohmatsu

consolidated balance sheets

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003 and thousands of US dollars)

ASSETS	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
CURRENT ASSETS		
Cash	48,666,727	26,370,232
Time deposits	147,083,163	256,254,606
Marketable securities	1,558,723	11,155,741
Accounts receivable, net	463,428,121	467,170,365
Notes receivable, net	5,182,662	8,362,627
Other accounts receivable, net	63,403,857	94,194,266
Amounts due from related companies	197,352,823	17,060,125
Inventories	60,986,480	44,308,194
Income taxes recoverable	54,980,336	61,286,338
Prepaid expenses	7,742,678	16,452,494
Deferred income taxes	42,958,648	69,459,772
Other current assets	133,341,824	73,928,782
Total current assets	1,226,686,042	1,146,003,542
PROPERTY, PLANT AND EQUIPMENT		
Land	131,203,835	115,453,784
Buildings and infrastructure and works in progress	11,738,526,563	10,053,936,197
Machinery and equipment	1,998,142,088	1,762,236,656
Other plant and equipment	540,209,473	348,089,694
Technical appraisal	753,652,675	619,471,230
Accumulated depreciation	(5,183,481,869)	(4,802,827,051)
Total property, plant and equipment, net	9,978,252,765	8,096,360,510
OTHER ASSETS		
Investments in related companies	196,105,799	180,211,471
Investments in other companies	161,061,462	133,460,297
Goodwill, net	855,988,634	780,397,218
Negative goodwill, net	(96,124,680)	(79,234,632)
Long-term receivables	127,109,018	127,935,044
Amounts due from related companies	907,149	129,103,833
Intangibles	81,725,052	77,170,981
Accumulated amortization	(34,994,773)	(39,272,322)
Other assets	241,143,152	180,611,025
Total other assets	1,532,920,813	1,490,382,915
TOTAL ASSETS	12,737,859,620	10,732,746,967

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

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
CURRENT LIABILITIES:		
Short-term debt due to and financial institutions	429,299,753	312,156,562
Current portion of long-term debt due to banks and financial institutions	611,314,573	165,695,013
Promissory notes	13,321,409	-
Current portion of bonds payable	503,486,357	70,945,193
Current portion of long-term notes payable	42,045,203	21,433,863
Dividends payable	14,699,745	3,158,548
Accounts payable	224,296,744	215,444,227
Short-term notes payable	4,881,405	21,069,881
Miscellaneous payables	74,151,727	43,916,496
Amounts payable to related companies	16,448,569	30,748,293
Accrued expenses	85,779,624	53,704,224
Withholdings	56,040,617	63,702,463
Income taxes payable	27,807,349	47,840,056
Deferred income	9,176,531	11,975,374
Other current liabilities	60,137,375	65,360,835
Total current liabilities	2,172,886,981	1,127,151,028
LONG-TERM LIABILITIES:		
Due to banks and financial institutions	1,708,252,057	833,894,860
Bonds payable	2,118,824,024	2,299,294,966
Long-term notes payable	197,801,287	145,343,166
Accounts payable	22,832,594	26,802,731
Amounts payable to related companies	998,174,521	84,320
Accrued expenses	254,486,113	317,416,983
Deferred income taxes	52,841,577	24,748,583
Other long-term liabilities	105,015,620	60,336,617
Total long-term liabilities	5,458,227,793	3,707,922,226
MINORITY INTEREST	4,091,108,748	3,349,281,823
SHAREHOLDERS' EQUITY:		
Paid-in capital, no par value	758,720,279	2,227,711,340
Additional paid-in capital	33,703,758	159,323,362
Other reserves	47,348,383	(25,671,685)
Retained earnings	406,835,727	176,016,726
Net income (loss) for the year	(225,985,568)	12,467,863
Deficit of subsidiaries in development stage	(4,986,481)	(1,455,716)
Total shareholders' equity	1,015,636,098	2,548,391,890
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,737,859,620	10,732,746,967

consolidated income statement

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003 and thousands of US dollars)

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
OPERATING INCOME:		
Sales	2,510,731,952	2,352,333,380
Cost of Sales	(1,747,350,860)	(1,651,731,835)
GROSS PROFIT	763,381,092	700,601,545
Administrative and Selling Expenses	(225,410,287)	(169,503,861)
OPERATING INCOME	537,970,805	531,097,684
NON-OPERATING INCOME:		
Interest income	86,137,470	67,235,139
Equity in income of related companies	15,146,206	17,754,503
Other non-operating income	311,225,325	197,576,789
Equity in income of related companies	(6,799,786)	(237,707)
Amortization of goodwill	(511,407,613)	(53,228,237)
Interest expense	(449,331,872)	(420,432,628)
Other non-operating expenses	(238,208,379)	(248,024,672)
Price-level restatement, net	5,014,539	(4,499,391)
Exchange difference, net	(16,271,349)	(6,054,305)
NON-OPERATING RESULT	(804,495,459)	(449,910,509)
INCOME (LOSS) BEFORE INCOME TAXES	(266,524,654)	81,187,175
Income Taxes	(66,677,155)	(41,570,717)
Extraordinary Items	(22,599,396)	-
INCOME (LOSS) BEFORE MINORITY INTEREST	(355,801,205)	39,616,458
Minority Interest	16,445,385	(78,324,793)
LOSS BEFORE AMORTIZATION OF NEGATIVE GOODWILL	(339,355,820)	(38,708,335)
Amortization of Negative Goodwill	113,370,252	51,176,198
NET INCOME (LOSS) FOR THE YEAR	(225,985,568)	12,467,863

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

consolidated statements of changes in shareholders' equity

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

	Paid-in capital	Additional paid-in capital	Other reserves	Retained earnings	Deficit of subsidiaries in development stage	Net income (loss) for the year	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
As of January 1, 2002	729,328,347	32,398,114	25,517,158	350,149,143	867,381	40,926,246	1,179,186,389
Transfer of prior year income to retained earnings	-	-	-	40,926,246	-	(40,926,246)	-
Changes in equity of affiliates	-	-	-	-	-	-	-
Deficit of subsidiaries in the development stage	-	-	-	-	(5,830,512)	-	(5,830,512)
Cumulative translation adjustment	-	-	20,596,914	-	-	-	20,596,914
Price-level restatement of capital	21,879,850	971,943	765,515	11,732,261	26,021	-	35,375,590
Net loss for the year	-	-	-	-	-	(223,748,087)	(223,748,087)
As of December 31, 2002	751,208,197	33,370,057	46,879,587	402,807,650	(4,937,110)	(223,748,087)	1,005,580,294
As of December 31, 2002 (1)	758,720,279	33,703,758	47,348,383	406,835,727	(4,986,481)	(225,985,568)	1,015,636,098
As of January 1, 2003	751,208,197	33,370,057	46,879,587	402,807,650	(4,937,110)	(223,748,087)	1,005,580,294
Capital increase	1,471,844,920	125,881,577	-	-	-	-	1,597,726,497
Transfer of prior year loss to retained earnings	-	-	-	(228,581,520)	4,833,433	223,748,087	-
Changes in equity of affiliates	-	-	(11,432,599)	-	-	-	(11,432,599)
Deficit of subsidiaries in the development stage	-	-	-	-	(1,302,667)	-	(1,302,667)
Cumulative translation adjustment	-	-	(61,587,469)	-	-	-	(61,587,469)
Price-level restatement of capital	4,658,223	71,728	468,796	1,790,596	(49,372)	-	6,939,971
Net income for the year	-	-	-	-	-	12,467,863	12,467,863
As of December 31, 2003	2,227,711,340	159,323,362	(25,671,685)	176,016,726	(1,455,716)	12,467,863	2,548,391,890

(1) Restated in thousands of constant Chilean pesos as of December 31, 2003.

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

statements of consolidated cash flows

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003 and thousands of US dollars)

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income(loss) for the year	(225,985,568)	12,467,863
GAIN (LOSSES) FROM SALES OF ASSETS:		
Losses (gain) on sale of property, plant and equipment	(1,106,875)	6,254,224
Gain on sale of investments	-	(89,285,108)
Losses on sale of other assets	-	399,487
CHARGES (CREDITS) TO INCOME WHICH DO NOT REPRESENT CASH FLOWS:		
Depreciation	459,015,845	396,415,628
Amortization of intangibles	10,493,180	8,583,470
Write-offs and accrued expenses	56,497,694	54,402,387
Equity in income of related companies	(15,146,206)	(17,754,503)
Equity in losses of related companies	6,799,786	237,707
Amortization of goodwill	511,407,613	53,228,237
Amortization of negative goodwill	(113,370,252)	(51,176,198)
Price-level restatement, net	(5,014,539)	4,499,391
Exchange difference, net	16,271,349	6,054,305
Other credits to income which do not represent cash flows	(231,345,363)	(29,777,139)
Other changes to income which do not represent cash flows	149,131,944	153,256,564
CHANGES IN ASSETS WHICH AFFECT CASH FLOWS:		
Decrease (increase) in trade receivables	56,532,837	(84,407,019)
Decrease in inventory	11,886,420	10,372,331
Decrease (increase) in other assets	(23,278,402)	19,368,706
CHANGES IN LIABILITIES WHICH AFFECT CASH FLOWS:		
Decrease in accounts payable associated with operating results	(50,083,576)	31,758,837
Increase (decrease) in interest payable	55,676,296	(11,090,838)
Decrease in income tax payable	(46,296,619)	(41,018,493)
Increase in other accounts payable associated	30,330,183	39,198,600
Net decrease (increase) in value added tax and other similar taxes payable	(1,910,207)	24,163,738
Income (loss) attributable to minority interest	(16,445,385)	78,324,793
Net cash flows provided by operating activities	634,060,155	574,476,970

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares to minority shareholders	1,924,710	546,464,851
Proceeds from the insurance of debt	988,703,723	1,022,598,818
Proceeds from bond issuances	132,830,563	828,121,856
Other sources of financing	26,611,951	24,038,068
Distribution of capital in subsidiary	(120,479,434)	(24,031,631)
Dividends paid	(101,450,778)	(80,795,294)
Payment of debt	(1,105,491,293)	(2,128,072,013)
Payment of bonds	(29,640,676)	(487,071,031)
Payment of loans obtained from related companies	(44,833,529)	(4,467,535)
Payment of share issuance costs	-	(10,831,654)
Payment of bond issuance costs	(11,252,187)	(5,681,393)
Other disbursements for financing	(24,813,311)	(116,030,617)
Net cash used in financing activities	(287,890,261)	(435,757,575)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	22,831,460	160,760,440
Sales of investment in related companies	-	121,827,367
Other loans receiver from related companies	-	24,972,489
Other receipts from investments	18,741,707	49,788,337
Additions to property, plant and equipment	(321,094,597)	(258,785,648)
Long-term investments	(23,699,930)	(2,987,209)
Investment in financial instruments	(731,647)	-
Other loans granted to related companies	-	(312,412)
Other investments disbursements	(36,294,538)	(6,887,966)
Net cash provided by (used in) investing activities	(340,247,545)	88,375,398
POSITIVE NET CASH FLOW FOR THE PERIOD	5,922,349	227,094,793
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS	(2,524,628)	(119,497,566)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,397,721	107,597,227
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	220,005,877	223,403,598
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	223,403,598	331,000,825

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 as of December 31, 2003, except as stated) As of and for the years ended December 31, 2002 and 2003

1. description of business

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

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

2. summary of significant accounting policies

a. General

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Chile and the regulations established by the SVS (collectively "Chilean GAAP"), and the specific corporate regulations of Law No.18,046, related to the formation, registration and liquidation of Chilean corporations, among others. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

The preparation of financial statements in conformity with Chilean GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported

amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

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

Reclassifications - For purposes of comparison, the following reclassifications were made in the 2002 financial statements:

Balance sheet reclassifications			
From	Charge	To	Credit
	ThCh\$		ThCh\$
Technical appraisal	5,600,813	Accumulated depreciation	(5,600,813)
Accounts payable long-term	25,294,270	Accrued expenses long-term	(25,294,270)
Deferred income taxes long-term	9,516,702	Deferred income taxes short-term	(9,516,702)

Statement of operations reclassifications			
From	Credit	To	Charge
	ThCh\$		ThCh\$
Other non-operating expenses	(5,400,191)	Interest expense	5,400,191

The accompanying financial statements reflect the consolidated results of operations of Enersis S.A. and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation. Investments in companies in the development stage are accounted for using the equity method, except that income or losses are included directly in equity instead of being reflected in the Company's consolidated statement of operations. The Company consolidates the financial statements of companies in which it controls over 50% of the voting shares, which are the following:

Company	Percentage participation as of December 31,			Total
	2002 Total	Direct	2003 Indirect	
Chilectra S.A.	98.239845	98.239845	-	98.239845
Compañía Eléctrica del Río Maipo S.A. (2)	98.742447	-	-	-
Synapsis Soluciones y Servicios IT Ltda.	100.000000	99.990000	0.010000	100.000000
Inmobiliaria Manso de Velasco Ltda.	100.000000	99.999999	0.000001	100.000000
Cía. Americana de Multiservicios Ltda.	100.000000	99.931231	0.068769	100.000000
Endesa Chile S.A.	59.980924	59.980924	-	59.980924
Enersis de Argentina S.A. (3)	100.000000	-	-	-
Enersis Internacional Ltda.	100.000000	100.000000	-	100.000000
Inversiones Distrilima S.A.	55.682800	15.930000	39.752800	55.682800
Empresa Distribuidora Sur S.A. (Edesur)	65.092614	16.022778	49.069836	65.092614
Luz de Bogotá S.A. (1)	44.660541	25.714285	18.946256	44.660541
Cerj	61.952071	26.466946	45.347910	71.814856
Investluz (1)	48.405907	15.610000	36.388920	51.998920
Enersis Energía de Colombia S.A. (3)	100.000000	-	-	-

(1) Investluz is Parent Company of Companhia Energética do Ceará S.A. Coelce and Luz de Bogotá S.A. is Parent Company of Codensa S.A.. The Company obtained shareholder agreements dated June 25, 1999, from Endesa Internacional, the majority shareholder of these companies, giving the Company the right to elect a majority of the Board of Directors. The Superintendency of Securities and Insurance was notified on June 28, 1999.

(2) On April 30, 2003, Compañía Eléctrica del Río Maipo S.A. was sold to Compañía General de Electricidad Industrial S.A. and, as a result, that company ceased to be reflected in our consolidation from January 1, 2003 and was treated as an equity - method investee until its sale.
On June 23, 2003 Infraestructura 2000 Holding and its consolidated subsidiaries as was sold, and a result, these companies ceased to be reflected in financial statements of Endesa from January 1, 2003 and were treated as equity - method investees until their sale.

(3) Enersis de Argentina S.A. and Enersis Energía de Colombia S.A. have been dissolved this year.

b. Years covered

These financial statements reflect the Company's financial position as of December 31, 2002 and 2003, and the results of its operations, the changes in its shareholders' equity and its cash flows for years ended December 31, 2002 and 2003.

c. Constant currency restatement

The cumulative inflation rate in Chile as measured by the Chilean Consumer Price Index ("CPI") for the two-year ended December 31, 2003 was approximately 3.94%.

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

The financial statements of the Company have been price-level restated in order to reflect the effects of the changes in the purchasing power of the Chilean currency during each year. All non-monetary assets and liabilities, all equity accounts and income statement accounts have been restated to reflect the changes in the CPI from the date they were acquired or incurred to year-end (see also Note 25).

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

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

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

	Index	Change over Previous November 30,
November 30, 2002	113.36	3.0%
November 30, 2003	114.44	1.0%

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

	Index	Change over Previous December 31,
December 31, 2002	112.86	2.8%
December 31, 2003	114.07	1.1%

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

Index-linked assets and liabilities

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

	Ch\$
December 31, 2002	16,455.03
December 31, 2003	16,946.03

Comparative financial statements

For comparative purposes, the 2002 consolidated financial statements and the amounts disclosed in the related Notes have been restated in terms of Chilean pesos of December 31, 2003, purchasing power.

Convenience translation to U.S. dollars

The financial statements are stated in Chilean pesos. The translations of Chilean pesos into US dollars are included solely for the convenience of the reader, using the observed exchange rate reported by the Chilean Central Bank as of December 31, 2003 of Ch\$593.80 to US\$1.00. The convenience translations should not be construed as representations that the Chilean peso amounts have been, could have been, or could in the future be, converted into US dollars at this or any other rate of exchange.

d. Assets and liabilities in foreign currencies

Assets and liabilities denominated in foreign currencies are detailed in Note 32. These amounts have been stated at the observed exchange rates reported by the Central Bank of Chile as of each December 31, as follows:

Currency	Symbol used	2002	2003
		Ch\$	Ch\$
United States dollar (Observed)	US\$	718.61	593.80
British pound sterling	£	1,152.91	1,056.21
Colombian peso	\$ Col	0.25	0.21
New Peruvian sol	Soles	204.73	171.62
Brazilian real	Rs	203.57	205.52
Japanese yen	¥	6.07	5.55
Euro	€	752.55	744.95
Pool Unit (IBRD)(1)	UP	9,089,158.76	8,408,776.27
Unidad de Fomento (UF)	UF	16,744.12	16,920.00
Unit of Account (IDB) (1)	UC	1,093.75	970.23
Argentine peso	\$ Arg	219.09	200.61

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

e. Time deposits and marketable securities

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

f. Allowance for doubtful accounts

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). Write-offs of uncollectible accounts amounted to ThCh\$118,986,788 and ThCh\$104,385,199 for the years ended December 31, 2002 and 2003, respectively. In addition, the total sum owed by the companies that have gone into bankruptcy amounting to ThCh\$821,469 (ThCh\$714,833 in 2002) is included in the bad debt allowance estimation.

g. Inventories

Inventory of materials in transit, land and operation and maintenance materials, are valued at the lower of price-level restated cost or net realizable value. The cost of real estate projects under development, included in inventory, include the cost of land, demolition, urbanizing, payments to contractors and other direct costs.

The costs and revenues of construction in progress are accounted for under the completed contract method in accordance with Technical Bulletin No.39 of the Chilean Association of Accountants and are included in current assets as their realization is expected in the short-term.

h. Property, plant and equipment

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

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

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

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

i. Depreciation

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. Depreciation expense was ThCh\$459,015,845 and ThCh\$396,415,628 as of December 31, 2002 and 2003, respectively. Depreciation expense of ThCh\$444,302,226 and ThCh\$382,896,216 was included in Cost of sales and ThCh\$14,713,619 and ThCh\$13,519,412 included in Administrative and selling expenses, respectively in the years ended December 31, 2002 and 2003.

j. Leased assets

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

k. Power installations financed by third parties

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

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

l. Investments in related companies

Investments in related companies are included in "Other assets" using the equity method. This valuation method recognizes in income the Company's equity in the net income or loss of each investee on an accrual basis (Note 11).

Investments in foreign affiliates are recorded in accordance with Technical Bulletins No.42 and 64 of the Chilean Association of Accountants.

In accordance with Chilean GAAP, the Company has evaluated the recoverability of its foreign investments as required by Technical Bulletins No. 33 and No. 42 of the Chilean Association of Accountants. The Company has not identified impairments in the net book values of its investments.

m. Intangibles, other than goodwill

Intangibles, other than goodwill, correspond mainly to easements, adjustments to carrying value for spum-off assets, and rights for the use of telephone lines and are amortized in accordance with Technical Bulletin No.55 of the Chilean Association of Accountants.

n. Severance indemnity

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

o. Revenue recognition

Revenue consists of revenue for electric power generation and distribution, among which is included energy supplied and unbilled at each year-end, valued at the selling price using the current rates which has been included in revenue from operations. The unbilled amount is presented in current assets as trade receivables and the corresponding cost is included in cost of operations. The Company also recognizes revenues for amounts received from highway tolls for motorized vehicles, income related to computer advisory services, engineering services and sale of materials.

p. Income tax and deferred income taxes

At December 31, 2002 and 2003, the Company recorded current tax expense according to the tax laws and regulations in each country of ThCh\$75,840,151 and ThCh\$100,753,177, respectively and, additionally, it recorded the effect of temporary differences due to differed taxes of ThCh\$59,182,460 (net credit of ThCh\$9,162,996 in 2002) with a net credit to the year's income. The Company records deferred income taxes in accordance with Technical Bulletin No.60 of the Chilean Association of Accountants, and with circular No.1466 issued on January 27, 2000 by the SVS, recognizing, using the liability method, the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities using the tax rates estimated to be in effect at the time of reversal of the temporary differences that gave rise to them.

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. 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. Statements of cash flows

The Consolidated Statements of Cash Flows have been prepared in accordance with the indirect method.

Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin No.50 issued by the Chilean Association of Accountants, include time deposits, investments in fixed income securities classified as marketable securities, repurchase agreements classified as other current assets, and other cash balances classified as other accounts receivable with maturities less than 90 days.

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

t. Financial derivative contracts

As of December 31, 2003 the Company and its subsidiaries have forward contracts, currency swaps, and interest rate swaps and collars with several financial institutions, defined as cover, which are recorded according to Technical Bulletin No.57 of the Chilean Association of Accountants. Forward foreign exchange contracts gains and losses are recorded at estimated fair value with certain gains and losses deferred as assets or liabilities until

settlement if the instrument qualifies as a hedge and included in earnings as "Other non-operating income and expense."

u. Goodwill and negative goodwill

Goodwill and negative goodwill are determined according to Circular No.368 of the SVS. Amortization is determined using the straight-line method, considering the nature and characteristic of each investment, foreseeable life of the business and investment return, and does not exceed 20 years.

As of December 31, 2002 and 2003 the Company evaluated the recoverability of its goodwill and negative goodwill value arising from investments abroad and in virtue of Technical Bulletin No.56 of the Chilean Association of Accountants, under IAS 36 "Impairment of Assets Value", an impairment of goodwill and negative goodwill was recorded (See Note 13).

At December 31 2002, and as a result of the recoverability analysis specified in the previous paragraph, the Company amortized all of the goodwill and negative goodwill recorded by investments in Argentina and Brazil, since rebated flows from the Companys in those countries did not cover the goodwill and negative goodwill recorded. Effects in 2002 were a net charge to income of ThCh\$238,798,904, net of minorities and included in the income statement under item amortization of negative goodwill.

v. 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.

w. 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.

x. Investments in other companies

Investments in other companies are presented at acquisition cost adjusted for price-level restatement and they do not have market value.

y. Research and development costs

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

During the year end December 31, 2002 and 2003, there were no research and development costs incurred.

z. Cost of share issue

Costs incurred to date associated with issuing and placing shares are recorded according to the provisions of Circular No. 1370 of 1998 of the Superintendency of Securities and Insurance. The amounts under these items are deducted from the premium account. Breakdown of the costs is shown in Note 28.

3. change in accounting principles

There were no changes in accounting principles during the year ended December 31, 2002 and 2003 that would affect the comparison with the prior year financial statements.

4. time deposits

Time deposits as of each year end are as follows (annual rate and scheduled maturity in table below represent such at December 31, 2003).

Financial Institution	Annual Rate %	Scheduled Maturity	As of December 31,	
			2002 ThCh\$	2003 ThCh\$
Banco Bilbao Vizcaya	0.97%	05-01-04	4,584,493	68,469,616
Banco Colpatría	9.35%	02-01-04	14,956,447	8,454,519
Banco Continental	1.48%	06-01-04	3,402,753	2,104,459
Banco Crédito del Perú	-	-	4,152,837	-
Banco de Bogotá	10.50%	02-02-04	613,024	202,040
Banco de Chile	-	-	150,979	-
Banco de Chile N.Y.	-	-	348,392	-
Banco do Brasil	1.37%	02-01-04	1,070,955	3,469,083
Banco do Estado do Ceará	1.37%	02-01-04	-	3,019,595
Banco Frances	2.50%	20-01-04	609,612	278,814
Banco Holandes	3.75%	28-01-04	436,058	201,973
Banco Interbank	0.70%	02-01-04	2,891,618	1,301,911
Banco Itau	1.44%	02-01-04	215,200	6,238
Banco Nationale de Paris	1.44%	02-01-04	700,763	404,796
Banco Pactual	1.39%	15-01-04	2,952,372	2,698,006
Banco Provincia de Buenos Aires	-	-	657,112	-
Banco Real	-	-	-	379,939
Banco Rio de la Plata	1.59%	28-01-04	5,176,989	2,480,797
Banco Safra	16.03%	02-01-04	-	2,659,815
Banco Santander	1.51%	02-01-04	2,366,916	5,514,171
Banco Santander Do Brasil	1.37%	02-01-04	1,182,363	246
Banco Santos	1.39%	15-01-04	-	861,954
Banco Tequendama	8.50%	02-01-04	-	751,813
Banco Unión	9.75%	01-03-04	-	10,311,678
Banco Votorantim	1.39%	15-01-04	3,260,288	981,676
Banco Wiese Sudameris	-	-	435,478	-
Bancolombia	1.00%	05-01-04	-	1,246,980
Bank Boston	0.80%	02-01-04	95,035	440,462
Bank of America	0.56%	05-01-04	5,373,623	16,444,649
Bradesco	1.38%	15-01-04	3,801,902	855,934
BTM	0.60%	02-01-04	-	651,994
Citibank N.Y.	0.53%	05-01-04	55,796,821	43,612,454
Citiliquit	0.95%	02-01-04	-	3,077,936
Colcorp S.A.	-	-	1,034,481	-
Corficol S.A.	9.66%	02-01-04	3,724,255	6,925,006
Corfinsura	1.41%	02-01-04	-	1,968,859
Corfivalle	1.70%	02-01-04	3,761,704	4,513,569
Corporacion las Villas	9.95%	01-03-04	-	919,059
Encargo Fiduciario Banco Santander	6.51%	02-01-04	2,387,475	501,514
Fiduciaria Banco Colpatría	7.71%	02-01-04	-	1,648
Fiduciaria Bancolombia	7.37%	02-01-04	228	5,315,138
Fiduciaria de Santander	6.72%	04-01-04	163,304	1,520
Fiducolombia	8.14%	02-01-04	-	1,095,663
Fiduoccidente	-	-	9,825	-
Fiduvale	7.08%	02-01-04	768,985	1,722,823
Granahorrar	8.90%	02-01-04	-	806,257
HSBC - Bamerindus	1.39%	15-01-04	5,504,531	18,052,231
Interbolsa S.A	9.68%	02-01-04	-	10,279,888
Merril lynch	0.60%	05-01-04	8,293,650	5,993,536
Porvenir	3.22%	02-01-04	-	14,906,595
Pruential Securití	0.20%	30-01-04	-	1,029,285
Serfinco	8.05%	02-01-04	-	88,380
Suvalor	9.10%	02-01-04	4,055,608	1,244,538
Unibanco	-	-	2,145,470	-
Otros	-	02-01-04	1,617	5,549
Total			147,083,163	256,254,606

5. accounts, notes and other receivables

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		
	2002	2003	2002	2003	2003	2002	2003	2002	2003	
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Account receivable	492,269,288	496,640,838	77,681,457	62,052,667	558,693,505	569,950,745	467,170,365	-	-	
Allowance for doubtful accounts	(38,380,312)	(33,028,933)	(68,142,312)	(58,494,207)	(91,523,140)	(106,522,624)				
Notes receivables	4,700,533	7,981,338	1,457,111	1,152,322	9,133,660	6,157,644	8,362,627	-	-	
Allowance for doubtful accounts	(120,165)	(116,344)	(854,817)	(654,689)	(771,033)	(974,982)				
Other receivables	53,062,242	52,477,241	19,347,036	50,286,032	102,763,273	72,409,278	94,194,266	129,592,779	131,457,063	
Allowance for doubtful accounts	(3,033,127)	(2,779,433)	(5,972,294)	(5,789,574)	(8,569,007)	(9,005,421)		(2,483,761)	(3,522,019)	
Total						532,014,640	569,727,258	127,109,018	127,935,044	

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

Country	As of December 31,			
	2003		2002	
	ThCh\$	%	ThCh\$	%
Chile	146,118,266	22.17%	169,757,602	24.33%
Perú	58,769,018	8.92%	45,292,103	6.49%
Argentina	40,866,386	6.20%	46,986,117	6.73%
Colombia	100,786,120	15.29%	110,553,416	15.85%
Brazil	311,586,391	47.27%	324,777,530	46.55%
Panamá	997,477	0.15%	295,534	0.04%
Total	659,123,658	100.00%	697,662,302	100.00%

6. transactions with related companies

The balances of accounts receivable and payable are as follows at December 31, 2002 and 2003:

a. Notes and accounts receivable:

Company	As of December 31,			
	Short-term		Long-term	
	2002	2003	2002	2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Santiago Poniente S.A.	260,374	578,492	-	-
Atacama Finance Co.	183,867,364	1,904,970	-	128,184,900
CGTF Fortaleza	3,900	144,600	-	-
Cía. Interconexión Energética S.A.	4,142,233	2,669,983	37	155,439
Com. de Energía del Mercosur S.A.	4,467,110	5,058,905	-	-
Consortio Energetico Punta Cana-Macao	948	939	-	-
Distrilec Inversora S.A.	7,330	5,996	-	-
Elesur S.A.	24,459	27,313	-	-
Empresa Eléctrica de Bogotá S.A.	173,464	34,433	-	-
Empresa Eléctrica Piura S.A.	282,337	32,431	-	-
Endesa España	325,343	-	-	-
Endesa Internacional S.A.	1,648,410	1,279,417	-	169,245
Etevensa	222,220	93,762	-	-
Fundación Endesa	166,926	37,937	-	-
Gas Atacama S.A.	-	2,615,689	-	-
Gas Atacama Generación Ltda.	576,149	29,846	-	-
Gasoducto Atacama Chile	-	123,521	-	-
Gasoducto Tal Tal Ltda.	146,320	-	-	-
Ingendesa do Brasil	-	-	16,181	-
Consortio Ara-Ingendesa Ltda.	-	452,110	-	-
Inversiones Electricas Quillota S.A.	1,010	2,000	-	-
Sacme	102,108	88,515	-	-
Smartcom S.A.	625,597	1,571,083	-	-
Soc. de Inv. Chispa Uno S.A.	1,956	1,973	-	-
Transmisora Eléctrica de Quillota Ltda.	307,265	306,210	890,931	594,249
Total	197,352,823	17,060,125	907,149	129,103,833

b. Notes and accounts payable:

Company	As of December 31,			
	Short-term		Long-term	
	2002	2003	2002	2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Santiago Poniente S.A.	637	6	-	-
Cía. Interconexión Energética S.A.	-	20,940,972	-	-
Cía. de Transmisión del Mercosur S.A.	108,115	1,008,377	-	-
CGTF Fortaleza	-	3,194,163	-	-
Com. de Energía del Mercosur S.A.	767,772	569,799	-	-
Electrogas S.A.	236,175	194,463	-	-
Elesur S.A.	11,580,352	133,160	997,244,777	-
Empresa Eléctrica de Bogotá S.A.	1,238,934	2,851,852	929,744	84,320
Empresa Eléctrica Piura S.A.	866,000	385,358	-	-
Endesa Internacional S.A.	1,120,838	1,200,147	-	-
Endesa Servicios	125,876	95,887	-	-
Gasoducto Tal Tal Ltda.	162,165	-	-	-
Ingendesa do Brasil	-	7,126	-	-
Sacme	102,737	112,315	-	-
Smartcom S.A.	55,741	31,848	-	-
Transmisora Eléctrica de Quillota Ltda.	83,227	22,820	-	-
Total	16,448,569	30,748,293	998,174,521	84,320

c. Effects in income (expense) in each year end December 31, 2002 and 2003 are as follows:

Company	Nature of Transaction	As of December 31, 2002		As of December 31, 2003	
		Amount	Income (Expense)	Amount	Income (Expense)
		ThCh\$	ThCh\$	ThCh\$	ThCh\$
Aguas Santiago Poniente S.A.	Interest	22,128	22,128	71,465	71,465
	Services	15,159	15,159	32,381	32,381
Atacama Finance Co.	Interest	5,540,261	5,540,261	6,726,455	6,726,455
	Monetary correction	1,737,790	1,737,790	5,038,575	5,038,575
	Exchange difference	28,991,652	(28,991,652)	11,218,729	11,218,729
CGTF Fortaleza	Services	1,144,349	1,144,349	478,557	478,557
	Purchase of energy	3,127,438	(3,127,438)	21,852	(21,852)
Cía. Interconexión Energética S.A.	Sale of energy	21,407,084	21,407,084	27,260,902	27,260,902
	Purchase of energy	50,556,652	(50,556,652)	-	-
	Interest	66,539	66,539	-	-
	Services	54,867	54,867	275,635	275,635
	Exchange difference	-	-	3,558	(3,558)
Consortio ARA-Ingendesa	Services	2,077,094	2,077,094	-	-
Com. de Energía del Mercosur S.A.	Sale of energy	19,987,902	19,987,902	19,344,388	19,344,388
	Purchase of energy	2,125,804	(2,125,804)	1,977,795	(1,977,795)
	Interest	-	-	63,144	(63,144)
	Services	18,353	18,353	74,594	74,594
Com. Transmisión del Mercosur S.A.	Purchase of energy	2,058,111	(2,058,111)	1,411,673	(1,411,673)
Empresa Eléctrica de Bogotá S.A.	Exchange difference	2,148,962	(2,148,962)	-	-
Elesur S.A.	Interest	9,267,916	(9,267,916)	43,842,919	(43,842,919)
	Monetary correction	15,675,723	(15,675,723)	29,373,511	(29,373,511)
	Services	35,744	35,744	16,078	16,078
Empresa Eléctrica Piura S.A.	Sale of energy	488,777	488,777	1,471,956	1,471,956
	Purchase of energy	4,794,788	(4,794,788)	9,715,844	(9,715,844)
	Services	96,395	96,395	177,673	177,673
Electrogas S.A.	Services	2,615,631	(2,615,631)	3,008,489	(3,008,489)
Endesa Internacional S.A.	Services	127,134	127,134	184,543	184,543
	Interest	188,999	(188,999)	1,036,799	(1,036,799)
Endesa Servicios	Services	122,745	(122,745)	-	-
Empresa Propietaria de la Red	Services	149,404	149,404	350,464	350,464
Etevensa	Sale of energy	2,214,085	2,214,085	5,815,456	5,815,456
	Services	128,047	128,047	155,153	155,153
Gasoducto Atacama Generación Ltda.	Services	78,694	78,694	591,737	591,737
Gasoducto Tal Tal Ltda.	Services	-	-	40,899	(40,899)
Ingendesa do Brasil	Services	24,940	(24,940)	-	-
Sacme	Services	308,575	(308,575)	368,040	(368,040)
Smartcom S.A.	Services	3,759,498	3,759,498	3,441,365	3,441,365
Soc. de Inv. Chispa Uno S.A.	Services	8,518	8,518	8,516	8,516
Transmisora Eléctrica de Quillota Ltda.	Interest	107,246	107,246	145,491	145,491
	Monetary correction	24,733	24,733	44,434	44,434
	Services	128,294	128,294	5,117	5,117
				(62,589,841)	(7,934,859)

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

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

Company	Type	Due Date	Capital	Currency	Interest Rate
Elesur S.A.	Cta. por pagar	5/13/04	35,827,779.56	U.F.	1.31%
	Cta. por pagar	5/13/04	22,873,999.43	U.F.	1.68%
Transmisora Eléctrica de Quillota Ltda.	Account receivables	2006	70,242.29	U.F.	9.00%
Atacama Finance Co.	Account receivables	2005	215,872,179	US\$	3.42%

7. inventories

Inventories include the following items and are presented net of an allowance for obsolescence amounting to ThCh\$4,385,619 and ThCh\$2,683,638 as of December 31, 2002 and 2003, respectively:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Real state under development	24,042,270	16,157,076
Materials in transit	1,115,246	135,300
Operation and maintenance material	27,986,470	22,051,283
Fuel	6,760,428	5,964,453
Others	1,082,066	82
Total	60,986,480	44,308,194

8. deferred income taxes

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Income tax provision - current	27,807,349	47,840,056
Recoverable tax credits	(54,980,336)	(61,286,338)
Total	(27,172,987)	(13,446,282)

b. Enersis (individual legal entity) incurred taxable losses of ThCh\$112,077,596 and ThCh\$201,568,234 for the year ended December 31, 2002 and 2003, respectively.

c. The balance of taxed retained earnings (tax losses) and the related tax credits are as follows:

Year	Amount of loss	Credit
	ThCh\$	ThCh\$
2002	23,935,936	4,569,803
2003	199,692,930	-

d. The net effect of recording deferred tax expense resulted in a net credit to income of ThCh\$9,162,996 and ThCh\$59,182,460 during the year ended December 31, 2002 and 2003, respectively.

e. In accordance with BT No.60 and 69 of the Chilean Association of Accountants, and Circular No.1,466 of the SVS, the Company and its subsidiaries have recorded consolidated deferred income taxes as of December 31, 2002 and 2003 as follows:

Concepts	As of December 31, 2002				As of December 31, 2003			
	Asset		Liability		Asset		Liability	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Allowance for doubtful accounts	27,035,992	1,409,835	90,863	-	25,532,561	8,170,065	-	-
Deferred income	1,494,877	5,359,656	-	-	930,762	1,842,789	-	-
Vacation accrual	769,811	-	-	-	1,223,410	-	-	-
Intangibles	72,015	-	12,393	1,502	-	-	-	-
Leasing assets	-	-	-	-	-	2,324,725	-	-
Fixed assets depreciation	146	6,886,751	-	374,043,309	-	7,733,690	64,631	429,741,603
Severance indemnities	-	-	-	948,245	-	5,300	-	822,383
Other	3,594,092	1,606,843	938,639	3,901,701	4,253,906	2,103,847	4,420,170	7,986,537
Contingencies	7,938,072	44,976,491	-	-	6,660,238	38,423,059	-	-
Bond discount	-	-	109,977	1,745,623	-	-	156,053	1,734,298
Cost of studies	-	-	-	7,980,878	-	-	-	8,052,280
Finance cost	-	-	-	10,638,763	-	118,204	-	13,893,414
Imputed interest on construction	-	-	-	4,550,251	-	-	-	4,912,067
Deferred charges	-	-	1,755,492	2,736,926	-	-	778,509	3,143,392
Actuarial deficit (Brazil)	-	11,775,837	-	-	-	6,834,095	-	2,324,725
Withholdings	574,558	-	5,721	1,219	1,253,029	869,566	5,549	195,075
Obsolescence	302,156	76,847	-	-	-	-	-	-
Materials used	-	-	-	3,716,538	-	-	-	1,097,152
Tax losses	29,982,094	97,925,200	-	-	15,458,979	100,984,920	-	-
Provision real state project	-	2,873,023	-	-	-	2,682,607	-	-
Sie2000A project	-	-	-	178,733	-	-	-	-
Provision for employee benefits	699,478	2,527,267	527	-	451,937	1,191,673	522	521
Difference between the financial and tax value Río Maipo	-	-	-	-	-	-	1,489,974	-
Derivative contracts	-	305,207	965,095	-	354,326	236,516	-	-
Exchange difference subsidiaries	910,639	2,731,918	-	-	1,301,759	3,905,276	-	-
Operating fees	4,981,513	-	-	-	-	-	-	-
Energy in measurers	-	-	2,730,718	-	-	-	-	-
Regulated assets	-	-	2,226,949	13,224,702	-	-	3,866,280	-
Capitalized expenses	-	-	-	1,414,276	-	-	-	1,498,430
Intangibles Chocon	-	-	-	2,725,964	-	-	37	2,926,732
Complementary account - net	(60,887)	(21,245,613)	(1,590)	(248,470,634)	(3,683,753)	(42,590,056)	(3,219)	(292,945,140)
Valuation allowance	-	(2,619,849)	-	-	-	(2,294,384)	-	-
Total	78,294,556	154,589,413	8,834,784	179,337,996	53,737,154	132,541,892	10,778,506	185,383,469

f. Income tax benefit (expense) for the year ended December 31, 2002 and 2003 is as follows:

Item	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Income tax provision	(75,327,507)	(100,751,537)
Adjustment for tax expense - prior year	(512,644)	(1,640)
Deferred taxes	24,716,698	50,210,225
Benefits for tax losses	5,093,617	27,116,024
Amortization of complementary accounts	(15,656,230)	(18,105,168)
Valuation allowance	(127,841)	(38,621)
	-	-
Other charges or credits	(4,863,248)	-
Total	(66,677,155)	(41,570,717)

9. other current assets

Other current assets are as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Forwards contracts and swap (1)	73,528,595	10,923,643
Guaranties and indemnities	1,195,240	2,371,350
Deferred expenses	5,766,204	6,614,476
post-retirement benefits	917,756	865,286
Deposits for commitments and guarantees	26,359,504	12,659,720
Bond discount	-	722,598
Account receivables from the Chilean Ministry of Public Works	8,483,476	-
Recoverable - taxes	2,887,193	2,354,873
Fair value derivatives contracts	11,719,458	1,177,039
Others	2,484,398	755,709
Reverse repurchase agreements (*)	-	35,484,088
Total	133,341,824	73,928,782

(1) See detail in Note 29.

(*) The detail of reverse repurchase agreements is as follows:

As of December 31, 2002										
Code	Date		Financial institution	Currency	Document	Interest rate	Current amount	Nominal	Fair value	
	Start	End								
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	Bono	0.27%	41,682	41,652	41,682	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	CERO	0.27%	3,747	3,744	3,747	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	411,177	410,881	411,177	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	201,207	201,062	201,207	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	4,625,621	4,622,293	4,625,621	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.27%	13,849,961	13,839,996	13,849,961	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.27%	600,893	600,461	600,893	
CRV	12/23/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.27%	280,112	279,911	280,112	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	Bono	0.26%	55,117	55,112	55,117	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	CERO	0.26%	3,450	3,450	3,450	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	1,289,499	1,289,387	1,289,499	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	919,240	919,161	919,240	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	911,798	911,719	911,798	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	347,418	347,388	347,418	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	1,380,795	1,380,675	1,380,795	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.26%	807,441	807,371	807,441	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.26%	207,268	207,250	207,268	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.26%	106,637	106,627	106,637	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.R.	0.26%	1,399,906	1,399,784	1,399,906	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	P.D.B.C.	0.26%	306,264	306,238	306,264	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	CERO	0.20%	2,226	2,226	2,226	
CRV	12/30/03	1/5/04	BBVA C. Bolsa BHIF S.A.	\$	D.P.F.	0.20%	270,192	270,174	270,192	
CRV	12/30/03	1/5/04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	402,243	402,210	402,243	
CRV	12/30/03	1/5/04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	4,435,471	4,435,101	4,435,471	
CRV	12/30/03	1/5/04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	305,586	305,560	305,586	
CRV	12/30/03	1/5/04	BCI C. Bolsa S.A.	\$	L.H.	0.25%	18,931	18,929	18,931	
CRV	12/30/03	1/2/04	Bancoestado S.A. C.B.	\$	L.H.	0.27%	20,681	20,679	20,681	
CRV	12/30/03	1/2/04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	396,015	395,979	396,015	
CRV	12/30/03	1/2/04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	176,185	176,170	176,185	
CRV	12/30/03	1/2/04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	1,092,832	1,092,733	1,092,832	
CRV	12/30/03	1/2/04	Bancoestado S.A. C.B.	\$	D.P.R.	0.27%	597,439	597,386	597,439	
CRV	12/30/03	1/2/04	Bancoestado S.A. C.B.	\$	D.P.F.	0.27%	17,054	17,053	17,054	
Total							35,484,088	35,468,362	35,484,088	

10. property, plant and equipment

The composition of property, plant and equipment is as follows:

	As of December 31,	
	2002 ThCh\$	2003 ThCh\$
Land	131,203,835	115,453,784
Buildings and infrastructure	6,672,031,327	5,720,327,311
Distribution and transmission lines and public lighting	5,112,002,563	4,372,434,555
Less: third party contributions	(45,507,327)	(38,825,669)
Sub-total	11,738,526,563	10,053,936,197
Machinery and equipment	1,998,142,088	1,762,236,656
Work in progress	368,152,002	159,006,562
Construction materials	57,023,213	51,432,701
Leased assets	722,292	615,332
Furniture and fixtures, tools, and computing equipment	80,047,377	76,291,759
Vehicles	13,228,900	13,710,401
Equipment in transit	7,537,621	6,199,631
Other assets	13,498,068	40,833,308
Sub-total	540,209,473	348,089,694
Technical appraisal		
Buildings and infrastructure	611,329,810	502,988,090
Machinery and equipment	142,061,512	116,269,308
Other assets	261,353	213,832
Total technical appraisal	753,652,675	619,471,230
Total property plant and equipment	15,161,734,634	12,899,187,561
Accumulated depreciation at beginning of year		
Buildings and infrastructure	(3,844,983,403)	(3,659,649,792)
Machinery and equipment	(635,172,469)	(567,927,448)
Other assets	(77,638,424)	(44,393,681)
Accumulated depreciation at beginning of year	(4,557,794,296)	(4,271,970,921)
Accumulated depreciation at beginning of year technical appraisal		
Buildings and infrastructure	(111,126,219)	(87,418,330)
Machinery and equipment	(55,171,029)	(46,705,243)
Other assets	(374,480)	(316,929)
Total accumulated depreciation at beginning of year technical appraisal	(166,671,728)	(134,440,502)
Depreciation of the year	(459,015,845)	(396,415,628)
Total accumulated depreciation at end of year	(5,183,481,869)	(4,802,827,051)
Total property, plant and equipment, net	9,978,252,765	8,096,360,510

At December 31, 2002 and 2003 Enersis S.A. and its local subsidiaries have proceeded to carry out an analysis of the book values of their property, plant and equipment and of the companies in which it has invested abroad. The analysis consisted of evaluating both the recoverability of property, plant and equipment of these companies', and the recorded goodwill and negative goodwill, in accordance with accounting principles generally accepted in Chile.

The property, plant and equipment recoverability analysis, as explained in Note 2h, was carried out considering that when there is evidence that

the company's operations do not have sufficient earnings to cover all costs, including the depreciation of property, plant and equipment taken as a whole, and when the book value of said assets exceed its realization value, these values must be written down to recoverable amounts, charging non operating income.

The results of this analysis determined that no adjustments affecting the Company and its Subsidiaries' book values of property, plant and equipment are required.

11. investment in related companies

a. Investments as are as follows:

Related Companies	Number of shares	Percentage owned		Shareholders' equity of investee		Net income of investees		Equity in income		Investment book value	
		2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
				ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cía. de Interconexión Energética S.A. (2)	128,270,106	45.00%	45.00%	119,509,231	121,877,449	16,228,851	24,759,084	7,302,991	11,141,588	53,779,154	54,844,852
Gas Atacama Generación S.A.	-	50.00%	0.05%	68,448,335	59,258,642	(9,682,534)	3,258,586	(4,841,267)	1,629	34,224,168	29,629
Gasoducto Atacama Argentina S.A.	-	50.00%	0.05%	64,868,716	54,547,284	4,820,005	1,475,845	2,410,003	738	32,434,358	27,274
Gasoducto Atacama Chile S.A.	-	50.00%	0.05%	56,417,660	51,450,616	6,489,614	5,293,292	3,244,807	2,647	28,208,829	25,725
Inversiones Eléctricas Quillota S.A.	608,676	50.00%	50.00%	17,298,638	21,995,615	2,646,460	6,580,436	1,323,229	3,290,216	8,649,319	10,997,808
Inversiones Electrogas S.A.	425	42.50%	42.50%	15,869,870	18,797,232	1,517,084	5,856,912	644,761	2,489,188	6,744,695	7,988,824
Cía. de Energía del Mercosur S.A. (3)	6,305,400	45.00%	45.00%	7,690,175	7,708,759	(3,421,870)	1,355,690	(1,539,842)	610,060	3,460,579	3,468,942
Transmisora Eléctrica de Quillota Ltda.	-	50.00%	50.00%	5,082,987	5,392,454	255,588	310,329	127,794	155,165	2,541,493	2,696,227
Atacama Finance Co.	3,150,000	50.00%	-	5,230,813	-	(269,198)	-	(134,600)	-	2,615,406	-
Endesa Market Place (4)	210	15.00%	-	3,231,944	-	(1,893,847)	-	(284,077)	-	484,793	-
Sacme	12,000	50.00%	50.00%	79,470	86,122	31,355	14,280	15,678	7,140	39,735	43,061
Electrogas S.A.	85	0.02%	0.02%	11,302,024	17,267,942	1,613,238	5,965,918	342	1,268	2,402	3,669
Consorcio ARA- Ingendesa	-	50.00%	50.00%	106,824	124,272	114,992	100,775	57,496	50,388	53,412	62,136
Consorcio Ingendesa - Minmetal Limited (1)	-	50.00%	50.00%	3,713	3,326	38,210	-	19,105	-	1,856	1,663
Gas Atacama S.A.	1,147	-	0.0011%	-	164,950,845	-	385,814	-	4	-	1,891
Inversiones Gas Atacama Holding Ltda.	-	-	50.00%	-	164,948,946	-	(475,414)	-	(237,707)	-	82,474,473
Central Geradora Termoeléctrica Fortaleza S.A. (*)	20,246,908	48.82%	48.82%	44,134,443	33,459,443	-	-	-	-	21,546,421	16,334,900
Ingendesa do Brasil Limitada	-	100.00%	-	58,016	-	(81,816)	-	-	-	58,016	-
Distrielec Inversora S.A.	4,416,141	-	-	-	8,683	-	8,683	-	4,472	-	4,472
Aguas Santiago Poniente S.A. (*)	1,031,949	55.00%	55.00%	2,293,024	2,192,591	-	-	-	-	1,261,163	1,205,925
Total								8,346,420	17,516,796	196,105,799	180,211,471

(1) Related companies unconsolidated with subsidiary Ingendesa Ltda.

(2) Related companies unconsolidated with subsidiary Compañía Eléctrica Cono Sur S.A.

(3) Related companies unconsolidated with subsidiary Endesa Argentina S.A.

(4) Company with negative equity

(5) These subsidiaries were in the development stage for the years shown and accordingly, were not consolidated under Chilean GAAP.

b. Income and (losses) recognized by Enersis S.A. based on the participation in the related companies as of December 31, 2003, amounted to ThCh\$17,754,503 (ThCh\$15,146,206), ThCh\$237,707 (ThCh\$6,799,786) in 2002.

c. In accordance with Technical Bulletin No.64 of the Chilean Association of Accountants for the nine month years ended December 31, 2002 and 2003, 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, 2003 the corresponding amounts are as follows:

Company	Country of origin	Investment ThCh\$	Reporting currency	Liability ThCh\$
Edesur S.A.	Argentina	376,658,893	US\$	232,116,929
Edelnor S.A.	Perú	18,790,742	US\$	19,323,450
Companhia de Eletricidade do Rio de Janeiro	Brasil	323,818,995	US\$	348,180,545
Luz de Bogotá S.A. (Codensa S.A.)	Colombia	224,263,713	US\$	253,090,879
Investluz S.A. (Coelce)	Brasil	74,616,732	US\$	95,856,203
Central Hidroeléctrica Betania S.A.	Colombia	388,075,105	US\$	275,373,220
Cachoeira Dourada S.A.	Brasil	358,414,232	US\$	405,082,294
Edegel S.A.	Perú	180,701,515	US\$	165,456,684
Cía. Interconexión Energética S.A.	Brasil	54,844,852	US\$	48,193,748
Hidroeléctrica El Chocón S.A.	Argentina	189,748,674	US\$	81,628,031
Comercializadora de Energía del Mercosur S.A.	Argentina	3,468,942	US\$	2,271,562
Central Costanera S.A.	Argentina	92,380,475	US\$	57,636,346
Total		2,285,782,870		1,984,209,891

d. The investments made by Enersis S.A. and its affiliates ended as of December 31, 2002 and 2003, amounted to ThCh\$23,699,930 and ThCh\$2,987,209, respectively, which are detailed as follows:

Company	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Central Termelétrica Fortaleza S.A.	15,635,180	-
Central Eléctrica Cachoeira Dourada S.A.	59,520	24,761
Pangué S.A.	5,048,883	-
Inversiones Distrilima S.A.	1,202,192	-
Central Costanera S.A.	-	2,962,448
Aguas Santiago Poniente S.A.	1,649,613	-
Luz de Río Ltda.	62,084	-
Compañía Eléctrica del Río Maipo S.A.	1,145	-
Otros	41,313	-
Total	23,699,930	2,987,209

- **Capital increase in Cerj**

On November 15, 2002, at an Extraordinary Meeting N°16, the Board of Directors of Enersis approved a capital increase in its subsidiary Cerj in Brazil. Such increase will be done in a direct and indirect way through its subsidiaries Chilectra and Luz de Río in order to maintain its participation percentage in Cerj.

On December 10, 2002, the Extraordinary General Shareholders' Meeting of the Company Cerj agreed to an increase in the authorized capital for an approximate total amount of MUS\$105.000.

On January 6, 2003, the companies Endesa Internacional, Endesa Internacional Energía, Chilectra S.A. have written over 100% of the rights of share subscription of the company Cerj and part of the rights of Luz de Río S.A. to Enersis.

A capital increase was made on January 10, 2003 through the issuance and the subscription of 770.833.333.333 ordinary shares, at a value of R\$0,48 by lot of thousand shares totaling the MUS\$100.000 approved by the Meeting and increasing the authorized capital of the Company to MUS\$259.085.

With this operation, the percentage of direct and indirect participation held by Enersis S.A. and branches increased from 61.9521% to 71.8148%.

- **Sale of Río Maipo**

The purchasing contract between Enersis and Compañía General de Electricidad – Distribución was signed on April 30, 2003 for the entire share participation held by Enersis (356.078.645 shares) in the Company Río Maipo.

The attribution to the Company CGE Distribución was made by the Board of Directors of Enersis on March 28, 2003, with a bid of US\$170 million for the shares held by Enersis and was ratified later at an Extraordinary Shareholders Enersis' Meeting dated March 31, 2003.

The signature of the purchasing contract marked the end of the process of attribution of the Company Río Maipo, which is part of the strategic plan of Enersis approved on October 4, 2002. The effects for the sale of the shares are detailed in the Note 24.

- **Sale of Infraestructura 2000 S.A.**

On June 23, 2003, Endesa S.A. sold 330,939,522 shares of the subsidiary Infraestructura 2000 S.A. in the amount of M\$39,097,079 and 3,741 shares of Sociedad Concesionaria Autopista del Sol S.A., in the amount of M\$40,147, which amounts represent 100% of its participation in these related Companies (Note 24)

- **Sale of Shares**

On December 29 2003, Compañía Eléctrica Cono Sur S.A. sold GasAtacama S.A. 3,150,000 shares in Atacama Finance for US\$ 4,400,000. (Note 24)

On December 29 2003, Compañía Eléctrica Cono Sur S.A. sold GasAtacama S.A. 5,000 shares in Energex Co. for US\$ 5,000. (Note 24)

- **Incorporation of Companies**

On October 1 and November 17 2003 the Company Inversiones Gas Atacama Holding Limitada, of which Inversiones Endesa Norte S.A. owns 50%, was incorporated by public deed; to that end, it provided ThCh\$700,000 in cash and ownership and control of 99.90% of its ownership rights in subsidiaries Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada and Gas Atacama Generación Limitada, which are equivalent to 49.95% of all of its rights in the aforementioned subsidiaries.

On December 1 2003 the firm names of subsidiaries Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada and Gas Atacama Generación Limitada were amended by public deeds and changed to Gasoducto Atacama Chile S.A., Gasoducto Atacama Argentina S.A. and Gas Atacama Generación S.A., respectively.

- Merger of Inmobiliaria Manso de Velasco Limitada and Sociedad Agrícola el Gobernador Limitada. Partners of these Companies agreed by public deed dated December 31 2003 to a merger by absorption of Inmobiliaria Manso de Velasco into Constructora el Gobernador Ltda., which, for all legal intents and purposes, became the successor, changing its name as of that date to Inmobiliaria Manso de Velasco Limitada. As a result of this merger, Inmobiliaria Manso de Velasco Ltda. was dissolved, and its partners received rights in the continuing Company.

- Dissolution of Investment Vehicles. During 2003, Companies Enersis Energía de Colombia S.A. and Enersis de Argentina S.A. were dissolved

12. investments in other companies

Investments in other companies at December 31, 2002 and 2003 are as follows:

Company	Number of Shares	Percentage owned %	As of December 31,	
			2002 ThCh\$	2003 ThCh\$
Electrificadora de la Costa	3,599,191	0.06%	-	26,475
Electrificadora del Caribe	85,568,116	0.23%	-	1,343,089
Autopista del Río Maipo S.A.	25	-	4,875	-
Banco Destak	-	-	43,376	-
CDEC-SIC Ltda.	-	24.35%	225,345	169,004
CDEC-SING Ltda.	-	7.69%	-	100,655
Club de la Banca y Comercio	2	1.00%	2,726	1,945
Club Empresarial	1	1.00%	6,212	6,290
Coger	-	-	2,055	-
Cooperativa Eléctrica de Chillán	-	-	13,037	13,037
Emgesa S.A.	1	-	3	-
Edegas	1	1.00%	3,456	-
Distasa S.A.	1	-	6	-
Empresa Eléctrica de Aysen S.A.	2,516,231	-	1,997,810	1,997,810
Empresa Eléctrica de Bogotá S.A.	12,818,264	11.00%	158,367,971	129,566,567
Financiera Eléctrica Nacional S.A.	4,098	0.10%	357,091	108,998
Inmobiliaria España S.A.	1	-	98	98
Inverandes S.A.	1,011,899	-	3,455	3,455
Menescal Producciones Artísticas	-	-	5,896	51,444
Prod. Cinematográfica	-	-	-	24,663
Saelpa	-	-	732	1,932
Supra CCVM Ltda.	-	-	26,790	-
Termocartagena	22	-	6	-
Teleceara	-	-	522	1,375
Telebras	-	-	-	43,460
Total			161,061,462	133,460,297

13. goodwill

a. In accordance with current standards, recognition has been given to the excess of purchase price of the proportional equity in the net assets acquired (goodwill) in the purchase of shares as of December 31, 2002 and 2003, as follows:

Company	As of December 31,			
	2002		2003	
	Amortization ThCh\$	Net Balance ThCh\$	Amortization ThCh\$	Net Balance ThCh\$
Central Cachoeira Dourada S.A.	70,260,190	-	-	-
Central Costanera S.A.	24,259,256	-	-	-
Chilectra S.A.	6,306,827	107,339,283	6,277,891	101,061,394
Cía. de Eletricidade do Río de Janeiro	110,468,063	-	-	-
Cía. Eléctrica del Río Maipo S.A.	580,158	10,329,890	-	-
Codensa S.A.	1,805,878	26,787,488	1,477,454	18,960,902
Coelce S.A.	216,129,350	-	-	-
Distrilec Inversora S.A.	11,758,649	-	-	-
Edegel S.A.	41,430	614,544	33,895	468,885
Edesur S.A.	9,578,673	-	-	-
Emgesa S.A.	1,631,589	24,210,381	1,335,456	18,471,931
Empresa Eléctrica de Colina S.A.	187,040	2,571,792	187,038	2,384,754
Empresa Eléctrica Pangue S.A.	70,389	3,308,270	168,933	3,139,337
Empresa Nacional de Electricidad S.A.	43,387,863	674,318,980	43,387,862	630,931,117
Gasoducto Atacama Chile Ltda.	4,820	77,926	4,820	73,106
Hidroeléctrica El Chocón S.A.	10,170,013	-	-	-
Hidroinvest S.A.	1,393,519	-	-	-
Inversiones Distrilima S.A.	1,515	18,180	1,239	13,635
Investluz S.A.	1,106,194	-	-	-
Lajas Inversora S.A.	1,816,112	-	-	-
Luz de Bogotá S.A.	450,085	6,411,900	353,649	4,892,157
Total	511,407,613	855,988,634	53,228,237	780,397,218

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, 2002 and 2003 as follows:

Company	As of December 31,			
	2002		2003	
	Amortization ThCh\$	Net Balance ThCh\$	Amortization ThCh\$	Net Balance ThCh\$
Central Cachoeira Dourada S.A.	37,238,402	-	-	-
Central Costanera S.A.	-	-	424,069	16,538,687
Central Hidroeléctrica Betania S.A.	35,234,878	25,067,747	6,448,438	14,322,281
Hidroeléctrica El Chocón S.A.	3,649,603	-	-	-
Cía. de Eletricidade do Rio de Janeiro (*)	16,033,466	-	34,517,091	-
Coelce S.A.	9,268,830	-	-	-
Edegel S.A.	10,397,103	63,714,136	8,506,245	43,620,591
Edelnor S.A.	1,256,602	2,721,743	1,028,071	1,198,685
Empresa Eléctrica de Bogotá S.A.	257,351	3,860,510	210,799	2,947,623
Inversiones Distrilima S.A.	18,550	617,459	26,017	479,150
Synapsis Soluciones y Servicios IT Ltda.	15,467	143,085	15,468	127,615
Total	113,370,252	96,124,680	51,176,198	79,234,632

(*) According to the provisions of Circular 368 of the Superintendency of Securities and Insurance, the Company has amortized higher quarterly installments due to the revaluation of Cerj, caused by the capital increase in January 2003.

14. other assets

Other assets as of each year end are as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Bond discount	21,025,338	19,583,113
Bond issuance cost	11,628,452	6,495,002
Forwards contracts and swap	9,457,463	4,864,823
Deferred expenses	25,699,828	30,638,221
Deferred commissions on foreign currency loans	17,552,614	28,485,979
Post-retirement benefits	19,470,838	2,079,192
Security deposits for judicial obligations	23,887,123	28,818,185
Recoverable - taxes	14,721,537	12,449,928
Reimbursable contributions	1,460,199	1,283,129
Regulatory assets	36,406,966	23,944,832
Fair - value derivative contracts	52,419,114	16,263,309
Others	7,413,680	5,705,312
Total	241,143,152	180,611,025

The debt refunding plan was completed in March 2003, which meant incurring in expenditures required to obtain the loans, which are amortized in the same term as the debt. Disbursements for this item amount to ThCh\$56,100,807, classified in the statements of cash flow under item disbursements for financing, within the flow for financing activities.

Continuing with the company's refunding plan, Enersis S.A. and its subsidiary Endesa Chile prepaid US\$2,045 million of the last loan obtained

in May 2003. These payments were made with funds from sale of assets, capital increase, issuance and placement of bonds and obtaining new loans.

As a result of these pre-payments, speedy amortizations of deferred expenses for ThCh\$39,095,216 were made and charged to financial expenses.

b. Current portion of long-term debt due to banks and financial institutions:

Financial Institution	Foreign currency												
	US\$		Euros		Yen		Other foreign currency		Ch\$		As of December 31		
	2002 ThCh\$	2003 ThCh\$	2002 ThCh\$	2003 ThCh\$	2002 ThCh\$	2003 ThCh\$	2003 ThCh\$	2002 ThCh\$	2003 ThCh\$	2002 ThCh\$	2003 ThCh\$	2002 ThCh\$	
ABN Amro Bank	2,663,133	1,761,445	-	-	-	-	-	-	-	-	-	1,761,445	2,663,133
Bancafe	-	-	-	-	-	-	73,710	-	-	-	-	73,710	-
Banca Intesa S.P.A. London Branch	-	10,498	-	-	-	-	-	-	-	-	-	10,498	-
Banco Bayerische Landes	5,678,769	337,528	-	-	-	-	-	-	-	-	-	337,528	5,678,769
Banco BBVA Bhif	1,461,868	-	-	-	-	-	-	-	-	-	-	-	1,461,868
Banco BBVA	-	213,887	-	-	-	-	-	-	-	-	-	213,887	-
Banco Beal	-	9,900,548	-	-	-	-	-	-	-	-	-	9,900,548	-
Banco Colpatría	-	-	-	-	-	-	49,140	-	-	-	-	49,140	-
Banco Corfinsura	-	-	-	-	-	-	196,560	-	-	-	-	196,560	-
Banco Davivienda	-	-	-	-	-	-	159,212	-	-	-	-	159,212	-
Banco de Sabadell	-	2,087	-	-	-	-	-	-	-	-	-	2,087	-
Banco do Brasil	154,365	321,635	-	-	-	-	1,001,256	-	-	-	-	1,322,891	154,365
Banco do Estado de Ceará	-	-	-	-	-	-	-	891,815	-	-	-	891,815	-
Banco do Nordeste do Brasil	-	-	-	-	-	-	45,113	2,007	-	-	-	45,113	2,007
Banco Español de Crédito	-	5,233	-	-	-	-	2,195	-	-	-	-	7,428	-
Banco Estado	940,631	3,867	-	-	-	-	-	42,973	36,040,302	1,756,624	36,044,169	2,740,228	940,631
Banco Europeo de Inversiones	-	896,489	-	-	-	-	-	-	-	-	-	896,489	-
Banco HBS	10,933,205	19,750	-	-	-	-	-	-	-	-	-	19,750	10,933,205
Banco Hermes	5,445,443	-	-	-	-	-	-	-	-	-	-	-	5,445,443
Banco Lloyds	7,291,639	-	-	-	7,138,324	-	-	-	-	-	-	-	14,429,963
Banco Medio Crédito	-	-	-	-	-	-	1,820,338	-	-	-	-	1,820,338	-
Banco Nazionale del Lavoro	172,877	-	-	-	3,399,301	-	-	2,433	-	-	-	-	3,574,611
Banco Popular Español	-	7,352	-	-	-	-	-	-	-	-	-	7,352	-
Banco Real	-	-	-	-	-	-	-	475,035	-	-	-	-	475,035
Banco San Paolo	-	137,340	-	-	-	-	-	-	-	-	-	137,340	-
Banco Santander - Santiago	776,322	81,025	-	-	-	-	-	-	-	-	-	81,025	776,322
Banco Santander Central Hispano	218,106,678	197,438	-	-	6,546,225	-	-	-	-	-	197,438	224,652,903	218,106,678
Bancolombia	108,190	-	-	-	-	-	297,351	-	-	-	-	108,190	-
Banesto	4,647,067	5,093,156	-	-	-	-	-	-	-	-	-	5,093,156	4,647,067
Bank Boston	606,567	-	-	-	14,784,096	13,180,928	-	-	-	-	-	13,180,928	15,390,663
Bank of América	98,757,351	46,438,382	-	-	-	-	-	-	-	-	-	46,438,382	98,757,351
Bank of Tokio - Mitsubishi	47,458,466	5,887,459	128,565	123,767	14,731,635	424,533	412,346	-	-	-	-	6,848,105	62,318,666
Banque Nationale Paris	11,980,120	11,763,016	-	-	-	-	-	7,143,098	-	-	-	11,763,016	19,123,218
Birf	-	-	-	-	-	-	1,117,055	-	-	-	-	1,117,055	-
Bndes	-	-	-	-	-	-	8,245,660	2,039,576	-	-	-	8,245,660	2,039,576
Caja de Ahorros y Monte de Piedad de Madrid	-	118,463	-	-	-	-	-	-	-	-	-	118,463	-
Citibank N.A.	24,538,356	10,253,572	-	-	-	-	-	-	-	-	-	10,253,572	24,538,356
Credit Lyonnais N.Y.	-	10,498	-	-	-	-	-	-	-	-	-	10,498	-
Conavi	-	-	-	-	-	-	122,850	-	-	-	-	122,850	-
Corporación Financiera del Valle	56,385	-	-	-	-	-	-	-	-	-	-	-	56,385
Dresner B. Luxemburg	83,762,158	16,448	-	-	-	-	-	-	-	-	-	16,448	83,762,158
Deutsche Bank A.G.	-	55,936	-	-	-	-	-	-	-	-	-	55,936	-
Eximbank	-	-	-	-	-	-	-	464,068	-	-	-	-	464,068
Export Develop. Corp.	2,532,048	1,827,243	-	-	-	-	-	-	-	-	-	1,827,243	2,532,048
Granahorrar	-	-	-	-	-	-	73,710	-	-	-	-	73,710	-
ING Bank N.V.	-	10,498	-	-	-	-	-	-	-	-	-	10,498	-
Israel Discount Bank N.Y.	-	1,682	-	-	-	-	-	-	-	-	-	1,682	-
J.P.Morgan Chase Bank	1,015,169	315,209	4,591,217	-	-	-	-	1,207,721	-	-	-	315,209	6,814,107
Kreditanstalt für Weiderraubau	429,022	346,974	-	-	-	-	-	-	-	-	-	346,974	429,022
Landesbank Rheinland-Pfalz	-	9,345	-	-	-	-	-	-	-	-	-	9,345	-
Midland Bank	5,725,137	-	-	-	-	-	-	-	-	-	-	-	5,725,137
Mizuho Corporate Bank Ltd.	-	4,205	-	-	-	-	-	-	-	-	-	4,205	-
Nord LB Norddeutsche Landes	-	-	-	-	-	-	-	-	-	-	-	-	-
Royal Bank of Canada	-	10,496	-	-	-	-	-	-	-	-	-	10,496	-
Santander Investment Bank Ltd.	6,412,718	3,057,654	-	-	-	-	-	-	-	-	-	3,057,654	6,412,718
Skandinaviska Enskilda Banken	2,398,873	1,985,176	-	-	-	-	-	-	-	-	-	1,985,176	2,398,873
Societe Generale	1,863,978	1,140,973	-	-	-	-	-	-	-	-	-	1,140,973	1,863,978
Westlb A.G. N.Y. Branch	-	10,498	-	-	-	-	-	-	-	-	-	10,498	-
Unibanco	-	-	-	-	-	-	55,982	53,325	-	-	-	55,982	53,325
Total	545,916,535	102,253,005	4,719,782	123,767	46,599,581	13,605,461	13,672,478	12,322,051	36,040,302	1,756,624	165,695,013	611,314,573	
Total principal	518,620,707	98,286,131	4,693,974	121,738	46,284,777	13,594,206	12,673,182	8,973,553	35,813,075	1,569,638	160,488,332	580,142,649	
Weighted average annual interest rate	3.24%	4.96%	3.79%	3.00%	2.08%	3.46%	16.79%	8.53%	4.56%	8.73%	5.64%	3.30%	

As of December 31,		
2002	2003	
%	%	
Percentage of debt in foreign currency:	78.25%	99.71%
Percentage of debt in local currency:	21.75%	0.29%
Total	100.00%	100.00%

On May 15, 2003, Enersis S.A. and its subsidiary Empresa Nacional de Electricidad S.A. and a body of 32 banks, subscribed syndicated loans to refinance bank debts in an amount of US\$2.330 million.

Due to this refinancing, the obligations which expired in 2003 and 2004, were postponed until 2008, with capital amortizations from 2005.

The covenants which regulate these loans do not trigger prepayment of the obligations if the Company or its subsidiary Endesa Chile's risk rating falls below investment grade.

On July 28 2003, Enersis S.A. prepaid US\$ 582 million with resources from the sale of Río Maipo and the capital increase.

On November 24 2003, Enersis S.A. prepaid all the subscribed loan for May; this prepayment was made mostly with funds from a new loan of US\$ 500 million subscribed with six banks on November 14 2003 and from the issuance and placement of bonds worth US\$ 350 million on the American market and a further US\$ 155 million from other cash sources. This final payment released all the securities pledged to the first thirty two banks.

Similarly, Endesa Chile has prepaid US\$ 458 million with resources from the sale of assets and issuance and placement of bonds.

16. long-term portion of debt due to banks and financial institutions

Financial Institution	Currency	As of December 31, 2003						Total Long-term portion 2003	Annual interest rate average	Total long-term portion - 2002
		After 1 year but within 2 years	After 2 years but within 3 years	After 3 years but within 5 years	After 5 years but within 10 years	After 10 years				
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	Years	ThCh\$			
ABN Amro Bank	US\$	-	8,313,200	-	-	-	-	8,313,200	2.75%	84,854,044
Bancafe	\$ Colom	-	-	3,206,021	-	-	-	3,206,021	12.55%	-
Banca Intesa S.P.A.	US\$	947,190	1,894,380	2,841,570	-	-	-	5,683,140	4.16%	-
Banco Bayerische Landes	US\$	1,210,897	10,038,124	1,686,392	-	-	-	12,935,413	5.63%	-
Banco BBVA	US\$	1,484,025	2,968,050	78,677,075	-	-	-	83,129,150	3.50%	471,767,465
Banco Colpatría	\$ Colom	-	-	2,137,347	-	-	-	2,137,347	12.55%	-
Banco Estado	\$ Reaj.	1,395,900	1,694,640	1,273,686	-	-	-	4,364,226	9.00%	57,203,605
	US\$	-	-	-	-	-	-	-	-	4,650
Banco Español de Crédito	US\$	472,190	944,380	1,416,570	-	-	-	2,833,140	4.16%	-
Banco Europeo de Inversiones	US\$	213,065	-	9,896,667	19,793,333	-	-	29,903,065	1.37%	36,289,805
Banco Davivienda	\$ Colom	-	-	6,412,312	-	-	-	6,412,312	12.55%	-
Banco de Sabadell	US\$	188,314	376,628	564,942	-	-	-	1,129,884	4.16%	-
Banco do Brasil	R\$	-	1,779,121	1,779,121	4,447,804	518,910	-	8,524,956	17.74%	8,348,419
	US\$	-	441,448	384,610	2,406,728	-	-	3,232,786	14.21%	4,592,606
Banco Medio Crédito	\$ Arg	1,797,897	1,797,897	1,797,897	6,292,887	-	-	11,686,578	1.75%	12,090,311
Banco Nationale de Paris	US\$	12,791,168	13,675,789	25,867,553	9,054,045	1,644,520	-	63,033,075	4.73%	76,093,655
Banco Popular Español	US\$	663,314	1,326,628	1,989,942	-	-	-	3,979,884	4.16%	-
Bancolombia	\$ Colom	-	-	8,549,390	-	-	-	8,549,390	12.55%	-
	US\$	-	-	352,696	-	-	-	352,696	29.08%	489,590
Banco Santander Central Hispano	US\$	7,310,509	14,621,019	96,156,528	-	-	-	118,088,056	3.69%	290,318,440
	Yen	-	-	-	-	-	-	-	-	7,048,945
Banesto	US\$	2,418,557	2,418,557	4,837,114	7,255,675	-	-	16,929,903	4.29%	28,650,213
Bank Tokio - Mitsubishi	US\$	14,954,039	1,894,380	47,376,570	-	-	-	64,224,989	3.52%	13,928,001
	Libra	402,154	-	-	-	-	-	402,154	4.63%	886,725
	Yen	422,438	-	-	-	-	-	422,438	0.89%	933,276
	Euros	121,738	-	-	-	-	-	121,738	3.00%	248,420
Banco do Estado de Ceará	R\$	-	172,996	-	-	-	-	172,996	13.00%	147,003
Banco do Nordeste do Brasil	R\$	-	81,691	-	-	-	-	81,691	15.79%	119,893
BIRF	U.P.	-	-	-	-	-	-	-	-	1,201,425
BNDES	R\$	1,783,205	76,815,884	2,989,260	3,994,579	-	-	85,582,928	22.64%	90,316,657
Caja de Ahorros y Monte de Piedad de Madrid	US\$	-	-	44,535,000	-	-	-	44,535,000	3.42%	-
Citibank N.Y.	US\$	11,762,358	4,862,430	7,293,645	-	-	-	23,918,433	3.86%	397,114,151
Conavi	\$ Colom	-	-	5,343,369	-	-	-	5,343,369	12.55%	-
Corfinsura	\$ Colom	-	-	8,549,390	-	-	-	8,549,390	12.55%	-
	US\$	-	-	-	-	-	-	-	-	32,935,663
Credit Lyonnais N.Y.	US\$	947,190	1,894,380	2,841,570	-	-	-	5,683,140	4.16%	-
Deutsche Bank A.G.	US\$	1,484,025	2,968,050	19,297,075	-	-	-	23,749,150	3.70%	-
Dresdner Bank	US\$	1,484,025	2,968,050	4,452,075	-	-	-	8,904,150	4.16%	-
Export Develop. Corp.	US\$	1,691,051	1,691,051	3,382,102	5,437,396	828,802	-	13,030,402	2.23%	17,817,287
Granahorrar	\$ Colom	-	-	3,206,021	-	-	-	3,206,021	12.55%	-
HBSC Bank	US\$	1,781,954	3,563,908	5,345,862	-	-	-	10,691,724	4.16%	-
ING Bank N.V.	US\$	947,190	1,894,380	2,841,570	-	-	-	5,683,140	4.16%	-
Israel Discount Bank of N.Y.	US\$	151,775	303,551	455,326	-	-	-	910,652	4.16%	-
J.P.Morgan Chase Bank	US\$	32,659,000	-	14,845,000	-	-	-	47,504,000	8.53%	58,063,688
Kreditanstalt Fur Weideraubau	US\$	324,830	324,830	649,660	162,415	-	-	1,461,735	4.85%	2,183,691
Landesbank Rheinland Pfalz Giroz	US\$	843,196	1,686,392	2,529,588	-	-	-	5,059,176	4.16%	-
Lloyd's Bank	US\$	6,900,518	-	-	-	-	-	6,900,518	5.50%	1,146,528
	Yen	-	-	-	-	-	-	-	-	1,088,694
Mizuho Corporate Bank Ltd.	US\$	379,438	758,876	1,138,314	-	-	-	2,276,628	4.16%	-
Royal Bank of Canada	US\$	947,192	1,894,381	2,841,573	-	-	-	5,683,146	4.16%	-
San Paolo IMI S.P.A.	US\$	1,703,256	3,406,512	49,644,768	-	-	-	54,754,536	3.56%	-
Santander Investment	US\$	-	-	-	-	-	-	-	-	3,701,560
Skandinaviska Enskilda Banken	US\$	1,962,604	1,962,509	981,302	-	-	-	4,906,415	0.65%	7,196,504
Societe Generale	US\$	-	-	-	-	-	-	-	-	1,391,829
Westlb A.G. N.Y. Branch	US\$	947,190	1,894,380	2,841,570	-	-	-	5,683,140	4.16%	-
Unibanca	R\$	-	27,839	-	-	-	-	27,839	14.21%	79,314
Total		115,493,392	173,356,331	483,208,043	58,844,862	2,992,232	833,894,860			1,708,252,057

As of December 31,

	2002	2003
	%	%
Percentage of debt in foreign currency:	17.84%	10.52%
Percentage of debt in local currency:	82.16%	89.48%
Total	100.00%	100.00%

17. other current liabilities

Other current liabilities are as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Advances and guarantee on construction	608,017	123,101
Taxes payables	2,507,700	1,033,592
Contingencies - third party claims	15,364,751	19,372,593
Customer advances	3,326,514	2,450,478
Provision Azopardo	2,360,050	3,052,829
Accrued employees benefits - other	2,250,384	1,685,050
Forward contracts and swaps	5,787,192	25,868,021
Fair value - derivative contracts	11,364,036	7,466,784
Emergency energy provision (Brazil)	10,815,538	1,625,660
Other current liabilities	5,753,193	2,682,727
Total	60,137,375	65,360,835

18. promissory notes

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Financial Instruments	Currency	Face value	Maturity date	Interest rate	As of December 31,	
					2002	2003
				%	ThCh\$	ThCh\$
Commercial papers	Soles	3,030,678	5/1/03	5.00%	3,120,503	-
Commercial papers	Soles	2,081,801	8/1/03	5.25%	2,145,548	-
Promissory note - AFR	U.F.	-	12/31/03	10.00%	123,350	-
OPP-027/2002	Soles	1,000	6/10/03	-	3,500,603	-
Promissory note - Banco Santander	Soles	286,299	1/3/03	5.00%	289,162	-
OPP-058/2002	Soles	1,000	9/5/03	-	4,142,243	-
Total					13,321,409	-

19. bonds payable

a. Details of the current portion of bonds payable is as follows:

Instrument	Series	Face value outstanding	Currency	Interest rate %	Maturity date	As of December 31,	
						2002	2003
						ThCh\$	ThCh\$
Bonos Edelnor	Uno	4,891,900	Soles	9.61%	01/02/2011	6,005	5,024
Bonos Edelnor	1ºProg.	80,000,000	Soles	VAC + 7,5 %	01/07/2006	601,008	522,743
Bonos Edelnor	1ºProg.	18,570,000	Soles	VAC + 6,2 %	26/04/2007	44,225	37,402
Bonos Edelnor	1ºProg.	30,000,000	Soles	6.50%	01/01/2004	180,123	5,292,702
Bonos Edelnor	1ºProg.	20,000,000	Soles	6.34%	24/01/2004	49,499	3,470,489
Bonos Edelnor	1ºProg.	100,000,000	Soles	VAC + 6,9%	10/10/2006	292,190	247,110
Bonos Edelnor	1ºProg.	40,000,000	Soles	4.47%	11/09/2007	-	93,654
Yankee Bonds - Enersis	Uno	300,000,000	US\$	6.90%	21/11/2006	1,210,264	1,024,305
Yankee Bonds - Enersis	Dos	350,000,000	US\$	7.45%	21/11/2016	1,080,485	926,706
Yankee Bonds - Enersis	Tres	150,000,000	US\$	6.63%	21/11/2026	578,822	2,802
Yankee Bonds II - Enersis	Uno	350,000,000	US\$	7.38%	01/12/2014	-	1,532,747
Bono N° 269	B-1	445,863	U.F.	5.50%	15/06/2009	7,677,871	152,759
Bono N° 269	B-2	2,500,000	U.F.	5.75%	15/06/2022	106,535	77,343
Bonos Endesa	Uno	230,000,000	US\$	7.88%	01/02/2027	4,906,923	4,005,132
Bonos Endesa	Dos	220,000,000	US\$	7.33%	01/02/2037	4,873,420	3,987,121
Bonos Endesa	Tres	200,000,000	US\$	8.13%	01/02/2097	1,019,215	769,694
Bonos Endesa	Uno	400,000,000	US\$	7.75%	15/07/2008	10,312,351	8,436,908
Bonos Endesa	Uno	400,000,000	US\$	8.50%	01/04/2009	6,169,267	5,047,300
Bonos Endesa	E-1 y E-2	6,000,000	U.F.	6.20%	01/08/2006	2,581,888	2,583,176
Bonos Endesa	C2; D1 Y D2	1,251,257	U.F.	6.80%	01/11/2010	2,473,129	2,600,930
Bonos Endesa	F	1,500,000	U.F.	6.20%	01/08/2022	645,472	645,794
Bonos Endesa	G	4,000,000	U.F.	4.80%	15/10/2010	-	668,867
Bonos Endesa	H	4,000,000	U.F.	6.20%	15/10/2008	-	861,052
Bonos Endesa	144A	400,000,000	US\$	8.35%	01/08/2013	-	8,649,357
Bonos Endesa	144A	200,000,000	US\$	8.63%	01/08/2015	-	4,467,626
Bonos Pehuenche	Uno	170,000,000	US\$	7.30%	01/05/2003	124,886,525	-
Bonos Edegel	Uno	30,000,000	US\$	8.75%	13/06/2007	150,293	122,974
Bonos Edegel	Dos	30,000,000	US\$	8.41%	14/02/2007	697,526	570,865
Bonos Edegel	Tres	30,000,000	US\$	8.75%	03/06/2006	98,468	80,569
Bonos Edegel	Cuatro	20,000,000	US\$	8.46%	26/11/2005	136,680	111,835
Bonos Edegel	Cuatro A	50,000,000	Soles	4.75%	12/12/2006	-	22,356
Bonos Edegel	Cinco A	30,000,000	Soles	11.60%	22/08/2003	7,524,632	-
Bonos Edegel	Cinco B	35,000,000	Soles	6.00%	22/02/2004	132,188	5,250,320
Bonos Edegel	Uno A	100,000,000	Soles	6.00%	06/06/2005	-	68,568
Bonos Edegel	Tres A	50,000,000	Soles	4.13%	05/05/2006	-	113,923
Bonos Edegel	Tres B	50,000,000	Soles	4.88%	30/10/2006	-	70,800
Bonos Emgesa	A-1	15,000,000	\$ Col.	9.89%	26/07/2006	1,308,919	58,942
Bonos Emgesa	B-3	31,525,018	\$ Col.	14.79%	08/02/2003	10,264,100	-
Bonos Emgesa	B-5	12,750,000	\$ Col.	9.97%	09/10/2004	75,658	2,788,242
Bonos Emgesa	B-7	19,500,000	\$ Col.	10.29%	09/10/2006	119,344	99,864
Bonos Emgesa	B-10	229,825,000	\$ Col.	10.60%	09/10/2009	1,449,421	1,213,243
Bonos Emgesa	B-10	60,000,000	\$ Col.	10.57%	10/11/2009	-	196,835
Bonos Emgesa	C-10	7,701,962	\$ Col.	9.88%	09/10/2009	81,486	73,690
Bonos Emgesa	C-10	19,777,918	\$ Col.	10.25%	08/10/2009	44,130	39,903
Bonos Emgesa	B-10 2º emission	50,000,000	\$ Col.	15.18%	26/06/2006	223,180	1,164,287
Bonos Emgesa	A-5	172,858	\$ Col.	8.35%	08/10/2004	70,746	-
Bonos Emgesa	B-1	85,000,000	\$ Col.	13.95%	26/07/2006	-	1,185,974
Eurobono	Unica	400,000,000	Euro	3.34%	24/07/2003	306,778,275	-
Endesa Chile Internacional	Unica	150,000,000	US\$	7.20%	01/04/2006	1,959,649	1,603,260
Bonos Autopista del Sol S.A	A-1	3,446,160	U.F.	5.80%	15/01/2018	1,648,440	-
Bonos Autopista del Sol S.A	A-2	861,540	U.F.	5.80%	15/01/2018	412,110	-
Bonos Autopista del Sol S.A	B-1	964,372	U.F.	5.80%	15/01/2018	491,702	-
Bonos Autopista del Sol S.A	B-2	243,578	U.F.	5.80%	15/01/2018	124,193	-
Total						503,486,357	70,945,193

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

Instrument	Series	Face value outstanding	Currency	Interest rate %	Maturity date	As of December 31,	
						2002	2003
						ThCh\$	ThCh\$
Bonos Edelnor	Uno	4,891,900	Soles	9.61%	01/02/2011	1,010,394	838,813
Bonos Edelnor	1ºProg.	80,000,000	Soles	VAC + 7,5 %	01/07/2006	16,647,508	14,079,415
Bonos Edelnor	1ºProg.	100,000,000	Soles	VAC + 6,9 %	10/10/2006	20,884,730	17,662,273
Bonos Edelnor	1ºProg.	30,000,000	Soles	6.50%	01/01/2004	6,196,324	-
Bonos Edelnor	1ºProg.	20,000,000	Soles	6.34%	24/01/2004	4,130,883	-
Bonos Edelnor	1ºProg.	18,570,000	Soles	VAC + 6,2%	26/04/2007	3,898,572	3,297,092
Bonos Edelnor	1ºProg.	40,000,000	Soles	4.47%	11/09/2007	-	6,858,793
Yankee Bonds - Enersis	Uno	300,000,000	US\$	6.90%	21/11/2006	217,738,830	178,140,000
Yankee Bonds - Enersis	Dos	350,000,000	US\$	7.45%	21/11/2016	181,255,964	148,292,049
Yankee Bonds - Enersis	Tres	150,000,000	US\$	6.63%	21/11/2026	108,869,415	509,480
Yankee Bonds II - Enersis	Uno	350,000,000	US\$	7.38%	01/12/2014	-	207,830,000
Bono N° 269	B-1	2,928,543	U.F.	5.50%	15/06/2009	49,526,236	679,076
Bono N° 269	B-2	2,500,000	U.F.	5.75%	15/06/2022	42,278,903	32,740,200
Bonos Endesa	Uno	230,000,000	US\$	7.88%	01/02/2027	149,427,626	122,252,138
Bonos Endesa	Dos	220,000,000	US\$	7.33%	01/02/2037	159,675,142	130,636,000
Bonos Endesa	Tres	200,000,000	US\$	8.13%	01/02/2097	29,333,775	23,999,021
Bonos Endesa	Uno	400,000,000	US\$	7.75%	15/07/2008	290,318,440	237,520,000
Bonos Endesa	Unica	400,000,000	US\$	8.50%	01/04/2009	290,318,440	237,520,000
Bonos Endesa	E-1 y E-2	6,000,000	U.F.	6.20%	01/08/2006	101,469,367	101,520,000
Bonos Endesa	C2; D1 Y D2	1,251,257	U.F.	6.80%	01/11/2010	20,029,882	17,662,331
Bonos Endesa	F	1,500,000	U.F.	6.20%	01/08/2022	25,367,342	25,380,000
Bonos Endesa	G	4,000,000	U.F.	4.80%	15/10/2010	-	67,680,000
Bonos Endesa	H	4,000,000	U.F.	6.20%	15/10/2008	-	67,680,000
Bonos Endesa	144A	400,000,000	US\$	8.35%	01/08/2013	-	237,520,000
Bonos Endesa	144A	200,000,000	US\$	8.63%	01/08/2015	-	118,760,000
Bonos Edegel	Uno	30,000,000	US\$	8.75%	13/06/2007	21,773,883	17,814,000
Bonos Edegel	Dos	30,000,000	US\$	8.41%	14/02/2007	21,773,883	17,814,000
Bonos Edegel	Tres	30,000,000	US\$	8.75%	03/06/2006	21,773,883	17,814,000
Bonos Edegel	Cuatro	20,000,000	US\$	8.46%	26/11/2005	14,515,922	11,876,000
Bonos Edegel	Cuatro A	50,000,000	Soles	4.75%	12/12/2006	-	8,571,016
Bonos Edegel	Uno A	100,000,000	Soles	6.00%	06/06/2005	-	17,142,033
Bonos Edegel	Cinco B	35,000,000	Soles	6.00%	22/04/2004	6,196,324	-
Bonos Edegel	Tres A	50,000,000	Soles	4.13%	05/05/2006	-	8,571,016
Bonos Edegel	Tres B	50,000,000	Soles	4.88%	30/10/2006	-	8,571,016
Bonos Emgesa	A-1	15,000,000	\$ Col.	9.89%	26/07/2006	3,800,258	3,206,021
Bonos Emgesa	B-1	85,000,000	\$ Col.	13.95%	26/06/2006	21,534,796	18,167,453
Bonos Emgesa	B-5	12,750,000	\$ Col.	9.97%	09/10/2004	3,230,219	0
Bonos Emgesa	B-7	19,500,000	\$ Col.	10.29%	09/10/2006	4,940,336	4,167,827
Bonos Emgesa	B-10	229,825,000	\$ Col.	10.60%	09/10/2009	58,226,188	49,121,888
Bonos Emgesa	B-10	60,000,000	\$ Col.	10.57%	10/11/2009	-	12,824,085
Bonos Emgesa	C-10	7,701,962	\$ Col.	9.88%	09/10/2009	-	3,086,739
Bonos Emgesa	C-10	19,777,918	\$ Col.	10.25%	08/10/2009	5,331,860	1,734,454
Bonos Emgesa	B-10 2º emision	50,000,000	\$ Col.	15.18%	26/07/2006	15,201,032	10,686,737
Bonos Autopista del Sol S.A	A-1	3,446,160	U.F.	5.80%	15/01/2018	58,279,946	-
Bonos Autopista del Sol S.A	A-2	861,540	U.F.	5.80%	15/01/2018	14,569,986	-
Bonos Autopista del Sol S.A	B-1	964,372	U.F.	5.80%	15/01/2018	16,309,031	-
Bonos Autopista del Sol S.A	B-2	243,578	U.F.	5.80%	15/01/2018	4,119,290	-
Bonos Endesa Internacional	Unica	150,000,000	US\$	7.20%	01/04/2006	108,869,414	89,070,000
Total						2,118,824,024	2,299,294,966

c. Bonds payable consist of the following:

(1) Enersis S.A. Series B1-B2

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

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

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

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

In November 2003, these series were voluntarily exchanged for shares in connection with the capital increase. The holders converted ThCh\$63,656,586 into 893,612,466 first issue shares. Underwritten amounts were determined by experts. Capitalized amounts were ThCh\$46,968,180 for the B1 series and ThCh\$7,028,064 for the B2 series (Note 23b).

(2) Enersis S.A. (Yankee Bonds)

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

Series	Total amount	Years to maturity	Stated annual interest rate
	in US\$		
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 has a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

Repurchase of Yankee Bonds

Enersis Internacional, a 100% subsidiary of Enersis during November 2001 made a tender offer to repurchase all or a portion of the Series 2 Yankee Bonds. The offer expired November 21, 2001 and the Enersis Internacional repurchased a total of US\$100,266,000 in bonds with accrued interest, at a price of US\$95,536,000.

(3) Bonos Internacionales (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	Years to maturity	Stated annual interest rate
	in US\$		
1	350.000.000	10	3,4%

Interest is paid six-monthly and amortization of capital is a single installment at the end of the term.

(4) Bonds of Chilectra S.A.

On October 13, 2003, Chilectra S.A. registered, in the Superintendency of Securities and Insurance, 2 lines of bonds corresponding to N° 347 and 348 for a maximum line amount of UF4,200,000 and UF4,000,000 respectively; the placement has a maturity of 10 years from August 22, 2003. To date, the placement of the related bonds has not been made.

(5) Edelnor Bonds (Subsidiary of Distrilima S.A.)

First issue

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

Second issue

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

At December 31, 2003, this issue is totally cancelled.

Third issue

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

At December 31, 2003, this issue is totally cancelled.

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First program of Corporate Bonds

First issue	
Date of Issue	: October 29, 2001
Number of bonds subscribed	: 146,300
Face value	: 30,000 soles each
Redemption term	: 5 years
Interest rate	: 7.5% annual
Interest payment	: Semi - annual

Second issue

Date of Issue	: October 19, 2001
Number of bonds subscribed	: 20,000
Face value	: 5,000 new soles each
Redemption term	: 5 years
Interest rate	: 6.9% annual + VAC
Interest payment	: Semi - annual

Third issue

Date of issue	: January 24, 2002
Number of bonds subscribed	: 6,000
Face value	: 5,000 (new soles each)
Redemption term	: 2 years
Interest rate	: 6.5 % annual
Interest payment	: Semi - annual

Fourth issue

Date of issue	: April 24, 2002
Number of bonds subscribed	: 4,000
Face value	: 5,000 (new soles each)
Redemption term	: 2 years
Interest rate	: 6.34 % annual
Interest payment	: Semi - annual

Fifth issue

Date of issue	: March 1, 2003
Number of bonds subscribed	: 3,714
Face value	: 5,000 (new soles each)
Redemption term	: 4 years
Interest rate	: 6.2 % annual + VAC
Interest payment	: Semi - annual

Sixth issue

Date of issue	: September 12, 2003
Number of bonds subscribed	: 8,000
Face value	: 5,000 (new soles each)
Redemption term	: 4 years
Interest rate	: 4.46875 % annual
Interest payment	: Semi - annual

(6) Endesa Chile S.A.

The Company made five public bond issues on the domestic market on the following dates:

- On September 12 1988, the Company registered a first bond issue of U.F. 5,000,000 under No. 15 in the Securities Register of the Superintendency of Securities and Insurance; this was placed completely by year-end on December 31 1988; this issue was totally paid in at September 1 2000.
- On August 24 1989, it registered the second bond issue worth U.F. 6,000,000 under No. 111; this issue was placed completely at December 31 1990. This issued was totally paid in at October 1 2001.
- On December 7 1990, it registered the third issue of bonds worth U.F. 4,000,000 under No. 131. U.F. 2,030,000 of this issue had been placed at December 31 1997. The balance of U.F. 1,970,000 has been cancelled, because its placement deadline has expired.
- On August 9 2001, it registered the fourth bond issue worth U.F. 7,500,000 under No. 264; this was totally placed at December 31 2001.
- On November 26 2002, it registered the fifth bond issue worth 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.

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I Risk rating of the issued bonds is a follows as of the date of December 31, 2003:

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

ISSUANCE TERMS

Third Issuance

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value	: Four million Unidades de Fomento (UF4,000,000) divided into: <ul style="list-style-type: none">- Series C-1: 120 bonds at UF10,000 each- Series C-2: 800 bonds at UF1,000 each- Series D-1: 120 bonds at UF10,000 each- Series D-2: 800 bonds at UF1,000 each
Indexation	: Based on variations in Unidad de Fomento index
Amortization year	: Series C-1 and C-2: 15 years (5-year grace year and 10 years to pay off at principal). Series D-1 and D-2: 20 years (5-year grace year and 15 years to pay off at principal).
Capital amortization	: Series C-1 and C-2: 20 consecutive installments payable semi-annually, starting April 1, 1996. Series D-1 and D-2: 30 consecutive installments payable semi-annually, starting May 1, 1996. Paydown installments are incremental
Early Redemption dates.	: As elected by the issuer, starting May 1, 1996 and only on the interest payment and amortization
Nominal interest rate readjusted	: 6.8% annually upon expiration, compound and actual rate per semester on outstanding principal, by the value of the Unidad de Fomento. The applicable semi-annual interest rate will be equal to 3.34409%.

Interest Payments	: Interest will be paid semi-annually each May 1 and November 1, starting May 1, 1991. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$223,384 and ThCh\$248,075, and is shown under current liabilities.
Guarantee	: There is no specific collateral ration, however, a general guarantee collateralizes all the issuer's assets.
Placement year	: 48 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance.

Fourth Issuance

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Bearer bonds in local currency, denominated in Unidades de Fomento
Issuance Value (1)	: Up to seven and a half million (UF7,500,000) divided into: Series E-1: 1,500 bonds at UF1,000 each. Series E-2: 600 bonds at UF10,000 each. Series F: 200 bonds at UF10,000 each.
Readjustment	: Variation in the UF
Amortization year	: Series E-1 and E-2: August 1, 2006. Series F: August 1, 2022.
Early redemption	: Only in the Series F case, beginning February 1, 2012.
Nominal interest rate	: 6.2% annually, compounded semi-annually and effective on the outstanding principal adjusted for the value of the Unidad de fomento. The semi-annual interest rate will be 3.0534%.
Interest payments	: Accrued interest as of December 31, 2003 amounts to ThCh\$3,228,970 (ThCh\$3,227,360 in 2002) which is shown under current liabilities.
Guarantee	: There is no specific collateralization; however, a general guarantee covers all the issuer's assets
Placement year	: 36 months from the registration date in the Chilean Securities Register of the Superintendency of Securities and Insurance

(1) Through cross a currency swap, the UF debt was exchanged for US dollar debt, leaving a net position of ThCh\$4,843,040 as of December 31, 2003 which is included in other assets.

Fifth Issue

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Dematerialized bearer bonds in local currency, expressed in Unidades de Fomento.
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.
Adjustment	: Variation in Unidad de Fomento.
Amortization term	: Series G: October 15 2010. Series H: Six-monthly and successively as of April 16 2010.
Pre-redemption	: Only for series G bonds, as of October 16 2004.
Nominal interest rate	: Series G: 4.8% per year, compounded every six months and effective on the capital 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 capital 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.
Payment of interests	: Interests will be paid six-monthly, due on April 15 and October 15 of each year starting from April 15 2004. Interests accrued at year-end are ThCh\$1,529,919 and they are presented in current liabilities.

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

First Issuance

Issuer	: Empresa Nacional de Electricidad S.A.
Securities issued	: Marketable securities denominated in US\$(Yankee bonds) in the US market.
Issuance Value	: Six hundred and fifty million US Dollars (US\$650,000,000) divided into: Series 1: US\$230,000,000 Series 2: US\$220,000,000 Series 3: US\$200,000,000
Readjustment	: Variation in the US Dollar
Amortization year	: Series 1 matures on February 1, 2027: Series 2 matures on February 1, 2037 (Put Option on February 1, year 2009, on which date the holders may redeem 100% of bonds plus accrued interest). Series 3 matures on February 1, 2097.
Nominal interest rate	: Series 1: 7.875% annually Series 2: 7.325% annually Series 3: 8.125% annually

Interest Payments : Interest will be paid semi-annually each February 1 and August 1 annually, starting January 27, 1997. Accrued interest as of the year end amounts to ThCh\$12,488,977 (ThCh\$15,265,158 in 2002), which is shown under current liabilities.

Second Issuance

Issuer : Empresa Nacional de Electricidad S.A.
 Securities issued : Marketable securities denominated in US\$(Yankee bonds) in the US market.
 Issuance Value : Four hundred million US Dollars (US\$400,000,000) :
 Readjustment : Variation in the US Dollar
 Capital amortization : Series 1 matures on July 15, 2008 year
 Nominal interest rate : Series 1: 7.75% annually
 Interest Payments : Interest will be paid semi-annually each January 15 and July 15 annually, starting January 15, 1999. Accrued interest as of the year end amounts to ThCh\$8,436,908 (ThCh\$10,312,351 in 2002), which is shown under current liabilities.

Third Issuance

Issuer : Empresa Nacional de Electricidad S.A.
 Securities issued : Marketable securities denominated in US\$(Yankee bonds) in the US market.
 Issuance Value : Four hundred million US Dollars (US\$400,000,000) :
 Readjustment : Variation in the US Dollar
 Capital amortization : Series 1 matures on April 1, 2009.
 Nominal interest rate : Series 1: 8.502% annually
 Interest Payments : Interest will be paid semi-annually each October 1 and April 1 annually, starting October 1, 1999. Accrued interest as of the year end amounts to ThCh\$5,047,300 and ThCh\$6,169,267 in 2003 and 2002, respectively, which is shown under current liabilities.

Fourth Issue

Issuer : Empresa Nacional de Electricidad S.A.
 Securities issued under rules "Rule.144A" and "Regulation S". : Electronic negotiable bonds expressed in American dollars on the American and European markets,
 Amount of issue : Six hundred million US dollars (US\$600,000,000) divided into:
 Series 01.08.2013: US\$400,000,000
 Series 01.08.2015: US\$200,000,000
 Adjustment : Variation in US dollar.
 Capital amortization term : Series of ThMUS\$ 400 total maturity on August 1 2013.
 Series of ThMUS\$ 200 total maturity on August 1 2015.
 Nominal interest rate : Series of ThMUS\$ 400 8.35% per year.
 Series of ThUS\$ 400 8.625% per year.
 Payment of interests : Interests will be paid six-monthly on February 1 and August 1 each year starting from July 23 2003. Interests accrued at year-end were ThCh\$13,116,983 and they are presented in current liabilities.

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

	Category
- Standard & Poor's	BBB-
- Moodys Investors Services	Ba 2
- Fitch	BBB-

Repurchase of Yankee Bonds

Endesa Chile Internacional, a 100% subsidiary of Endesa, made a tender offer in November 2001, for the total or partial purchase, in cash, of the following bond issue in US dollar (Yankee Bonds) made by its parent company, Endesa.

- Series 1: ThCh\$230,000 at 30 years, maturing in 2027.
- Series 3: ThCh\$200,000 at 100 years, maturing in 2097.

As a result of the offer which expired on November 21, 2001, series 1 and series 2 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.

(7) Subsidiaries of Endesa S.A.

I Endesa Chile Internacional issued Yankee Bonds on April 1, 1996.

Risk rating of the bond issuance is as follows as of December 31, 2002:

	Category
- Standard & Poor's	BBB-
- Moodys Investors Services	Ba 2

ISSUANCE TERMS

First Issuance

Issuer	: Endesa Chile Internacional.
Securities issued	: Marketable securities denominated in US\$(150,000 bonds).
Issuance Value	: One hundred and fifty million Dollars (US\$150,000,000):
Capital amortization	: Maturity as of April 1, 2006
Nominal interest rate	: 7.2 % annually in arrears.
Interest Payments	: Interest will be paid semi-annually in arrears starting October 1, 1996. Accrued interest as of the year end amounts to ThCh\$1,603,260 (ThCh\$1,959,649 in 2002) and is shown under current liabilities.
Guarantee	: Guarantee from Empresa Nacional de Electricidad S.A.

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

ISSUANCE TERMS

First Registration

Securities registered	: 1,000 million Euros
Issuance value	: Euros 400,000,000 (*)
Capital amortization	: Principal due July 24, 2003
Nominal interest rate	: Euribor + 0.80%
Interest payments	: Quarterly beginning October 24, 2000 in arrears. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$0 and ThCh\$2,333,602 and is shown in current liabilities.
Guarantee	: Empresa Nacional de Electricidad S.A.

(*) By way of a cross-currency swap operation, the debt in Euros was exchanged for U.S. dollar debt.

At December 31, 2003, this issue is totally cancelled.

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

First Issuance

Issuer	: Empresa Eléctrica Pehuenche S.A.
Securities issued	: Marketable securities denominated in US\$.
Issuance Value	: One hundred and seventy million US Dollars (US\$170,000,000)
Capital amortization	: Maturity as of May 1, 2003
Nominal interest rate	: 7.3 % annually
Interest payments	: Interest will be paid semi-annually in arrears, starting November 1, 1996. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$0 and ThCh\$1,501,188 and is shown in Current Liabilities.

At December 31, 2003, this issue is totally cancelled

III Edegel S.A. issued bonds on June 4, 1999, February 15, 2000, June 14, 2000 and November 27, 2000, August 22, 2001, June 6, 2003, September 4, 2003, October 29, 2003 and December 12, 2003 as per the following:

First Issuance

Issuer	: Edegel S.A.
Securities issued	: Marketable securities denominated in US\$(120,000 bonds).
Issuance value	: US\$120,000,000
Capital amortization	: June 3, 2006, February 14, 2007, June 13, 2007, November 26, 2005 and February 22, 2004, respectively.

Nominal interest rate	: 8.75%, 8.41%, 8.75%, 8.4375% and 6.0% annually
Interest payments	: Interest will be paid semi-annually, starting December 3, 1999. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$1,269,600, and ThCh\$1,318,190 and is shown in other current liabilities.
Issuer	: Edegel S.A.
Securities issued	: Marketable securities denominated in new soles (20,000 bonds).
Issuance value	: 100,000,000 new soles
Capital amortization	: Maturity as of June 6, 2005.
Nominal interest rate	: 6.0% annually
Interest payments	: Interest will be paid semi-annually. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$68,568 and ThCh\$0 and is shown in other current liabilities.
Issuer	: Edegel S.A.
Securities issued	: Marketable securities denominated in new soles (10,000 bonds).
Issuance value	: 50,000,000 new soles
Capital amortization	: Maturity as of May 5, 2006.
Nominal interest rate	: 4.13% annually
Interest payments	: Interest will be paid semi-annually. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$113,923 and ThCh\$0 and is shown in other current liabilities.
Issuer	: Edegel S.A.
Securities issued	: Negotiable Instruments in Nuevos Soles (10,000 bonds)
Amount of issue	: Fifty million nuevos soles (NS50,000,000).
Capital amortization	: Total maturity at October 10 2006.
Nominal interest rate	: 4.875% per year.
Payment of interests	: Interests will be paid six-monthly. Interests accrued at year-end are ThCh\$70,800 and they are presented in current liabilities.
Issuer	: Edegel S.A.
Securities issued	: Negotiable instruments in Nuevos Soles (10,000 bonds)
Amount of issue	: Fifty million Nuevos Soles (NS50,000,000).
Capital amortization	: Total maturity at October 10 2006.
Nominal interest rate	: 4.75% per year.
Payment of interest	: Interests will be paid six-monthly. Interests accrued at year-end are ThCh\$22.356 and they are presented in current liabilities.

IV Emgesa S.A. issued bonds on October 8, 1999 and July 9, 2001 of com the first issuance, and on February 26, 2003 from the second issuance as per the following:

First Issuance

Issuer	: Emgesa S.A.
Securities issued	: Marketable securities denominated in Colombian pesos
Issuance Value	: \$Col 530,000,000
Capital amortization	: Maturities as of 2002, 2006, 2007, 2009 and 2010 for \$Col 31,525,000; \$Col 100,000,000; \$Col 81,407,744; \$Col 19,500,000 and \$Col 297,567,256 respectively.
Interest nominal rate	: 15.5% annual average rate
Interest payment	: Interest will be paid semi-annually. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$1,904,178 and ThCh\$5,439,841 and is shown under current liabilities.

Second Issuance

Issuer	: Emgesa S.A.
Securities issued	: Marketable securities denominated in Colombian pesos
Issuance value	: \$Col 50,000,000
Capital amortization	: Maturity as of July 26, 2006.
Nominal interest rate	: 15.18% annual average rate
Interest payments	: Interest will be paid annually. Accrued interest as of December 31, 2003 and 2002 amounts to ThCh\$1,164,287 and ThCh\$223,180 and is shown in other current liabilities.

Amortized bond discounts of Enersis S.A. and its affiliates of ThCh\$21,025,338 and ThCh\$19,583,113 as of December 31, 2002 and 2003, respectively are included in Other Assets (see Note 14).

20. accrued expenses

a. Short-term accruals:

Accrued expenses included in current liabilities are as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Bonus and other employee benefits	27,180,757	23,848,378
Legation and other contingencies	21,468,598	4,802,668
Construction and other	7,244,769	2,711,826
Energy purchases a other	14,606,379	6,403,478
Pension accruals	1,811,021	1,773,893
Suppliers and services	6,357,124	12,985,061
Others	7,110,976	1,178,920
Total	85,779,624	53,704,224

b. Long-term accruals:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Advance monthly corporate and other taxes	7,070,602	7,639,831
Post-retirement benefits-Chilean subsidiaries	10,401,086	11,400,723
Post-retirement benefits (Cerj Coelce)	39,019,281	37,982,596
Severance indemnity	8,641,873	10,636,080
Labor contingencies (Cerj)	109,134,019	158,876,188
Post-retirement benefits-foreign subsidiaries	72,758,940	87,905,846
Others	7,460,312	2,975,719
Total	254,486,113	317,416,983

Bad debts write-offs of ThCh\$1,309,980 and ThCh\$3,195,380 were recorded for the years ended December 31, 2002 and 2003, respectively.

21. severance indemnities

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Opening balance as of January 1	7,388,911	8,400,118
Increase in accrual	2,081,794	2,801,092
Transfer to short-term	-	(41,058)
Payments during the period	(828,832)	(524,072)
Total	8,641,873	10,636,080

22. minority interest

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

Company	As of December 31, 2002			As of December 31, 2003		
	Equity	Participation	Total	Equity	Participation	Total
	ThCh\$	%	ThCh\$	ThCh\$	%	ThCh\$
Autopista Los Libertadores S.A.	25,465,151	0.05%	12,733	-	-	-
Cam Argentina S.A.	550,915	0.10%	550	513,485	0.10%	513
Cam Colombia S.A.	1,883,440	0.001%	25	2,268,316	0.001%	30
Capital de Energía S.A.	571,885,956	49.10%	280,796,004	464,741,947	49.10%	228,188,296
Central Hidroeléctrica Betania S.A.	524,653,325	14.38%	75,433,605	427,549,420	14.38%	61,472,200
Central Cachoeira Dourada	491,582,589	0.41%	2,002,022	406,438,881	0.39%	1,601,856
Central Costanera S.A.	173,176,401	48.07%	83,241,500	169,484,178	35.74%	60,565,015
Cía. do Electricidade do Río do Janeiro	585,356,719	37.42%	219,056,803	446,403,953	27.46%	122,584,959
Chilectra S.A.	425,908,659	1.76%	7,440,146	426,495,495	1.76%	7,449,863
Cía. Eléctrica San Isidro S.A.	34,559,972	50.00%	17,279,986	43,956,845	50.00%	21,978,423
Cía. Peruana de Electricidad S.A.	43,634,109	49.00%	21,380,713	32,999,474	49.00%	16,169,742
Codensa S.A.	1,019,559,638	51.52%	525,985,364	827,256,794	51.52%	426,206,054
Companhia Energetica Do Ceara - Coelce	701,533,656	43.41%	304,537,745	533,453,412	43.41%	231,573,636
Compañía Eléctrica del Río Maipo S.A.	22,849,917	1.26%	287,350	-	-	-
Constructora y Proyectos Los Maitenes S.A.	353,458	45.00%	159,056	(547,964)	45.00%	(246,584)
Edegel S.A.	687,370,285	36.44%	250,503,852	544,119,075	36.44%	198,297,667
Edelnor S.A.	294,969,042	40.00%	117,987,616	221,638,247	40.00%	88,655,299
Edesur S.A.	737,116,149	34.11%	251,415,708	575,959,955	34.11%	196,448,526
Emgesa S.A.	973,289,667	51.52%	501,408,665	795,386,193	51.52%	409,758,310
Empresa Eléctrica Pangue S.A.	75,180,999	5.01%	3,766,568	85,397,699	5.02%	4,283,719
Endesa	1,444,941,673	40.02%	578,252,302	1,492,669,040	40.02%	597,352,354
Endesa Argentina S.A.	22,016,613	0.01%	2,202	56,988,038	0.01%	5,699
Generandes Perú S.A.	373,148,990	40.37%	150,636,590	302,246,635	40.37%	122,014,005
Hidroeléctrica El Chocón S.A.	229,449,565	34.81%	79,871,394	201,332,047	34.81%	70,083,686
Hidroinvest S.A.	93,395,129	30.07%	28,083,916	83,655,531	30.07%	25,155,218
Inecsa 2000 S.A.	25,666,499	2.68%	687,863	-	-	-
Infraestructura 2000 S.A.	64,642,503	40.00%	25,857,001	-	-	-
Ingendesa S.A.	2,289,440	2.36%	54,088	2,561,114	2.36%	60,506
Inmobiliaria Centro Nuevo Ltda.	(13,460)	0.08%	(10)	-	-	-
Inmobiliaria y Constructora Stgo. 2000 Ltda.	81,804	7.50%	6,136	-	-	-
Inversiones Distrilima S.A.	174,521,754	31.61%	55,166,327	132,003,816	31.61%	41,726,407
Investluz S.A.	361,127,823	37.55%	135,603,498	286,769,700	37.55%	107,682,022
Luz de Bogotá S.A.	606,535,104	55.00%	333,594,313	487,492,327	55.00%	268,120,785
Pehuenche S.A.	184,730,491	7.35%	13,577,691	194,308,570	7.35%	14,281,680
Soc. Agrícola de Cameros Ltda.	7,005,739	42.50%	2,977,439	6,918,050	42.50%	2,940,171
Soc. Agrícola Pastos Verdes Ltda.	53,431,384	45.00%	24,044,123	55,277,858	45.00%	24,875,036
Túnel El Melón S.A.	(4,273,191)	0.05%	(2,136)	(6,539,494)	0.05%	(3,270)
Total			4,091,108,748			3,349,281,823

b. Minority shareholders' participation in the net (income) or loss of the Company's subsidiaries is as follows:

Company	As of December 31, 2002			As of December 31, 2003		
	Net income	Participation	Total	Net income	Participation	Total
	ThCh\$	%	ThCh\$	ThCh\$	%	ThCh\$
Autopista Los Libertadores	84,611	0.05%	42	-	-	-
Cam Argentina S.A.	188,475	0.10%	189	(62,762)	0.10%	(63)
Cam Colombia S.A.	(719,263)	0.001%	(9)	(727,405)	0.001%	(10)
Capital de Energía S.A.	(23,907,723)	49.10%	(11,738,692)	(8,613,883)	49.10%	(4,229,417)
Central Hidroeléctrica Betania S.A.	7,428,523	14.38%	1,068,058	1,688,410	14.38%	242,756
Central Cachoeira Dourada	35,856,858	0.41%	146,031	(4,314,551)	0.39%	(17,005)
Central Costanera S.A.	(24,982,628)	48.07%	(12,008,515)	(27,802,310)	35.74%	(12,253,976)
Cía. do Electricidade do Río do Janeiro	9,102,554	37.42%	3,406,431	98,773,475	27.46%	27,123,735
Chilectra S.A.	31,311,681	1.76%	547,161	(51,469,555)	1.76%	(899,957)
Cía. Eléctrica San Isidro S.A.	(5,302,727)	50.00%	(2,651,364)	(13,177,857)	50.00%	(6,588,929)
Cía. Peruana de Electricidad S.A.	(3,290,720)	49.00%	(1,612,453)	(2,205,560)	49.00%	(1,080,724)
Codensa S.A.	6,722,511	51.52%	3,463,437	(18,020,379)	51.52%	(9,284,172)
Companhia Energetica Do Ceara - Coelce	(20,555,300)	43.41%	(8,923,114)	10,188,005	43.41%	4,422,642
Compañía Eléctrica del Río Maipo S.A.	(11,844,565)	1.26%	(148,952)	-	-	-
Constructora y Proyectos Los Maitenes S.A.	592,704	45.00%	266,717	901,422	45.00%	405,640
Edegel S.A.	(4,600,041)	36.44%	(1,676,429)	(31,881,870)	36.44%	(11,618,965)
Edelnor S.A.	(19,956,887)	40.00%	(7,982,755)	(13,077,512)	40.00%	(5,231,005)
Edesur S.A.	(8,287,192)	34.11%	(2,826,597)	27,101,386	34.11%	9,243,746
Emgesa S.A.	(56,730,401)	51.52%	(29,225,744)	(22,221,183)	51.52%	(11,447,665)
Empresa Eléctrica Pangue S.A.	(19,039,350)	5.01%	(953,871)	(37,165,525)	5.02%	(1,864,297)
Endesa	9,412,247	40.02%	3,766,694	(78,130,912)	40.02%	(31,267,269)
Endesa Argentina S.A.	10,888,971	0.01%	1,089	(38,333,485)	0.01%	(3,833)
Generandes Perú S.A.	(13,236,381)	40.37%	(5,343,397)	(28,556,438)	40.37%	(11,527,954)
Hidroeléctrica El Chocón S.A.	26,030,227	34.81%	9,061,122	(13,610,490)	34.81%	(4,737,812)
Hidroinvest S.A.	26,767,299	30.07%	8,048,926	(7,105,008)	30.07%	(2,136,476)
Inecsa 2000 S.A.	99,306	2.68%	2,661	-	-	-
Infraestructura 2000 S.A.	(417,093)	40.00%	(166,837)	-	-	-
Ingendesa S.A.	(932,483)	2.36%	(22,030)	(1,601,578)	2.36%	(37,837)
Inmobiliaria Centro Nuevo Ltda.	1,298	0.08%	1	-	-	-
Inmobiliaria y Constructora Stgo. 2000 Ltda.	(6,293)	7.50%	(473)	-	-	-
Inversiones Distrilima S.A.	(13,202,015)	31.61%	(4,173,157)	(8,857,512)	31.61%	(2,799,860)
Investluz	200,235,743	37.55%	75,188,523	8,682,013	37.55%	3,260,096
Luz de Bogotá S.A.	4,557,123	55.00%	2,506,419	(4,206,442)	55.00%	(2,313,543)
Pehuenche S.A.	(20,212,254)	7.35%	(1,485,601)	(45,798,189)	7.35%	(3,366,167)
Soc. Agrícola de Cameros Ltda.	(105,662)	42.50%	(44,907)	87,689	42.50%	37,268
Soc. Agrícola Pastos Verdes Ltda.	(99,316)	45.00%	(44,693)	(788,606)	45.00%	(354,873)
Túnel El Melón S.A.	2,946,920	0.05%	1,474	2,266,302	0.05%	1,133
Total			16,445,385			(78,324,793)

23. shareholders' equity

a. Paid capital

The Extraordinary General Meeting of Shareholders of Enersis held on March 31st 2003 approved a capital increase of about US\$2,000 million. The issue was registered in the Securities Register on May 23 2003 under No. 686 for Ch\$1,473,225,403,563 pesos, divided into 24,382,994,488 shares. The operation was structured as follows:

- 1) First preferential underwriting period (from May 31 to June 30), in which shareholders registered in the company register at last May 26 have the option of taking up 2.9408 new shares for each old one at a price of Ch\$60.4202 per share.
- 2) Voluntary redemption of local bonds (from November 1 to 15), in which holders of local 269 bonds (series B1 and B2) may exchange their bonds for Enersis shares, according to the value assigned by the aforementioned independent expert and at placement price - Ch\$ 60.4202 per share.
- 3) Second preferential underwriting period (from November 20 to December 20), in which all Enersis shareholders registered five working days before the start of this new period, except for the controlling partner and its members, may participate.

In this phase, shareholders may take up the remaining shares that were not underwritten at the close of the preferential underwriting period and at the conclusion of the voluntary redemption of local bonds. In this period, new issue shares may only be paid in cash at the same price of Ch\$ 60.4202 per share.

Once the deadline for the capital increase has expired (December 30 2003), its final amount will be the amount actually underwritten and paid in.

At June 30 2003, end date of the first preferential underwriting period, 22,113,264,060 shares were underwritten for a sum of Ch\$1,336,087,841,061 equivalent to 90.69% of the total issue. Of total shares underwritten in this preferential period, 14,406,840,511 shares were taken up by controlling shareholder Elesur for the equivalent of Ch\$870,464,185,043 pesos and 7,706,423,549 shares by minority shareholders for the equivalent of Ch\$465,623,656,018 pesos.

Elesur underwrote and paid in its shares by capitalizing the financial credits that it held with Enersis on the date of underwriting, which, according to expert report drawn up by Mr. Eduardo Walker, which was approved by the Extraordinary Shareholders' Meeting on March 31 2003, amounts to 86.84% of its par value, with the difference being recorded as a share premium of Ch\$131,912,812,936.

The second preferential underwriting period in November 2003 involved the voluntary exchange of 269 bonds, series B1 and B2. Holders converted Ch\$63,656,586,836 into the equivalent of 893,612,466 first issues shares; the amounts underwritten were determined by experts by capitalizing Ch\$46,964,178,894 for series B1 and Ch7,028,065,024 for series B2, at Ch\$ 60.4202 per share. This operation meant recording a share premium of Ch\$6,247,821,056.

During the second preferential underwriting period, 1,244,542,758 shares equivalent to Ch\$75,195,523,918 were subscribed.

The second share underwriting period concluded on December 30, determining the capital increase, in which 99.9% of the capital authorized by the Extraordinary General Meeting of Shareholders, in other words 24,360,146,365 shares, was subscribed, leaving Enersis' capital with a total of 32,651,166,465 subscribed and paid in shares.

b. Dividends

During the years ended December 31, 2002 and 2003 the Company no paid dividends

c. Number of shares

As of December 31, 2003 and December 31, 2002, respectively the number of shares authorized, issued and outstanding was 32,651,166,465 and 8,291,020,100 all of which have voting rights.

d. Subscribed and paid capital is as follows:

	As of December 31, 2003	
	Shares	ThCh\$
As of December 31, 2002	8,291,020,100	758,720,279
Intercompany loan capitalization	14,406,840,511	868,723,257
Bonds capitalization	893,612,466	53,830,267
Subscribed shares	9,059,693,388	546,437,537
As of December 31, 2003	32,651,166,465	2,227,711,340

e. Other reserves

	ThCh\$
Reserve for transaction entities using remeasurement method	(10,243,322)
Reserve for accumulated conversion differences	(15,428,363)
Total	(25,671,685)

Other reserves are composed of the following:

	Initial balance at January 1, 2003	Reserve for assets	Reserve for liabilities	Final balance at December 31, 2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cumulative translation adjustment	46,159,106	(253,265,921)	191,678,452	(15,428,363)
Total	46,159,106	(253,265,921)	191,678,452	(15,428,363)

Detail of changes in the reserve for accumulated conversion differences is as follows:

	ThCh\$
Distrilec Inversora S.A.	(7,733,126)
Inversiones Distrilima S.A.	2,471,385
Cía. Peruana de Electricidad S.A.	1,302,547
Edesur S.A.	(4,503,144)
Cerj S.A.	(2,915,573)
Luz de Bogotá S.A.	(4,985,333)
Investluz S.A.	3,629,135
Central Geradora Termelétrica Fortaleza S.A.	(2,662,889)
Synapsis de Colombia Ltda.	19,801
Endesa Market Place	367,029
Endesa Argentina S.A.	2,557,220
Compañía Eléctrica Conosur S.A.	(2,954,154)
Endesa de Colombia S.A.	68,499
Central Costanera S.A.	(79,994)
Ingendesa Do Brasil Ltda.	(9,766)
Total	(15,428,363)

The detail of the accumulated conversion difference reserve at December 31, 2003 is as follows:

f. Net losses from operations and accumulated net income (losses) of development-stage subsidiaries are as follows:

Company	As of December 31, 2003	
	Net income lossfor the period	Retained earnings (accumulated deficit)
	ThCh\$	ThCh\$
Compañía Eléctrica Taltal Ltda.	-	147,835
Central Generadora Termoelectrica Fortaleza S.A.	(1,292,923)	(2,608,453)
Aguas Santiago Poniente S.A.	(55,238)	(167,940)
Infraestructura 2000 S.A.	-	355,245
Gas Atacama Generación	-	819,520
Ingendesa (Ingendesa do Brasil)	44,914	(1,855)
Eniqesa (Ingendesa do Brasil)	580	(68)
Total	(1,302,667)	(1,455,716)

24. other income and expenses

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Adjustments to investments in related companies	517,322	7,529,538
Gain on sale of property, plant and equipment	3,511,474	3,142,819
Gain on sale of materials	2,681,149	3,830,847
Gain on forward contracts and swaps	4,863,450	-
Services - projects and inspections	14,525,962	16,165,628
Penalties charged to contractors and suppliers	7,017,364	7,283,913
CDEC-SING power settlement gain	11,264,690	1,604,824
Public lighting and telephone lines	13,660,931	11,996,639
Cost recoveries	5,163,916	12,278,321
Recoverable taxes	6,451,499	5,080,587
Effect of application of BT 64 (1)	212,921,872	19,677,720
Gain on sale of subsidiaries	-	89,285,108
Indemnities and commissions	3,213,534	3,591,404
Dividend from investees	10,839,568	4,288,277
Other	14,592,594	11,821,164
Total	311,225,325	197,576,789

(*) Sale of Compañía Eléctrica del Río Maipo S.A. and Infraestructura 2000 S.A.

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b. Other non-operating expenses are as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Adjustments to investments in related companies	4,208,128	8,188,085
Cost of sales – materials	1,662,559	3,139,887
Loss on sale of fixed assets	2,404,599	9,397,043
Donations	148,062	1,494,374
Effect of application of BT 64 (1)	31,075,441	87,189,396
Contingencies and litigation	48,776,456	52,974,009
Deferred expense amortization	3,676,482	6,818,702
SIC power settlement loss	17,148,228	2,676,757
Pension plan expense	5,802,577	20,790,427
Revenue recovery	5,154,802	3,610,872
Index UFIR Brasil Cerj	-	6,829,656
Penalties and fines	12,482,466	4,365,336
Cost of projects, inspections and other	5,307,741	6,222,466
Provision for real estate projects	16,766,197	-
Provision for write-off work in progress	46,775,052	2,483,690
Other taxes Argentina and Brazil	6,798,645	9,594,035
Loss on forward contracts and swaps	-	1,142,690
Write-off fixed assets	7,299,621	15,638,914
Others	22,721,323	5,468,333
Total	238,208,379	248,024,672

25. price-level restatement

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

Assets	Index	As of December 31,	
		2002 ThCh\$	2003 ThCh\$
Inventory	I.P.C.	1,092,619	324,537
Current assets	I.P.C.	6,117,451	9,634,298
	U.F.	51,700	12,493
Property, plant and equipment	I.P.C.	71,893,309	23,367,200
Accounts receivable from subsidiaries	I.P.C.	5,083,009	1,762,523
Investment in subsidiaries	I.P.C.	2,701,811	1,990,421
Amortization of goodwill	I.P.C.	26,045,738	6,259,407
Other assets	I.P.C.	23,398,374	18,247,746
	U.F.	189,167	69,242
Price-level restatement of the income statement		18,451,848	(66,109)
Net credits - assets		155,025,026	61,601,758
Liabilities and Shareholders' equity			
Shareholders equity	I.P.C.	(35,729,346)	(6,939,971)
Current and long-term liabilities	I.P.C.	(79,057,836)	(50,396,993)
	U.F.	(8,701,419)	(1,412,702)
Minority interest	I.P.C.	17,707,548	7,619,133
Accounts payable to subsidiaries	I.P.C. - U.F.	(24,290,502)	(15,675,723)
Non-monetary liabilities	I.P.C.	(52,471)	(93,288)
	U.F.	-	(72,800)
Price-level restatement of the income statement	I.P.C.	(19,886,461)	871,195
Net charge-liabilities and shareholders' equity accounts		(150,010,487)	(66,101,149)
Net credits (charge) to income		5,014,539	(4,499,391)

26. exchange differences

The (charge) credit to income for foreign currency translation is as follows:

Assets	Currency	As of December, 31		Liability	Currency	As of December, 31	
		2002 ThCh\$	2003 ThCh\$			2002 ThCh\$	2003 ThCh\$
Cash	US\$	2,698,211	2,850,565	Short-term debt due to banks	US\$	(2,659,647)	6,653,542
	Euro	-	(1,524)	and financial institutions	Euro	-	(3)
	Other	(13,835)	(238,858)	Current portion of long-term	US\$	3,587,599	7,374,930
Time deposits	US\$	266,765	(26,152,483)	debt due to banks	Yen	(72,424)	56,071
	Other	(31,365)	(6,922)	and financial institutions	U.P.	(244,524)	167,230
Marketable securities	US\$	494,092	(169,033)		Euro	(26,389)	87,199
	Other	-	(19,546)	Current portion of bonds payable	US\$	(2,123,443)	13,329,822
Accounts receivable, net	US\$	220,306	(458,528)	Current portion of notes payable	US\$	(865,294)	2,248,465
	Euro	-	32,835	Accounts payable	US\$	477,636	110,039
	Other	42,961	(47,542)		Euro	-	(45,861)
Prepaid expenses	US\$	29,736	(62,642)		Other	(870,274)	432,188
Other current assets	US\$	6,786,792	2,541,960	Miscellaneous payables	US\$	(655,650)	1,325,272
	Other	(142,245)	(1,355)	Accrued expenses	US\$	(104)	640,372
Amounts due from related companies	US\$	-	(80,463)		Other	-	(975)
				Deferred income	US\$	(365,914)	19,356
				Other current liabilities	US\$	84,826	775,133
					Other	-	631,225
				Dividends payable	Other	1,858	45
Non-current assets				Long-term liabilities			
Long-term receivables	US\$	605,943	(12,379,444)	Due to banks and	US\$	(22,873,343)	108,669,368
	U.C.	204,029	(222,446)	financial institutions	Yen	(182,578)	39,275
Amounts due from related companies	US\$	11,193,324	(28,911,189)		Euro	(61,092)	1,008
Deferred expenses	US\$	230,340	-		U.P.	(372,406)	14,043
Other assets	US\$	6,606,448	(204,265,262)	Bonds payable	US\$	(25,245,051)	111,608,434
Forward contracts and swaps	US\$	16,197,938	21,876,845	Notes payable	US\$	(2,842,535)	5,972,670
				Accounts payable	US\$	361,815	(173,051)
				Other long-term liabilities	US\$	(6,713,858)	10,852,174
					Other	3	-
				Forward	US\$	-	(31,127,244)
Total gain (loss)		45,389,440	(245,715,032)	Total gain (loss)		(61,660,789)	239,660,727
				Exchange difference - net loss		(16,271,349)	(6,054,305)

27. cash flow statement

- Other financing disbursements for the year ended 2003

In the item "Other financing disbursements", in the cash flow from financing activity, the following items are included disbursements of commissions for debt refinancing in the amount of ThCh\$57,188,457, forward contract payments in the amount of ThCh\$40,816,629, collar and collateral derivative contracts premiums in the amount of ThCh\$5,459,187, payments to Siemens A,G, Alemania of ThCh\$4,555,075 and other disbursements in an amount of ThCh\$8,011,269.

- Other investment incomes for the year ended 2003

In the item "Other investment incomes", in the cash flow from investment activities, the following items are included income from the recovery of loans granted to the ex-subsiary Infraestructura 2000 in the

amount of ThCh\$47,899,341, capital return amount of ThCh\$1,230,126 and other items in the amount of ThCh\$658,870.

Non-Cash Financing Transactions

- Capital increase.

On June 2 2003 Elesur S.A. capitalized the financial credits that it held with Enersis S.A. for ThCh\$1,002,376,998, which transaction did not generate a cash flow. Details of this transaction are explained in note 23b).

In November 2003 there was a voluntary exchange of bonds in connection with the capital increase of Enersis. Holders converted ThCh\$63,656,587 into 893.612.466 first issue shares; this operation did not generate any cash flow. Details of this transaction are referred to in note 23b).

28. share issuance costs

a. Expenses incurred at the close of these financial statements for issuing and placing the shares, outstanding at December 30 2003, were recorded as described in Note 2 ab) and break down as follows:

b. Expenses incurred for issuing and placing debt instruments incurred each year in placing bonds are as follows:

	As of December 31	
	2002	2003
	ThCh\$	ThCh\$
Appraisal services	-	75,326
Printing costs	-	13,954
Legal cost	-	199,989
Financial adviser	-	10,377,599
DCV commissions	-	2,990
Bank commissions	-	1,448,873
Risk classification services	-	139,613
Total	-	12,258,344

	As of December 31	
	2002	2003
	ThCh\$	ThCh\$
Taxes	1,463,307	2,176,804
Commissions	755,595	2,595,871
Financial adviser	1,725,416	853,328
Insurance issue	7,307,869	-
Others	-	55,390
Total	11,252,187	5,681,393

29. financial derivatives

As of December 31, 2003 the Company and its subsidiaries held the following financial derivative contracts with financial institutions with the object of decreasing exposure to interest rate and foreign currency risk, as follows:

Type derivative	Type contract	Nominal amount	Date of maturity	Item	Sale / Purchase	Hedge item	Amount	Amount Hedge item	Accounts			
									Assets/Liabilities		Income	
									Account	Amount	Realized	Unrealized
		US\$					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
FR	CCPE	17,000,000	I quarter 04	Exchange rate	P	Bonds	10,094,600	10,094,600	Other assets/liabilities s/t	910,556	-	945,243
FR	CCPE	17,000,000	I quarter 04	Exchange rate	P	Bonds	10,094,600	10,094,600	Other assets/liabilities s/t	910,556	-	945,030
FR	CCPE	20,000,000	I quarter 04	Exchange rate	P	Bonds	11,876,000	11,876,000	Other assets/liabilities s/t	1,062,641	-	1,101,819
FR	CCPE	17,000,000	I quarter 04	Exchange rate	S	Bonds	10,094,600	10,094,600	Other assets/liabilities s/t	(688,330)	-	(688,330)
FR	CCPE	17,000,000	I quarter 04	Exchange rate	S	Bonds	10,094,600	10,094,600	Other assets/liabilities s/t	(688,482)	-	(688,482)
FR	CCPE	20,000,000	I quarter 04	Exchange rate	S	Bonds	11,876,000	11,876,000	Other assets/liabilities s/t	(812,650)	-	(812,650)
FR	CCPE	14,000,000	I quarter 04	Exchange rate	P	Bonds	8,313,200	8,313,200	Other assets/liabilities s/t	31,311	-	31,360
FR	CCPE	219,000,000	III quarter 03	Interest rate	S	Other current assets	130,042,200	130,042,200	Other assets/liabilities s/t	8,570,040	11,384,569	8,420,887
FR	CCPE	76,000,000	I quarter 04	Exchange rate	P	Bank obligations	45,128,800	45,128,800	Other assets/liabilities l/t	2,129,811	(9,734,826)	(1,569,669)
FR	CCPE	5,000,000	II quarter 04	Exchange rate	P	Bank obligations	2,969,000	2,969,000	Other liabilities s/t	(52,182)	-	(2,237)
OE	CCPE	11,800,000	III quarter 04	Interest rate	P	Bank obligations	7,006,840	7,006,840	Other liabilities l/t	(484,967)	(114,728)	47,352
OE	CCTE	50,000,000	III quarter 04	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities s/t other assets l/t	(35,105)	(310,843)	(7,571)
OE	CCTE	50,000,000	III quarter 05	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities l/t	(1,057,852)	(642,231)	(111,812)
OE	CCTE	150,000,000	I quarter 06	Interest rate	P/S	Bank obligations	89,070,000	89,070,000	Other liabilities s/t other assets l/t	(2,157,097)	(1,210,272)	(99,276)
OE	CCTE	550,000,000	II quarter 06	Interest rate	P/S	Bank obligations	326,590,000	326,590,000	Other liabilities s/t other assets l/t	(12,474,660)	(5,554,191)	(1,318,021)
OE	CI	100,000,000	II quarter 04	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities s/t	(656,251)	(1,411,094)	(656,251)
OE	CI	350,000,000	III quarter 04	Interest rate	P/S	Bank obligations	44,535,000	44,535,000	Other liabilities s/t	(1,108,795)	(5,423,005)	(1,108,795)
OE	CI	150,000,000	I quarter 06	Interest rate	P/S		-	-	Other liabilities s/t	(230,914)	(4,138,451)	(230,914)
OE	CI	250,000,000	III quarter 06	Interest rate	P/S		-	-	Other liabilities s/t	(120,816)	(3,481,620)	(120,816)
S	CCPE	273,495	IV quarter 03	Exchange rate	P		162,401	162,401	Other liabilities s/t	(16,637,093)	-	(23,390,093)
S	CCPE	13,008,308	I quarter 04	Interest rate	P	Bank obligations	7,724,333	7,724,333	Other liabilities s/t	(2,182,501,690)	-	(2,186,184,690)
S	CCPE	98,916,783	I quarter 04	Exchange rate	P	Bank obligations	58,736,786	58,736,786	Other liabilities s/t	(11,243,673,373)	-	(11,198,577,048)
S	CCPE	10,800,763	II quarter 04	Interest rate	P	Bank obligations	6,413,493	6,413,493	Other liabilities s/t	(1,082,648,739)	(20,808,251)	(1,105,905,990)
S	CCPE	5,750,485	II quarter 04	Exchange rate	P	Bank obligations	3,414,638	3,414,638	Other liabilities s/t	(777,432,324)	(23,907,865)	(813,301,189)
S	CCPE	62,746,133	III quarter 04	Exchange rate	P	Bank obligations	37,258,654	37,258,654	Other liabilities s/t	(3,034,406,503)	(1,379,621,025)	(5,314,493,527)
S	CCPE	546,990	IV quarter 04	Exchange rate	P	Bank obligations	324,803	324,803	Other liabilities s/t	(34,413,842)	-	(46,751,842)
S	CCPE	820,485	I quarter 05	Exchange rate	P	Bank obligations	487,204	487,204	Other liabilities s/t	(48,375,002)	-	(70,158,002)
S	CCPE	175,000,000	II quarter 08	Interest rate	P	Bank obligations	103,915,000	103,915,000	Other liabilities s/t other assets l/t	486,670	(901,962)	(264,761)
S	CCTE	50,000,000	I quarter 04	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities s/t	394,874	(1,482,082)	(227,128)
S	CCTE	15,000,000	I quarter 04	Interest rate	P	Bank obligations	8,907,000	8,907,000	Other liabilities l/t	(277,898)	-	(277,898)
S	CCTE	50,000,000	III quarter 04	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities l/t	1,100,608	(747,764)	(458,817)
S	CCTE	3,191,000	III quarter 04	Interest rate	P	Bank obligations	1,894,816	1,894,816	Other liabilities l/t	(213,174)	-	(213,174)
S	CCTE	35,381,000	IV quarter 04	Interest rate	P	Bank obligations	21,009,238	21,009,238	Other liabilities l/t	(353,311)	-	(353,311)
S	CCTE	14,000,000	II quarter 05	Interest rate	P	Bank obligations	8,313,200	8,313,200	Other liabilities l/t	(1,166,223)	-	(1,166,223)
S	CCTE	50,000,000	II quarter 06	Interest rate	P	Bank obligations	29,690,000	29,690,000	Other liabilities l/t	(1,653,733)	-	(1,653,733)
S	CI	11,657,290	I quarter 04	Exchange rate	P	Bank obligations	6,922,099	6,922,099	Bank obligations	(442,792)	-	(442,792)
S	CI	115,000,000	II quarter 08	Interest rate	P/S		-	0	Other liabilities s/t	(165,046)	(22,460)	(165,046)
S (1)	CCPE	94,470,311	III quarter 06	Exchange rate	P	Bonds	66,384,753	66,384,753	Others asstes/liabilities l/t	10,288,282	-	15,242,584
S (1)	CCPE	94,470,311	III quarter 06	Exchange rate	P	Bonds	1,689,160	1,689,160	Others asstes s/t	1,060,056	7,276,312	1,060,055
S (2)	CCPE	50,000,000	III quarter 06	Exchange rate	S	Bonds	35,135,243	35,135,243	Others asstes/liabilities l/t	(5,445,243)	-	(6,605,724)
S (2)	CCPE	50,000,000	III quarter 06	Exchange rate	S	Bonds	307,398	307,398	Others asstes s/t	(434,352)	(1,610,706)	(434,351)

(1) Fr = Forward, S = Swap

Within the compass of the financial strengthening plan, approved in October 2002, Enersis and its subsidiary Endesa Chile have obtained financing during this year by placing bonds on the local market and on the US market; this has enabled them to obtain financing with a fixed rate debt and prepay obligations with banks which had a variable rate.

The above, together with prepayment of borrowings made using resources obtained from the capital increase, has reduced the variable debt by about US\$1,550 million.

As a result of the above, hedging instruments covering variable rate borrowings, which were refinanced at fixed rates or prepaid, now have no associated debt and, therefore, appear in the derivatives schedule as investments.

30. commitments and contingencies

Direct guarantees held by third parties:

Guarantee	Subsidiary	Type guarantee	Committed assets			Pending balance at December 31,			Release of guarantees		
			Type	Currency	Accounting value	Currency	2003	2002	2004	2005	2006
Banco del Estado de Chile	Pehuenche S.A.	Chat. Mortg. Without conveyance	Equipment	ThCh\$	9,940,774	ThCh\$	3,867	940,632	3,867	-	-
Arriendo Maq. y Const. Talca Ltda.	Pehuenche S.A.	Bank bond		ThCh\$	-	ThCh\$	2,519	-	2,519	-	-
Director Aduana de Chile	Pangue S.A.	Bill of exchange		ThCh\$	53,442	ThCh\$	53,442	65,322	53,442	-	-
Bancos Acreedores	Pangue S.A.	Mortgage and pledge	Real Estate, properties	ThCh\$	86,239,360	ThCh\$	14,350,944	20,433,809	3,149,680	3,149,585	2,168,378
Mitsubishi Corp.	San Isidro S.A.	Chattel mortgage	Facilities	ThCh\$	80,895,593	ThCh\$	33,809,253	57,972,160	-	-	-
Crédito Sindicado Citibank N.A.	Pehuenche S.A., Pangue, Celta	Financial guarantee		ThCh\$	-	ThCh\$	168,639,200	-	-	28,106,531	140,532,669
Banco Estado	Tunel el Melón	Pledge over 45% of income		ThCh\$	1,348,922	ThCh\$	5,729,877	7,148,286	-	-	-
Soc. de Energía de la República Argentina	Endesa Argentina, Central Costanera S.A.	Pledge	Shares	ThCh\$	88,013,134	ThCh\$	11,686,578	12,090,308	-	-	-
Mitsubishi	Central Costanera S.A.	Pledge	Facilities	ThCh\$	12,624,188	ThCh\$	12,624,188	-	-	-	-
Banco Santander Central Hispano	Cono Sur S.A.	Prenda	Shares	ThCh\$	54,844,852	ThCh\$	90,033,203	139,032,394	-	-	-
Varios Acreedores	Endesa Matriz	Bank bond		ThCh\$	-	ThCh\$	1,309,333	1,133,633	-	-	-
J.P. Morgan e ING Baring	Central Costanera	Pledge	Facilities	ThCh\$	60,567,600	ThCh\$	60,567,600	-	-	-	-

Indirect guarantees held by third parties:

Guarantee	Subsidiary	Relation	Committed assets			Pending balance at December 31			Release of guarantees			
			Type	Currency	Accounting Value	Currency	2003	2002	2004	2005	2006	2008
Citibank N.A.	Endesa Chile Internacional	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	363,285,519	-	-	-	-
Midlabank (BSCH)	Endesa Chile Internacional	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	5,725,137	-	-	-	-
Banco Santander Central Hispano	Endesa Chile Internacional	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	112,031,532	-	-	-	-
J.P. Morgan & Co. Y C.S.F.B.	Endesa Chile Internacional	Subsidiary	Guarantor	ThCh\$	90,673,260	ThCh\$	90,673,260	110,829,064	-	90,673,260	99,145,500	-
BNP	Endesa Chile Internacional	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	153,389,137	-	-	-	-
BBVA	Endesa Chile Internacional	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	153,389,137	-	-	-	-
Mitsubishi Co.	Cía. Eléctrica San Isidro S.A.	Subsidiary	Guarantor	ThCh\$	33,809,252	ThCh\$	33,809,252	49,589,674	-	-	-	33,809,252
Banco Español de Crédito	Cía. Eléctrica Tarapacá S.A.	Subsidiary	Guarantor	ThCh\$	22,023,058	ThCh\$	22,023,058	33,297,279	-	-	-	22,023,058
Banco Santander	Cía. Eléctrica Tarapacá S.A.	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	776,322	-	-	-	-
ABN Bank	Cía. Eléctrica Tarapacá S.A.	Subsidiary	Guarantor	ThCh\$	1,758,906	ThCh\$	1,758,906	4,310,602	1,758,906	-	-	-
Chase Manhattan Bank	Endesa de Colombia S.A.	Subsidiary	Guarantor	ThCh\$	-	ThCh\$	-	207,576,479	-	-	-	-
Banco Santander Central Hispano	Cía. Eléctrica Conosur S.A.	Subsidiary	Guarantor	ThCh\$	90,033,203	ThCh\$	90,033,203	139,032,394	-	-	-	90,033,203

Litigation and other legal actions:

Enersis S.A. Individual

i. Mercedes Jimenez de Arechaga with Enersis S.A., Enersis S.A. Agencia Islas Caimán, Enersis Internacional, Chilectra S.A., Chilectra S.A. Agencia Islas Caimán and Empresa Nacional de Electricidad.

On May 30, 2000 Pérez Companc S.A., today PECOM ENERGIA S.A. and PCI Power Edesur Holding Limited (together, "PECOM") commenced an action against Endesa-Chile, Chilectra and Enersis (together, "Enersis Group") before the Arbitration Court of the International Chamber of Commerce, Paris, France. PECOM has petitioned the court to either:

Recognize its alleged right to nominate both a director and an alternate director in addition to the directors whom it already has the right to nominate in Distrilec Inversora; or State that PECOM and the Enersis Group should each have an equal number of directors in Distrilec Inversora.

On August 2, 2000, Enersis Group contested PECOM's action and presented a counterclaim requesting the court to terminate several agreements among the parties. Likewise, PECOM requested to be compensated by the Enersis Group if the agreements among the parties were terminated. Based on the provisional estimates made by PECOM, the Arbitration Court determined that the amount of the suit is between US\$ 180-200 million. The parties have presented their arguments, evidence and final allegations. The Arbitration Court issued an arbitration award on September 2, 2002, ruling that Enersis Group and PECOM keep their rights to nominate equal number of board members in Distrilec Inversora S.A. and rejecting not only the Enersis Group's counterclaim, but also Epsom's claim for compensation of approximately US\$ 200 millions. Enersis Group challenged the arbitration award through an appeal for annulment, which was filed before the Uruguayan Court of Appeals. The Republic of Uruguay

is the domicile established by the Arbitration Court for all legal purposes. The Uruguayan Court of Appeals has concluded the probative year and is working on the final judgment.

On June 18, 2003, Montevideo's Civil Court of Appeals, 2nd Circuit, ruled on an unappealable basis that the ruling of the Arbitration Court of the International Chamber of Commerce stands, therefore the Arbitral Award remains definitive.

In this context, on November 5 2003 notice has been served of the petition to regulate lawyers' fees arising from challenging the arbitral award as invalid, petitioning that they be set at between US\$1,270,000 and US\$15,210,000.

These amounts are based on differing circumstances.

US\$15,210,000 is calculated on the basis of the amount set for the Arbitral Award in the respective "Mission Record". This figure is a claim enforced by Petrobrás Argentina at the end of the arbitration proceeding's hearing period in the sense that, if the ruling declared the aforementioned agreements of shareholders null and void, said Groups should be indemnified with the above amount. Since the above ruling declared that the shareholders' agreements remained in force, the International Chamber of Commerce rejected this subsidiary claim.

US\$1,270,000, in contrast, is obtained based on the amount of Ur\$400 million set by the court for certain social security contributions demanded from the lawyers in Uruguay.

Since both figures are not presented as subsidiary to each other, the Company's Uruguayan lawyer understands that the most the plaintiff could aspire to is an award for the lower figure, i.e. US\$1,270,000.

Furthermore, when the remedy of invalidity was filed it stated that the matter was not susceptible to pecuniary valuation, and this was not disputed.

On November 19 2003, a plea was raised in defense against the petition to regulate the fees.

On December 10 2003, notified on December 16 2003, the appeal for reconsideration of judgment filed by the Company's side so that proceedings would move on to receiving evidence was disallowed, and the proceeding stayed in the award stage.

ii. Court: 2nd Labor Court of Santiago

Process number : 6061-2001
Cause : Complaint filed for severance pay for years of service on December 19, 2001 by Mr. Guillermo Calderón Ortega against Enersis S.A.
Process status : On 01/31/2003 appealable judgment was passed, endorsing the petition. An appeal for annulment was filed in the manner
Amounts involved : ThCh\$52,858

iii. The Ordinary Labor Trial, titled "Acevedo Bravo, Efraín and Others with Enersis S.A.", case list N°4.175-2002, heard before the 4th Labor Court for Santiago, arising from the claim for the payment of 2% monthly contribution made to finance the claimants' conventional severance indemnity. The claim was notified on 11/06/2002, against which dilatory exceptions were opposed on 12/09/2002 and the claim was answered on a subsidiary basis. On December 18 2003, all parts of the petition were disallowed, since the court judged that it was incompetent to try the case. Decision appealed.

iv. Court : 25th Civil Court of Santiago

Process number : 3151-00
Cause : Complaint filed for compensation of damages by Mrs. Odette Legrand Halcarteraray against Enersis S.A..
Process status : On January 31 2003 the decision was handed down disallowing the petition. This decision has been appealed.
Amounts involved : ThCh\$50,000

v. Economic protection appeal, filed before the Court of Appeals for Santiago, List N°4591-2002, for Compañía de Teléfonos Complejo Manufacturero de Equipos Telefónicos S.A.C.I., CMET, against Enersis S.A.. The appeal was filed on 08/27/02 by CMET against Enersis S.A., which seemed to be based on the fact that Enersis S.A., through various acts, facts or omissions, would have breached article 19 N°21 of the Political Constitution of the Republic, preventing CMET from developing its commercial activities.

On 09.17.02, Enersis S.A. informed the Court, as requested, carrying out all the discharges it deemed reasonable in accordance with law and expressly rejected CMET's accusations because of their unfounded nature.

On 11.09.03, the Court ruled on this appeal, disallowing all of its parts, with costs.

CMET filed an appeal for reconsideration of this verdict, with alternative appeals, which have still not been ruled on.

Amounts involved: Undeterminable.

vi. In a Meeting on March 7 2003, the Board of Directors of the Company agreed unanimously to submit the dispute with the Argentine Republic over the investments made by the Enersis Group in that country through Enersis S.A., Empresa Nacional de Electricidad S.A., Enersis Internacional, Chilectra Internacional and Chilectra S.A., to international arbitration by the International Center for the Settlement of Differences Involving Investments between States and Nationals of other States, C.I.A.D.I. On July 22 2003, Ciadi recorded the petition for arbitration. The procedure for appointing and forming the arbitration panel is currently ongoing.

vii. Appealable tax proceeding, that is to say, before the Internal Revenue Service, because of the difference of ThCh\$62,400 between First Category Income Tax and Repayment of Monthly Provisional Payments for absorbed profits from the 1998 tax year. This proceeding is at the sentencing stage.

viii. Appealable tax proceeding, that is before the Internal Revenue Service, because of the difference of ThCh\$1,461,400 between First Category Income Tax and Repayment of Monthly Provisional Payments for profits absorbed from the 1999 tax year. This proceeding is at the discussion stage.

ix. Appealable tax proceeding, that is before the Internal Revenue Service, because of the difference of ThCh\$900,000 between First Category Income Tax and Repayment of Monthly Provisional Payments for profits absorbed from the 2000 tax year. This proceeding is at the discussion stage.

Enersis' Subsidiaries:

Chilectra

At December 30 2003, there are legal actions for compensation for damages against the Company, whose effects management does not consider significant, based on reports by its legal advisors and the fact that the Company has taken out insurance covering this kind of event, making provisions for the respective deductibles.

Inmobiliaria Manso de Velasco Limitada

Mr. Mauro Valero Gómez arbitration proceeding. Mr. Valero performed some services and professional consultancy activities aimed at obtaining property tax rebates, agreeing to a success fee for results within a specified period of time. The contract was terminated at the stipulated term, subsequent to which Mr. Valero sued for about Ch\$ 100 million. The litigation is currently in the Santiago Court of Appeal, because of an appeal by this Company. Court case 6.196 – 2000. The case appears on the Court of Appeal's schedule on Friday January 23 in the fourth position. The appealable arbitral award ruled payment of Ch\$37 million of the Ch\$100 million claimed.

Filiales Construcciones y Proyectos Los Maitenes S.A. y Sociedad Agrícola Pastos Verdes Limitada.

i. The subsidiaries Construcciones y Proyectos Los Maitenes S.A. and Sociedad Agrícola Pastos Verdes Limitada, Lawsuit against Appraisal of Compensation for Expropriation of Land for the Road Junction in Arturo Merino Benítez Airport Access Road. In order to build the Road Junction, the Chilean Government expropriated a piece of land and compensation was paid based on an appraisal by experts according to Expropriation Procedures. Suit was filed against the Appraisal, and there is an appealable decision which raised the compensation by about UF 35,000. The case is pending in the Court of Appeal, Court Case 7930-1999, and to date it has still not appeared on the Schedule.

ii. Arbitration proceeding involving Carlos Alberto Cruz Claro y Compañía Ltda. Plaintiff: Carlos Alberto Cruz Claro y Compañía Ltda.

iii. Defendant: Inmobiliaria Manso de Velasco Limitada, who also sued. Contents of lawsuit: Carlos Alberto Cruz Claro y Compañía Ltda. is the entity that provided professional architectural services for the Puerto Pacifico Project. The other party considers that a clause of the contract, clause 12, stipulates an all event indemnity for sale of the land. Manso de Velasco asserts that payment only applies, if the architectural project is included in the sale, which is not the case. Amount: the Company's being sued for UF 7,440 (Ch\$127 million). Process status: Pleas for defense have been raised and the litigation is in the period allowed for producing evidence. Conciliation hearing took place.

iv. There are other legal actions involving expropriations affecting properties of Agrícola e Inmobiliaria Pastos Verdes Ltda. These involve complaints about the amount of compensation set. According to the company's lawyers, none imply any contingencies for the company.

Edelnor S.A.

i. At December 31 2003, the subsidiary has various legal actions filed against it for about US\$ 10.4 million. According to Management and its legal advisors, these legal actions will not result in significant liabilities for the financial statements of Inversiones Distrilima S.A. (the Company).

From November 2000 to July 2001, tax authorities reviewed the subsidiary's Income Tax and General Sales Tax (IGV) for the period from 1995 to 1999. As a result of that review, in July 2001 the National Superintendency of Tax Administration (SUNAT) notified the subsidiary via several resolutions of assessments and fines regarding Income Tax and IGV for the periods under review.

From the items mentioned, the amount not accepted and not paid by the subsidiary concerns the Tax Administration's pretension of applying Final Temporary Provision Seven of Law 27034 and, therefore, to disregard, as of 1999, the subsidiary's right to a tax allowance for depreciation from the increase in value as a result of the revaluation of its assets resulting from the merger that took place in 1996, pursuant to Law 26283, even though the subsidiary has a Legal Stability Agreement that has stabilized its income tax system until the year 2006. The amount claimed is about (in thousands) US\$129,720.

On August 9 2001, the subsidiary commenced an arbitration proceeding against the Ministry of Energy and Mines, representing the State of Peru, according to the provisions of clause eight of the Legal Stability Agreement. On August 14 2001, the Ministry of Energy and Mines expressed its agreement to an arbitration proceeding and, subsequently, it expressed its agreement to the make-up of the Arbitration Court, whose members were appointed by agreement of the parties.

On November 22 2001, the Arbitration Court issued its arbitration award whereby it declared that the subsidiary's complaints regarding the inapplicability of Final Temporary Provision Seven of Law 27034 were well-founded, pursuant to the Legal Stability Agreement signed with the State of Peru. Therefore, the Arbitration Court recognizes the subsidiary's right to a tax allowance for the depreciation on the increase in value from revaluations made in previous years.

SUNAT did not void its decisions as a result of the arbitration award, so, on December 3, 2001, the subsidiary filed an appeal in the Tax Court

against the assessment and fines for Income Tax (years 1997, 1998 and 1999), and for IGV (year 1999).

Based on the decision by the Tax Court in Decision 06604-2002 of November 20, 2002, the Superintendency of Tax Administration SUNAT has issued Intendency Resolution 01501-50000031 on July 9, 2003 which, with regard to the most significant discrepancy, in other words, the objection to excessive tax allowance and cost taken on revalued property, plant and equipment in 1996 as a result of the merger, resolves to object to the 1996 appraisal process and, therefore, to disregard the revaluation assigned to EDELNOR'S fixed assets, imputing income tax debts to the company for about (in thousands) US\$35,466, US\$5,300 and US\$19,525 respectively, including fines and interest, for the years 1997, 1998 and 1999.

On August 1 2003, the subsidiary filed an appeal against the Intendency Resolution. The subsidiary appealed against payment of the above items.

By means of Note 722-2003-2H3100 of August 27 2003, Tax Administration sent the case file of the appeal lodged by the subsidiary with the Tax Court, after having evaluated compliance with admissibility requirements.

On September 11 2003, the subsidiary lodged a argument brief with the Tax Court expanding the appeal. On the same date, the subsidiary lodged an argument brief attaching evidence defending the position put forward in the appeal.

To date, the subsidiary is waiting for a pronouncement by the Tax Court. Management and the legal advisors of the Company and subsidiary are of the opinion that there are solid arguments for the Tax Court to issue a pronouncement in due time that will be favorable to the interests of the subsidiary.

ii. On December 17 2003, the subsidiary received Assessment 012-003-0001833, whereby the Tax Administration intends to collect (in thousands) US\$3,758 for an alleged higher Income Tax for year 1996, and (in thousands) US\$1,561 for an alleged infringement of numeral 1 of Article 178 of the Tax Code, consisting of declaring false figures or data that influence assessment of the income tax liability for the year 1998.

This assessment was issued in compliance with the provisions of Intendency Resolution 1501-50000031, subject of appeal case file 5047-2003.

To date, the subsidiary is in the process of preparing a recourse of complaint, whose deadline for presentation expires on January 16 2004. Management and the legal advisors of the Company and its subsidiary are of the opinion that there are solid arguments for obtaining a result that is favorable to the interests of the subsidiary.

Cerj S.A.

On the basis of management estimates and the legal counsel opinion, Cerj established a provision of ThUS\$232,346 of which ThUS\$60,136 relates to labor lawsuits related to overtime, unjustified layoffs and hardship pay, ThUS\$43,528 to civil lawsuits filed by former customers for interest and penalties charged on late payments of energy bills and ThUS\$128,682 to tax lawsuits, related to collection of taxes and penalties.

The Company is the defendant in other civil, tax and labor cases amounting to ThUS\$ 83,362 at December 31 2003. The company's legal

advisors consider that these contingencies will not have an adverse impact on the Company.

Endesa S.A. – Parent Company

i. Court: Supreme Court of Argentina

Process number	:	2753-4000/97
Cause	:	Dirección Provincial de Rentas, Provincia de Neuquén versus TGN (Transportadora de Gas del Norte S.A.). Resolution regarding Stamp Tax sum that eventually should be paid jointly by TGN and ENDESA.
Process status	:	TGN requested a precautionary measure before the Supreme Court of Argentina to paralyze the proceeding filed by the Province of Neuquén, which was accepted. Therefore the administrative complaint proceeding is paralyzed.
Amounts involved	:	ThCh\$3,156,128 (\$Arg 13,943,572.54) (Includes tax, interest and fines).

ii. Court: Arbitration Court

Process number	:	N/A
Cause	:	On December 27, 2001, Empresa Nacional de Electricidad S.A. was notified of an arbitration to resolve controversies related to insurance policy N°94.676, issued by Compañía de Seguros Generales Consorcio Allianz, currently AGF/Allianz Chile Compañía de Seguros Generales S.A., in favor of Endesa, for the construction of the Ralco Hydroelectric Plant.
Process status	:	Endesa replied to the complaint sustaining that the plaintiff is distorting the facts, omitting information that was provided by Endesa-Chile, altering the risks covered by the contract and is unaware of the stipulations in the policy; that the flood that affected the Cofferdam was an insurable risk, included in the policy, and therefore it should be rejected since it has no foundation in fact or in law.
Amounts involved	:	ThCh\$6,531,800 (ThUS\$11,000).

iii. Hqi Transelec Chile S.A. vs. Endesa.

Lawsuit Contents: Action by arbitration proceeding on the additional usage charges for the connections of Endesa's customers, Codelco Salvador, since October 1, 2001, CMP (Cia. Minera del Pacifico), Emelat and Eso La Silla, since January 1, 2002, for the usage of transmission facilities by the plaintiff.

Transelec requests that Endesa be sentenced to pay \$3,617,831,425 (US\$4,955,933), which Endesa would owe it by way of additional usage charge, for Endesa's usage of its transmission system to supply electricity to the abovementioned customers. Endesa states that said usage charge is not applicable, because the sectors of the transmission system it uses to provide such supply is within the area of influence of Endesa's Power Stations, and as provisioned in the Basic Usage Charge Agreement signed with Transelec, Endesa is entitled to circulate electricity for those customers without paying additional usage charges. Endesa also argues that the Additional Usage Charge Agreement for said customers expired along with the validity of the past supply agreements, and therefore a new additional usage charge

agreement should be entered into with Transelec; in the meantime, the law should be abided by regarding the sectors contained within the area of influence of Endesa's Power Stations, and neither payment of additional usage charges, nor payment of basic usage charges regarding backflow sectors are applicable.

Process Status: On July 30, 2003, the Court pronounced sentence. The ruling was in favor of ENDESA and completely rejected the action in all its parts, unanimously. Hqi TRANSELEC filed a complaint and dismissal recourse in the form. ENDESA became a party arguing against the recourse, and requested a joint hearing. The recourses were heard in Court on January 9 2004. The trial hearing is pending.

iv. Arbitration proceeding for Breach of Contract and Forced Performance Thereof filed by Empresa Eléctrica Capullo S.A. against Endesa. Judge Mr. Sergio Urrejola

Parties:	Plaintiff	:	Empresa Eléctrica Capullo S.A.
	Defendant	:	Empresa Nacional de Electricidad S.A.

Two actions are being brought in the lawsuit:

The first, contained in the main petition, is for breach of contract, enforced performance thereof and a subsidiary action for compensation for damages: The arbitrator is petitioned:

1.- To declare that Endesa has not performed the contract that is the subject of this litigation (contract dated April 1 1995 for the purchase of electricity).

2.- Declare that Endesa must pay Capullo Ch\$ 1,243,489,606, plus current interest, by reason of payment of the purchase price for energy supplied to Endesa from January 1998 to March 2000, inclusive, or, alternatively, the amounts and interests determined by the arbitrator on the merits of the case; all of this plus any VAT that might apply according to the respective law and as determined by the arbitrator;

3.- As an alternative to the above two petitions, declare that Endesa should be sentenced to pay Ch\$1,243,489,606 by way of compensation for damages caused as a result of failing to comply with said payment obligation, plus legal interests and adjustment from the date on which the lawsuit was filed to its actual payment, or, alternatively, the amount, adjustment and interest determined by the Arbitrator on the merits of the case plus VAT, if, as determined by the Arbitrator, said tax should be imposed.

The second, which is contained in the lawsuit's first accessory petition, is for compensation for damages due to breach of the aforementioned contract for the sale of energy during the period from January to December 1997 and petitions that Endesa should be sentenced to pay Ch\$ 170,419,646 plus legal interest and readjustment from the date on which the lawsuit was filed to its actual payment, or, alternatively, the amount, adjustments and interest determined by the Arbitrator on the merits of the case plus VAT, if so considered and decreed by the Arbitrator.

Endesa contested the lawsuit, stating that it owes nothing to Capullo, since the price stipulated in the Contract for the Sale of Energy was the differential cost of energy determined by CDEC-SIC, and that the differential costs for the periods in the lawsuit have not been officially determined by CDEC-SIC, since there are differences for determining said prices that are pending a resolution by the Ministry of Economy. It also points out that the values determined by CDEC-SIC, which are referred to in the lawsuit, are referential values and have not been officially approved, so the difference

between what Endesa paid provisionally for the energy purchased from Capullo and the amounts demanded by the latter have not been able to be established, since one of the essential parameters for making the comparison is missing.

Current Process status: Once the period of discussion had concluded, the arbitrator summoned the parties to a conciliation hearing on June 5 2003, which was held. Each party presented its proposal. Awaiting for a further summons to the parties as part of conciliation procedures.

v. Arbitration Proceeding Minera Los Pelambres against Endesa. San Isidro – Piuquenes Line.

Parties: Plaintiff : Minera Los Pelambres
Defendant : Empresa Nacional de Electricidad S.A.

Arbitrator : Mr. Orlando Poblete Iturrate

Summary of proceedings: On October 28 1996 Endesa and Minera Los Pelambres signed a contract for the supply of electrical power and energy. In this contract, ENDESA promised to build several installations to provide this supply, including a 220 kV line between the San Isidro Substation and the Los Piuquenes Substation. According to the contract, Pelambres had an option to purchase that line, which it exercised. The purchase was executed on June 12 2002, by a public deed drawn up and registered by Notary Public Raúl Undurraga Laso. This purchase contract contains several declarations by ENDESA in the sense that the line is in perfect working order and that it was designed and built under criteria defined in the supply contract.

Minera Los Pelambres considers that the declarations made by ENDESA in the line purchase contract were not true, since the line has evidenced several technical problems that would seem to be the result of design faults, so it has sued ENDESA petitioning that ENDESA should be sentenced to pay for the damages caused, which it considers to be of two types:

Those involving the cost of repairing the line, which it estimates to be US\$ 22,752,263.

Those arising from the decrease in equity of Minera Los Pelambres because of having purchased a line in conditions other than those that it could study when it opted to purchase it, which it estimates to be US\$ 6,486,009.

The total amount of the lawsuit is US\$ 29,238,272.

Alternatively, if this lawsuit is not accepted, it sues ENDESA petitioning that the latter should be sentenced to pay damages arising from its liability as designer and builder of the line, which damages it estimates to be the same as the amounts specified above.

Process status: Discussion period has been concluded. The conciliation hearing took place. There was no conciliation. Term for presenting evidence is running.

vi. Errázuriz Francisco Javier and Others against Empresa Nacional de Electricidad and Others.

Suit for compensation for damages in the 24th Civil Court of Santiago. Case Number 3622-2003.

Parties : Plaintiffs : Francisco Javier Errázuriz Talavera
Francisco Javier Errázuriz Ovalle
Matías Errázuriz Ovalle

Defendants : Empresa Nacional de Electricidad S.A.
Francisco Fernández Montero
Luis Felipe Acuña Rivas
Rene Agustín Lara Montoya
Inversiones Cirrus

Summary of proceedings: An incident occurred in Fundo La Esperanza de Marchigüe owned by the plaintiffs on August 21 1998. The lawsuit is based on the fact that, as a result of these incidents, the defendants filed a criminal complaint for kidnapping, which criminal complaints were dismissed because of a lack of merit, after hearing the plaintiffs.

The plaintiffs consider that the criminal complaints that were dismissed have caused them moral damages for which they seek the following indemnities:

Francisco Javier Errázuriz Talavera	Ch\$ 700,000,000.-
Francisco Javier Errázuriz Ovalle	Ch\$ 350,000,000.-
Matías Errázuriz Ovalle	Ch\$ 350,000,000.-

The total lawsuit is for Ch\$ 1,400,000,000.- (US\$ 2,153,846.-)

Process status: All defendants notified. Pleas for defense raised. Plaintiff's answer lodged. Rejoinder given. Parties summoned for conciliation hearing, notification pending.

vii. Ordinary Proceedings for Invalidity and Other Actions filed by Sociedad Punta de Lobos S.A. against Endesa, Celta and Chilean Treasury in the 30th Civil Court of Santiago. Case Number 4061-2002.

Parties : Plaintiff : Sociedad Punta de Lobos S. A.
Defendants : Endesa, Celta and Chilean Treasury.
Contents of lawsuit : On August 22 2002 Endesa and Celta were notified of a lawsuit filed by Sociedad Punta de Lobos S.A. in the 30th Civil Court of Santiago against Endesa, Celta and the Chilean Treasury.

The lawsuit petitions that the assign and transfer, or any legal transaction by Endesa to Celta, whether for valuable consideration or not, whose object is the real estate by nature or adhibition that makes up or forms part of the maritime concession given to Endesa in the sector of Punta Patache, should be declared absolutely null and void.

It also petitions the forfeiture of the maritime concession as Endesa has committed a series of violations of the law regulating maritime concessions that constitute grounds for forfeiture of the concession, and, therefore, all construction built on the concession's land must be incorporated cost-free into the equity of the Chilean Treasury, and that Sociedad Punta de Lobos is entitled to obtain a reward, recompense or prize amounting to 20% of the net value of those assets for having recovered them for the Treasury.

Endesa maintains that the lawsuit is unfounded, since there has never been any transaction by Endesa alienating the maritime concession or the properties making up the concession to Celta; that the buildings or improvements built by Celta on the properties of the concession have been done in performance of a mandate given to it by its parent company Endesa to act on its own behalf; that the plaintiff has no legal interest in the invalidity filed, since it is not party to the concession contract.

Amount: There is no given amount for the litigation.

Process status: On August 28 2002, the plaintiff managed to secure that Court decree a precautionary measure prohibiting any transactions or

contracts to be entered into on the maritime concession given to Endesa and on the real estate by nature or adhibition that makes up or forms part of said concession.

Endesa y Celta raised dilatory pleas consisting of the incompetence of the Court to hear the case. A) With regard to the declaration of forfeiture because it is a matter exclusively within the jurisdiction of the Ministry of National Defense B) with regard to the declaration of invalidity, because, if there is any contravention, the law considers another penalty to be imposed by another authority other than the Courts, and C) with regard to the reward or prize, because it is the exclusive prerogative of the President of the Republic.

The Court endorsed the plea of incompetence with regard to forfeiture and reward, but maintained its competence with regard to the invalidity action and ordered pleas to be raised in defense against the petition.

The plaintiff appealed. Endesa and Celta also appealed.

On September 8 2003, the Court of Appeal endorsed the appeal filed by Punta de Lobos with regard to the plea of incompetence endorsed in the first instance.

As a result of the above, Endesa and Celta raised pleas in defense against the second and third petitions and then Punta de Lobos lodged its answer; the enjoinder procedure which terminates the discussion stage to give rise to the evidence stage is still pending.

Procedures for the petition by Endesa and Celta to have the precautionary measure lifted continued in parallel fashion.

viii. Ordinary Proceeding for Performance of Contract Filed by Sociedad Punta de Lobos S.A. against Endesa, Celta and Terminal Marítimo Minera Patache S.A. in the 8th Civil Court of Santiago, Case Number 129-2003.

Parties	:	
Plaintiff	:	Sociedad Punta de Lobos S.A.
Defendants	:	Empresa Nacional de Electricidad S.A. Cía. Eléctrica Tarapacá S.A. Terminal Marítimo Minera Patache S.A.

Summary of proceedings: The plaintiff petitions that forced performance of the so-called "Bidding Contract" called by Celta and in which both the latter and Endesa, Terminal Marítimo Patache S.A. and Punta de Lobos S.A. were involved, should be ordered; that the act whereby all the bids submitted to Celta on occasion of the Puerto Patache bidding process were rejected is inexistent, or alternatively absolutely invalid, or alternatively imputable to Punta de Lobos, since it comes from exercising a right that is only apparent and not real and is based on catering to an interest that has not been protected by the Regulations regulating said bidding; that the Purchase and Sale Contract of November 30 2001 between Celta and Endesa, as selling promisors, and Terminal Marítimo Minera Patache, as purchaser promisor, is invalid; that the intent manifested by the bidders Endesa and Celta in the Contract of Promise of Sale/Purchase of November 30 2001, entered into with Terminal Marítimo Minera Patache S.A., was a tacit acceptance of the bid submitted by Punta de Lobos in the Puerto Patache bidding process.

Endesa maintains that the lawsuit is unfounded since, according to the bidding conditions, both Endesa and Celta were fully empowered to reject all bids submitted in the bidding process, without giving their reasons; that there has never been any contract, not even a tacit one with Punta de Lobos, so there are no grounds for requesting that a non-existent contract that does not exist be performed.

Process status: On June 19 2003, the plaintiff sought and procured that the Court decree a precautionary measure prohibiting transactions or contracts to be entered into with regard to Puerto Patache and ordered the Undersecretary for the Navy to be notified, which was done.

By a decision on July 14 2003, the Court specified the scope of the precautionary measure decreed in the proceeding in the sense that it does not prevent Puerto Patache from being transferred, which decision was appealed by Punta de Lobos, since the injunctions against further petitioned moves had been denied twice.

With regard to the substance of the case, the discussion stage is over and the evidence submission stage has concluded; on November 6 2003 the Court summoned the parties to hear the verdict.

ix. Sociedad Punta de Lobos against Chilean Treasury, Case Number 553-2003, in 21st Civil Court of Santiago.

Parties	:	
Plaintiff	:	Sociedad Punta de Lobos S.A.
Defendant	:	Chilean Treasury

Summary of Proceedings: The plaintiff petitions that Supreme Decree 139 of 2002 of the Ministry of Defense, Undersecretary for the Navy, should be declared invalid by public law, since it was issued contravening the provisions that the Law considers for its issuance; that the aforementioned Supreme Decree 139 has not entered into effect in a valid fashion, and, therefore, it cannot have any legal effect.

Decree 139 endorsed the expansion of Endesa's Maritime Concession for shipping salt through Puerto Patache, which was one of the conditions stipulated in the promise of purchase/sale signed by Endesa and Celta and Terminal Marítimo Puerto Patache S.A..

Process status: The Treasury was notified of the lawsuit. The plaintiff obtained a precautionary measure to "immediately stay any effect of decree 139 of 2002 of the Ministry of Defense's Undersecretary for the Navy, and said agencies must refrain from performing any administrative action, or action of any kind, that impinges on or is related to said Decree."

After several incidences, the court accepted Endesa's participation as a contributory third party with the Treasury.

Amount: Undeterminable.

The discussion stage is over, in other words, the Treasury and Endesa raised pleas in defense asking for the lawsuit to be rejected. Punta de Lobos answered and the former two made their rejoinders, with the court order for evidence having been issued on October 17 2003.

With regard to the precautionary measure, Endesa's petition for it to be declared null and void, is pending a decision.

x. Other contingencies

There are other proceedings for lesser amounts that in aggregate amount to ThCh\$2,500,013 at December 31 2003 (ThCh\$ 1,914,034 in 2002).

Endesa-Chile Subsidiaries

Pehuenche S.A.

i. Court: 20th Civil Courthouse of Santiago

Process number : 5863-2001
Cause : Empresa Eléctrica Pehuenche S.A. versus Empresa Eléctrica Colbún S.A. This complaint is for services rendered by Pehuenche S.A. to Colbún during a drought.
Process status : Case is awaiting sentencing.
Amounts involved : ThCh\$1,187,600 (ThUS\$2,000).

ii. Actions were filed related to the payment of compensation as per Supreme Decree N°287, dated 1999 and issued by the Ministry of Economy, Development and Reconstruction and modification of Art. 99 bis of DFL N°1/82 of Mining Law.

iii. Court : 24th Civil Court of Santiago

Process number : 3908-99
Cause : A precautionary prejudicial measure was presented and denied by the Tribunal. In the same proceeding Pehuenche presented an ordinary public law motion to vacate against Sociedad Austral de Electricidad S.A.
Process status : Sentence was passed on December 10, 2002. Pehuenche has appealed the verdict and is awaiting the decision of the Appeals Court of Santiago.
Amounts involved : Undeterminable.

iv. Court: 17th Civil Courthouse of Santiago

Process number : 3940-99
Cause : Pehuenche versus Chilectra S.A. A precautionary prejudicial measure was presented and denied by the Tribunal. Pehuenche presented in the same case, an ordinary suit to annul public rights against Chilectra S.A.
Process status : Summoned to hear sentence
Amounts involved : Undeterminable.

v. Court: 20th Civil Courthouse of Santiago

Process number : 4005-99
Cause : A precautionary prejudicial measure was presented and denied by the Tribunal. Pehuenche presented in the same case, an ordinary public law motion to vacate against Empresa Eléctrica Atacama S.A.
Process status : Summoned to hear sentence
Amounts involved : Undeterminable.

vi. Court: Santiago Court of Appeals

Process number : 6515-99
Cause : CDEC-SIC failure to provide timely information to the CNE. Resolution 1,557 dated October 1, 1999. The State Defense Council made itself a party to the case.

Process status : Pending hearing. CDEC-SEC report ordered once again to hear the case.
Scheduling is pending
Amounts involved : Five fines for a total of 1,610 Units of Tax Measurement ("UTM") or ThCh\$47,880.

vii. Court: 5th Civil Courthouse of Santiago

Process number: 2272-99
Cause: Resolution 631 dated April 27, 1999, for not establishing Dispatch Center before January 1, 1999. Sentenced passed but not notified.
Process status: Verdict notification pending.
Amounts involved: Fine of ThCh\$14,870 (500 UTM).

x. Court : 16th Civil Courthouse of Santiago

Process number : 4164-97
Cause : Claim against Resolution 856, resulting in a fine imposed on October 16, 1997, for failure on May 11, 1997.
Process status : Rejected recourse, appeal prepared, awaiting reopening of file.
Amounts involved : Fine of ThCh\$13,383 (450 UTM).

xi. Court: 16th Civil Courthouse of Santiago

Process number : 1928-98
Cause : Claim against Resolution 331 dated May 8, 1998, for failure on October 13, 1997.
Process status : Rejected recourse, pending appeal.
Amounts involved : Fine of ThCh\$8,922 (300 UTM).

xii. Authority: Superintendence of Electricity and Fuels (SEC)

Process number : N/A
Cause : Reposition appeal before the SEC for Resolution 805 dated May 2, 2000 for a fine for failure on July 14, 1999.
Process status : Pending resolution.
Amounts involved : Fine of ThCh\$142,747 (400 UTA).

xiii. Appeal for Reconsideration of Judgment before the SEC for Resolution No. 1,429 dated August 14, 2003. Said resolution imposed a fine of UTA 1,500, for the blackout which occurred on September 23, 2002.

xiv. Court: 3rd Local Police Court of Santiago

Process number : 50419-AGO
Cause : SERNAC with Pehuenche, claim for lack of electricity supply
Process status : The accusation was rejected and SERNAC appealed. The case was tried. Decision is pending. SERNAC'S appeal endorsed. Court ordered 3rd Court to hear the accusation directly. Sentence was passed and Pehuenche was ordered to pay a fine of 50 UTM. Appeal lodged with the Santiago Court of Appeal.
Amounts involved : Fine of ThCh\$1,487 (50 UTM).

Empresa Eléctrica Pangue S.A.

i. Court: 1st Civil Court of Santiago

Process number : 1294-99
Cause : Claim against Resolution SEC 415 dated March 12, 1999 which fined Pangue for not complying with Article 9 of rationing Decree 640, which is to inform the SEC of normal usage of its customers. Pangue made itself a party before the Court of Appeals. A motion to vacate was filed before the Supreme Court.

Process status : Case is pending to be heard.
Amounts involved : Fine of ThCh\$297 (10 UTM).

ii. Court: 1st Civil Court of Santiago

Process number : 2273-99
Cause : Claim against SEC Resolution N°631 dated April 27, 1999 that fined Pangue for infraction of Article 183 of the Regulation when it did not build an independent Dispatch and Control Center. Process status: On June 16, 2002, a judgment was passed ordering a fine to be paid. Pending official notification of judgment.

Amounts involved : Fine of ThCh\$14,870 (500 UTM).

iii. Court: 23rd Court

Process number : 4293-97
Cause : Claim against SEC Resolution N°856 dated October 16, 1997, which fined for a blackout on May 1, 1997.

Process status : On May 31, 1999, judgment was passed ordering fine to be paid. Appeal made on November 29, 1999 and is pending hearing.

Amounts involved : Fine of ThCh\$13,383 (450 UTM).

iv. Court: 23rd Court

Process number : 1910-98
Cause : Claim against SEC Resolution N°331 dated May 8, 1998 that fined Pangue for a blackout on October 13, 1997. The Tribunal rejected the recourse in its verdict dated July 30, 1999.

Process status : Appealed to the Court of Appeals and is pending hearing.

Amounts involved : Fine of ThCh\$14,870 (500 UTM).

v. Authority: Superintendence of Energy and Fuels (SEC)

Process number : N/A
Cause : Appeal before the SEC to set aside SEC Resolution N°740 dated April 26, 2000 which fined Pangue for a blackout on July 14, 1999.

Process status : Decision on appeal for reconsideration of judgment is pending.

Amounts involved : Fine of ThCh\$107,060 (300 UTA).

vi. Court: 18th Civil Court of Santiago (Chilectra)

Process number : 3886-99
Cause : Ordinary public right annulment complaint.

Request to annul obligation to pay compensation to regulated price users derived from electric rationing decree N°287 issued by the Ministry of Economy.

Process status : Judgment pronouncement pending
Amounts involved : Undeterminable.

vii. Appeal for Reconsideration of Judgment before the SEC for Resolution No. 1.432 dated August 14, 2003. Said resolution imposed a fine of UTA 1,000, for the blackout which occurred on September 23, 2002.

viii. There are 37 administrative oppositions presented by Pangue S.A. before the Provincial Government of Malleco, to the corresponding requests of diverse individuals to amend water use rights in the Commune of Lonquimay.

ix. Remedy of Protection – Illustrious Municipality of Hualqui and Empresa Eléctrica Pangue. Court of Concepción. Case Number 1.799-2002.

Parties: Appellant : Illustrious Municipality of Hualqui, VIII Región,
Respondent : Empresa Eléctrica Pangue S.A.

Contents of Lawsuit: The Illustrious Municipality of Hualqui filed a constitutional demand for protection against EMPRESA ELECTRICA PANGUE S.A., claiming an illegal, arbitrary omission, which caused damages and ravages among the population on the shores of the Bío Bío River in the community of Hualqui, as a result of opening the floodgates in the winter of 2001, as the river rose suddenly following the rains, without prior warning.

Amount: Not quantified.

Process status: The Court of Appeal rejected the demand. The appellant appealed to the Supreme Court. The Supreme Court upheld the decision of the Court of Concepción.

Closed with favorable result for Pangue S.A.

x. Appeal of Protection Carlos Castillo Osorio and others against Empresa Eléctrica Pangue S.A., in the Concepción Court of Appeal. Case Number 2.178-2003.

Parties: Appellant : Carlos Castillo Osorio and others
Respondent: Empresa Eléctrica Pangue S.A.
Contents of appeal : The appellants, all inhabitants of Hualqui, filed a remedy of protection against Pangue S.A. maintaining that the generating company has systematically flooded the lands of the inhabitants of Hualqui, due to arbitrary handling of the dam's floodgates. Pangue claimed expiry of the statutory time limit and lack of entitlement of the appellants.

Process status : Pangue obtained information about the remedy. Data requested from government departments is being attached.

Prognosis : The remedy should be rejected as being unfounded.

xi. Remedy of Protection Junta de Vecinos Hualqui against Empresa Eléctrica Pangue Case Number 2126-2003, Court of Concepción.

Parties: Appellant : Junta de Vecinos Hualqui and others.
Respondent: Empresa Eléctrica Pangue S.A., Intendent of Region VIII of Bio Bio.

The plaintiffs filed a constitutional action against the generating company, alleging that, on June 21 2003, it committed an illegal, arbitrary act in handling the dam's floodgates.

Pangue raised a plea in defense that the plaintiffs are not principals of the constitutional actions, that the remedy is unintelligible, that there is no violation of constitutional guarantees, that it is inadmissible because the grounds or facts on which the plaintiffs base their suit are unjustified.

Process status: Information on remedy obtained by Intendent and by Pangue S.A., steps and documents pending to hear the remedy.

xii. Petition for Invalidity and other Actions "Aranguiz and Others and Inversiones Ilihue S.A. and Others", Case Number 4.663-2003 in 29th Civil Court of Santiago

Contents of lawsuit: A group of minority shareholders, former workers of Pangue S.A., filed suit against Asesorías e Inversiones Ilihue S.A., Bancard S.A., Empresa Eléctrica Pangue S.A., Elesur S.A., Servicios Financieros S.A. and José Cox Donoso.

The suit petitions that a series of transactions and contracts pursuant to which these shareholders sold their shares to Ilihue S.A. and Bancard S.A. should be declared invalid, since they are impaired by several irregularities of consent, with compensation for damages amounting to UF. 75,557.97; that, as a result of these invalidities, other transactions made by Servicios Financieros S.A. should be declared null and void; that Elesur S.A. must return Pangue S.A.'s shares acquired on June 2 2003 to the plaintiffs and that the transactions entered into by Pangue S.A., omitting their summons to the shareholders' meeting, are unenforceable on the plaintiffs, and, especially, that the agreements reached in the Shareholders' meeting on April 10 2003 are unenforceable.

Current status: Pangue S.A. was notified of the lawsuit on November 19 2003. Pleas were raised in defense against the suit.

xiii. Petition for Invalidity and Compensation for Damages "Aránguiz and others against Empresa Eléctrica Pangue S.A., and Empresa Nacional de Electricidad S.A." Case Number 8895-2003 in the 7th Civil Court of Santiago

Parties: Plaintiffs : Aránguiz Córdoba Juan Francisco and others (all former shareholders of Pangue S.A.)
Defendants : Empresa Eléctrica Pangue S.A.
Empresa Nacional de Electricidad S.A.

Summary of proceedings: The plaintiffs, all former shareholders of Pangue S.A., petition that the contract signed by Pangue S.A. and Endesa on September 25 2000, called "Establishment of Voluntary Easement", should be declared invalid, because, in the opinion of the plaintiffs, it suffers from several defects that are grounds for invalidity. They assert that they have active competency to sue because they were shareholders of Pangue S.A. when said contract was signed. They assert that, as a result of that contract, their shares in Pangue S.A. dropped in value, and therefore they are suing for Ch\$2,521,996,400 (US\$4,424,555). They also assert that, if said contract had not been signed, Pangue S.A. would have distributed dividends to the plaintiffs for US\$ 1,742,211.

It must be pointed out that, via the aforementioned contract, Pangue S.A. established a voluntary easement on its water rights so as to allow the tailwater of Endesa's Ralco Power Station, located upstream, to use the end part of the Pangue dam's tailwater.

Process status: The suit was notified on December 31 2003. Since procedures were violated in serving the notice, the Court was petitioned to declare the notice null and void. This petition has still not been ruled on.

xiv. Municipality of Hualqui and Pangue S.A. in Second Civil Court of Concepción Case Number 6693-2003.

This is a summary judgment lawsuit based on Law 19.300 on the Environment, which seeks redress and compensation for environmental damages allegedly caused by operation of the Pangue Power Station, especially by the flows in 2001 and 2002.

The following actions and measures of protection and mitigation are being petitioned for redress of environmental damages:

1. Construction of a retaining wall with the following characteristics:
 - a. Rock fill on the right bank of the Bío Bío River along 2,200 meters; cost Ch\$770,000,000.
 - b. Levees with about 200 meters of rock fill protection; cost Ch\$30,000,000.
 - c. Channeling of 600 meters of the Hualqui Stream; cost Ch\$120,000,000;
2. Obligation to issue a warning when the Pangue Power Station's floodgates are opened.
3. Compensation for damages caused, evaluated at Ch\$1,000,000,000.

Current process status: Conciliation hearing held, petition was made in the hearing to change the proceeding to ordinary law and, alternatively, a plea was raised in defense against the suit.

San Isidro S.A.

i. Court: 7th Civil Court of Santiago

Process number : 2195-99
Cause : Resolution No. 628 dated April 27, 1999 for infraction of Article 183 of Supreme Decree 327, issued by the Chilean Ministry of Economy, by not establishing the independent Dispatch and Control Center before January 1, 1999.
Process status : Summoned to hear sentence.
Amounts involved : Fine of ThCh\$14,870 (500 UTM).

ii. Court: Superintendence of Energy and Fuels (SEC)

Process number : N/A
Cause : Appeal to set aside before the SEC the SEC Resolution N°719 dated April 24, 2000, which fined San Isidro ThCh\$53,530 (150 UTA), for a blackout on July 14, 1999.
Process status : Decision on appeal for reconsideration of judgment is pending.
Amounts involved : Fine of ThCh\$53,530 (150 UTA).

iii. Appeal for reconsideration of judgment before SEC for SEC Resolution 1.428 of August 14 2003. This resolution imposed a fine on San Isidro of ThCh\$178,434 (500 UTA), for the black out on September 23 2002.

iv. File No. 2753-4000/97

Cause: Resolution regarding Stamp Tax (includes taxes, interest and fines), amount that eventually must be paid by TGN and Endesa, according to gas transportation contracts signed by both companies on October 17, 1995 and February 20, 1998. Notified on March 27, 2001. Reconsideration will be requested. TGN filed a precautionary measure with the Supreme Court of Argentina to interrupt the procedure initiated by the Providence of Neuquén, which was accepted, and in consequence, the administrative claim proceeding is currently pending.

Amounts involved: ThCh\$3,156,128 (\$Arg13,943,572.54).

v. Cause: On June 12, 2003, an arbitration proceeding was filed were against San Isidro and Endesa-Chile by Minera Los Pelambres in order for the arbitrator to declare the non-fulfillment of San Isidro with the energy and power supply contract originally signed by Endesa-Chile with Pelambres on October 28, 1996 and which on January 26, 2000, Endesa-Chile assigned to San Isidro, leaving it subsidiarily obligated for the obligations arising from the contract with San Isidro. The complaint is founded on interruptions and unavailability of electricity during 2001 and 2002, which according to the contract are penalized with fines, which San Isidro has refused to pay.

Process status: Evidence issues set and term for presenting evidence is running.

Amounts involved: ThCh\$1,589,745 (US\$2,677,241) plus the readjustment established in the contract and common interest up to the date of the effective payment.

Compañía Eléctrica de Tarapacá S.A.

i. Court: Superintendence of Energy and Fuels (SEC)

Process number : Official Letter 4966
Cause : Formulation of SEC charges, dated August 3, 2000 for SING blackout on September 23, 1999.
Process status : Pending SEC Resolution.
Amounts involved : Undeterminable.

ii. Court: 20th Civil Court of Santiago

Process number : 2760-2000
Cause : Verification of Credit in Inmobiliaria La Cascada Agreement.
Process status : Report No. 1 was received from the Liquidating Commission. A first distribution of funds from the sale of goods took place; Celta received ThCh\$60,557.
Amounts involved : ThCh\$203,718.

iii. Court: 30th Civil Court of Santiago

Process number : 4061-2002
Cause : Lawsuit for annulment and other actions filed by Sociedad Punta de Lobos S.A. against Endesa-Chile, Celta and the Chilean Government. The complaint requests that any attempted assignment, transfer, or any legal action presented by Endesa-Chile to Celta be rejected with respect to the marine concession granted to Endesa-Chile in the Punta Patache sector. It

also requests that the concession be taken away from Endesa-Chile due to alleged violations of the laws that regulate marine concessions, and that all assets constructed on the concession lands be converted to property of the Government. Endesa-Chile contends that the plaintiff lacks a legal interest in its claim due to the fact that it is not a party to the concession contract.

Process status : On August 28, 2002 the Tribunal declared as a precautionary measure the prohibition to take action or execute contracts in respect to the marine concession granted to Endesa-Chile and in respect to the real estate which by nature composes or forms part of that concession.

On September 8, 2003, the Court of Appeals accepted the recourse of appeal filed by Punta de Lobos regarding the exception of in competence accepted in first instance.

As a result of the above, Endesa and Celta defended the suit regarding the second and third claims to which Punta de Lobos replied, and the rejoinder proceeding is still pending which ends the discussion stage and commences the evidence stage.

Similarly, the request by Endesa and Celta for the lifting of the precautionary measures continued.

Amounts involved: Undeterminable.

iv. Court: 12th Civil Court of Santiago

Process number : 5237-2002
Cause : Lawsuit against Empresas Eléctricas del Norte Grande S.A. (EDELNOR et al, including Celta) for reimbursement of compensation paid by the electrical distributors Empresa Eléctrica de Arica S.A., Empresa Eléctrica de Iquique S.A. and Empresa Eléctrica de Antofagasta S.A., to their customers due to the blackout on July 25, 1999 of the Sistema Interconectado del Norte Grande (SING). The complaint is directed against EDELNOR, Electroandina, Norgener, AES Gener and Celta to jointly reimburse the electrical distributors for the sums paid to end users in compensation for unsupplied energy.
Process Status : The discussion period ended. On August 19, 2003, the Court issued a resolution that admitted the evidence and set the evidence issues. It is in the evidence stage, pending notice.
Amounts involved : ThCh\$64,269 (US\$91,378)

v. Court: 8th Civil Court of Santiago.

Process number : 129-2003
Cause : Lawsuit brought against Endesa S.A., Celta S.A. and Terminal Marítimo Minera Patache S.A. by Sociedad Punta de Lobos S.A. regarding the rejection of its offer for the concession to operate the Minera Patache sea terminal, which Punta de Lobos S.A. considers a breach

of contract.

Endesa S.A. maintains that no such contractual obligations regarding the concession exists.

Process status : In discussion.
Amounts involved : Undeterminable.

On July 14, 2003, the Court issued a resolution that specified the scope of the precautionary measures pronounced in the trial, stating it does not prevent the transfer of Puerto Patache. Said resolution was appealed by Punta de Lobos, and the requested injunction to preserve the status quo was denied twice.

In the background, the discussion stage and the period to submit evidence have ended. On November 6 2003, the court summoned the parties to hear the verdict.

vi. Court: 21th Civil Court of Santiago.

Plaintiff : Sociedad Punta de Lobos S.A.
Defendant : Chilean Treasury
Cause : The plaintiff requests that decree 139 is filed.

This decree accepted extension of Endesa's Marine Concession for shipping salt via Puerto Patache, which was one of the conditions established in the promise of sale that Endesa and Celta signed with Terminal Marítimo Puerto Patache S.A. Therefore, if the lawsuit is accepted, said operation would be at risk.

Process status : The plaintiff obtained a precautionary measure for "immediate suspension of the decree. Endesa and Celta are parties in the lawsuit. The discussion stage has ended, that is, the IRS and Endesa defended the suit requesting its denial, Punta de Lobos replied, and IRS and Endesa replied to the counterclaim, and a writ of evidence was issued on October 17, 2003, therefore after the presented reconsiderations are resolved, the trial stage will begin.

As regards to the precautionary measures, Endesa's request to set them aside is still pending

Amounts involved : Undetermined.

Hidroeléctrica El Chocón S.A.

i. Federal Public Revenues Administration - General Tax Services (FPRA-GTS)

On December 28, 2000 the Federal Public Revenues Administration - General Tax Services (FPRA-GTS) notified Hidroeléctrica El Chocón S.A. that it owed ThCh\$352,055 of taxes related to failure to withhold income tax on certain payments made abroad for a bank loan obtained in 1994. It was also determined that Hidroeléctrica El Chocón S.A. must pay ThCh\$799,868 for related accrued interest calculated as of December 20, 2000. Hidroeléctrica El Chocón S.A. did not make these payments as it considered them relating to foreign source income and therefore not subject to taxes. Hidroeléctrica El Chocón S.A. entered a plea in which it objected to payment of the taxes. FPRA-GTS has also fined Hidroeléctrica El Chocón S.A. ThCh\$246,438 which Hidroeléctrica El Chocón S.A. appealed by on February 20, 2001.

On December 28, 2000 Hidroeléctrica El Chocón S.A. was notified that it owed accrued interest related to value-added-tax for the year from December 1993 to July 1995 amounting to ThCh\$159,302 as of December 11, 2000, as well as an imposed fine of ThCh\$210.111. On February 20, 2001 Hidroeléctrica El Chocón S.A. filed an appeal with the courts under the premise that Chilean law does not require payment of fines, including accrued interest, for obligations or infractions committed before July 31, 1995. On February 20 2001 the Company filed an appeal in the Nation's Tax Court.

ii. Royalties

On June 26, 2000, Hidroeléctrica El Chocón S.A. was notified of a lawsuit for interest to be paid related to royalties, initially amounting to ThCh\$356,290. Additionally, on September 27, 2000, the Company was notified of a new complaint from the province of Neuquén against the State and hydroelectric generators of Comahue to obtain royalties earned on accumulated funds in the Salex Account. The complaint does not state the precise amount or date as of which the sums claimed are considered as owed, but seeks charges from each generator equal to 12% of the funds contributed to the account.

iii. Provincial Revenue Department of the Province of Buenos Aires

On September 10 2001 the Company received a notice from the Provincial Revenue Department of the Province of Buenos Aires of an official assessment of ThCh\$ 347,567 (which does not include interests or fines) for tax on gross income from tax periods from February 1995 to December 1998. The differences claimed are due to: a) failure to pay tax in the Province of Buenos Aires from February 1995 to June 1996 on contracts entered into by the Company, and b) the use of a lower rate than should have been applied, according to the Treasury. On October 25 2001, the Company included a debt of ThCh\$ 128,906 in the easy payment system provided for in Law 12.727. On December 28 2001, the Provincial Revenue Department notified the Company of Resolution 655/01, which (i) determined that the Company had a tax shortfall of ThCh\$197,389 for tax on gross income during the tax periods from February to December 1995, January to December 1996, January to December 1997 and January to December 1998; and (ii) imposed a fine on the Company of ten percent of the amount that allegedly was not paid. On January 22 2002, the Company filed an appeal asserting that the amount included in the extended period payment system had not been computed and the reasons why the rate specified by the Provincial Revenue Department should not be applied.

The Management of Hidroeléctrica El Chocón S.A., as well as its legal advisors, are of the opinion that the claims made by the aforementioned tax authorities are unfounded, so these issues will probably not give rise to any significant adverse effect on the Company's equity and results recorded at December 31 2003.

Hidroinvest S.A.

On December 27, 2000 Hidroinvest S.A. was notified that it owed tax of ThCh\$782,157 for gains made in 1993 on the difference between the acquisition cost and transfer price of bonds, accrued interest of ThCh\$1,682,419 and related fines of ThCh\$547,510. On February 19, 2001, Hidroinvest S.A. filed an appeal against the notice. On September 12 2002, Hidroinvest S.A. was notified of the registration of the General Property Restraining Order on the Company's properties as part of a precautionary procedure commenced by AFIP-DGI pursuant to the provisions of article 111 of law 11.683, as a result of the obligation to pay the above amounts. An appeal was filed against the resolution that decided the admissibility

of the precautionary measure, and this was granted on November 25 2002. Likewise, on July 10 2003, the Nation's Tax Court issued a decision confirming the precautionary measure and Hidroinvest S.A. was notified on December 29 2003.

Hidroinvest S.A.'s legal advisors are of the opinion that these issues will probably not result in any significant negative impact on the Company's equity and results at December 31 2003

Central Costanera S.A.

Central Costanera S.A. has a debt obligation corresponding to an agreement related to Work Order No. 4322 (the "Agreement"). Central Costanera S.A. has fixed the obligation at the rate of one peso equal to one US dollar in accordance with applicable laws. However, certain laws have excluded several obligations from this fixed exchange rate, and should the Secretary of Energy rule that the obligations of Central Costanera S.A. be excluded, an appeal would be filed.

Central Costanera S.A. considers that the obligation resulting from the Agreement does not dovetail with any of the hypotheses provided for in the aforementioned decree and, even in the event that it was understood to do so, there are solid grounds for deciding the unconstitutionality of the aforementioned decree.

Edegel S.A.

i. Edegel / SUNAT

From November 2000 to October 2001, tax authorities reviewed the Subsidiary's income tax and general sales tax (IGV) for the period from 1995 to 1999. As a result of that review, in December 2001 the National Superintendency of Tax Administration (SUNAT) notified the subsidiary of its comments via several Resolutions of Assessments and Fines regarding Income Tax and IGV for the periods under review.

From the items mentioned, the amount not accepted and not paid by the subsidiary mainly concerns the Tax Administration's desire to apply Final Temporary Provision Seven of Law 27034 and, therefore, to disregard, as of 1999, the subsidiary's right to a tax allowance for the depreciation from the increased value attributed as a result of the revaluation of its assets resulting from the purchase of the subsidiary 1995, pursuant to Law 26283, even though the subsidiary has a Legal Stability Agreement that has stabilized its income tax system until the year 2005, as has been mentioned in Note 8(a). The total estimated amount claimed is about Th\$61,550,412 (MUS\$84,804).

On February 11 2002, the subsidiary commenced an arbitration proceeding against the State of Peru, represented by CONITE, according to the provisions of clause eight of the Legal Stability Agreement. On April 22 2002, the Arbitration Court issued its arbitration award whereby it declared that the subsidiary's complaints regarding the inapplicability of Final Temporary Provision Seven of Law 27034 were well-founded, pursuant to the Legal Stability Agreement signed with the State of Peru. Therefore, the Arbitration Court recognized the subsidiary's right to deduct the depreciation from the increased value assigned by revaluations made in previous years, from the income tax base.

In spite of the award, the litigious tax proceeding continued, so, on July 12 2002, the subsidiary filed an appeal in the Tax Court against the resolutions of assessment and fines regarding income tax (years 1996, 1997, 1998 and 1999).

In November 2002, the Tax Court issued its decision stating that: (i) SUNAT will have to review and make a new pronouncement considering the provisions of the Arbitration Award of April 22 2002, which was favorable to Edegel S.A., and which involves deducting the depreciation due to revaluation of the fixed assets and (ii) decided against it in other issues brought by SUNAT.

On July 9 2003, Edegel S.A. was notified by the National Superintendency of Tax Administration (SUNAT) of Intendency Resolution 1501-150032 regarding its review of the tax notes required by the Tax Court for years 1996 to 1999. The total amount of the new tax note is about US\$160 million, mainly arising from: (i) non-recognition of the revaluation of Edegel S.A.'s fixed assets and, consequently, non-deduction of their respective depreciation, (ii) non-deduction of interest and exchange rate difference on loans related to the purchase of Lajas Holding's shares, since they are not associated with generation of taxable income and (iii) capitalization of overheads associated with fixed assets ("taxes on expenses"). On August 1 2003, the company filed an appeal in the Tax Court, whose decision to date is still pending.

It has to be mentioned that management estimated and recorded a provision for contingencies of about US\$16.5 million at December 31 2003 (about US\$16.1 million at December 31 2002) for all those items mentioned in the resolution referred to in the previous paragraph and appealed in the tax court, which, in the opinion of its tax advisors, has very little chance of success (points (ii) and (iii) above).

On April 28 2003 the company filed rectifying tax returns of its sworn annual income tax returns for years 2000 and 2001 – pending inspection and review – adopting the criterion of the most recent Intendency Resolution regarding the interests and exchange rate difference on loans linked to the purchase of Lajas Holding's shares and the tax on expenses and SUNAT's original criterion regarding the economic life of the assets. As a result, it made an additional payment of S/21,196,000 (equivalent to US\$6,056,000 and Ch\$3,600 million) charging it to the provision referred to in the previous paragraph.

Similarly, on November 14 2003 the company presented a partial discontinuance of the appeal filed in the Tax Court against the aforementioned Intendency Resolution, in order to avail itself of the Special System for Updating and Paying Tax Debts – SEAP – approved by Statutory Decree 914, accepting all the objections made by SUNAT except for the objection due to non-recognition of the depreciation of the revaluation excess by applying Clause Eight of the Tax Code and the objection for non-deduction of expenses related to the Olympic project. The amount paid was about US\$ 14,290,000, which settled all unpaid tax in the years 1996 to 1999, charging it to the provision for contingencies referred to above. The Company's management and its external legal advisors are of the opinion that the result of this dispute will be favorable to the Company.

Furthermore, the sworn annual tax return for the year 2002 (submitted on April 2 2003) and the calculation of income tax accrued in 2003 have already taken SUNAT'S criteria regarding tax on expenses and on interest and exchange rate difference on loans linked to the purchase of Lajas Holding's shares and SUNAT'S original criterion regarding the economic life of the assets when determining taxable income, so the Company's Management and its legal advisors are of the opinion that the result of the review of 2000 to 2003 will not result in additional liabilities for the Company at December 31 2003.

ii. Lawsuits filed by ESSALUD for payment of contributions of Statutory Decrees 22482, 19990 and 18846 amounting to THCh\$3,055,250 (US\$4.21 million). Management and its legal advisors are of the opinion that a favorable

decision will probably be obtained for the Subsidiary, so no liabilities have been recorded for these items at December 31 2003 and 2002.

iii. Resolutions of Assessment and Fine for ThCh\$421,687 (MUS\$581) issued against Talleres Moyopampa S.A., against which the subsidiary has filed the respective complaints and appeals since it was formed by the division of the above company. These complaints and appeals, are pending a final decision by the Tax Administration. Management and its external legal advisors are of the opinion that these actions, individually or collectively, will not have any significant negative effect on the Company's financial position or its operating results or its liquidity, since it is clear from the terms of the agreement signed with Electrolima and the State of Peru that Electrolima is the company bound to pay the taxes.

iv. Lawsuit filed by the Subsidiary's workers union petitioning that the percentage of participation in the profits, which the Law stipulates as 5 percent, should be increased to 10 percent, thereby doubling the payment in this regard in 1994, 1995 and 1996 by about ThCh\$3,387,291 (ThUS\$4,667). The appealable judgment was pronounced on August 24 2000, declaring that the lawsuit was unfounded.

In a decision dated December 12 2000 (notified on November 13 2001), the Second Division of Lima's Supreme Court voided the appealable judgment which declared the lawsuit unfounded. The subsidiary filed an appeal for annulment against that decision, which was not admitted, so the case will return to the Court for a new ruling. Management and its external legal advisors are of the opinion that the final decision will be favorable to the subsidiary and no liabilities for these items have been recorded at December 31 2003 and 2002.

Central Cachoeira Dourada S.A.

In April 2003, Companhia Elétrica do Estado de Goiás S.A. ("CELG"), the sole customers the Company's Brazilian subsidiary, Cachoeira Dourada, obtained an interim order that allowed CELG to suspend payments in respect to a firm contract for long-term purchase of energy it has with Cachoeira Dourada. On July 4, 2003, the Court presiding over this dispute determined that CELG had to make payments to Cachoeira Dourada until the final resolution of the litigation with price ranges inferior to those of R\$61.63 per MWh, amounts included in the current purchase contract. Cachoeira Dourada has decided to appeal this decision.

On July 23, 2003, the Regional Federal Court of the 1st Region has decided in favor of Cachoeira Dourada finding that CELG must pay the entire amount owed.

On July 29, 2003, the ruling was reconsidered and the previous decision was maintained which compels CELG to pay R\$31.00 per MWh to CDSA; this is currently in force.

On August 18, 2003, the Judge approved the holding of a settlement hearing between CDSA and CELG on September 04, 2003, but no agreement was reached. A technical evaluation has been ruled on that is in progress.

On December 19 2003, a temporary measure was granted to determine that CELG should admit into the proceeding the difference between the value paid to CDSA and the value stipulated in the contract.

On December 23 2003, CELG filed an appeal for reconsideration of judgment.

On December 26 2003, the judge granted a stay to the appeal for reconsideration of judgment filed by CELG, accepting the offer of collateral made by CELG.

Compañía de Interconexión Energética (CIEN)

In January 2003, Companhia Paranaense de Energia – COPEL ("Copel") suspended its payments to Companhia de Interconexão Energética (CIEN), in respect of the firm contract for purchase of energy and power, which was signed in 1999. In addition CIEN sells energy to another three Brazilian companies. Copel cited the economic and financial imbalance of the 1999 contracts as the reason for its violation. In addition Copel has requested a review of the previously agreed upon prices.

On August 18, 2003, CIEN and COPEL reached an agreement and signed a "Memorandum of Understanding" that reflects the renegotiation of Agreements 001/99 and 002/99.

Said agreement will be the basis for the contractual additions to be signed, and essentially determines the following: (i) a reduction in the Agreements signed that modifies the agreed amounts from 400 MW to 200 MW each; (ii) a term of seven (7) years for the additions, starting on January 1, 2003, and ending on December 31, 2009; (iii) CIEN's taking on the portion that refers to the CUST for the introduction of energy in the basic network up to the center of gravity; (iv) the reference annual payment flow, which will be paid in monthly portions of the payable invoices; and (v) new conditions for price adjustment.

The Memorandum of Understanding establishes that the Commercialization Agreement signed by the parties on December 13, 1999, should be canceled by mutual settlement.

In December 2003 supplementary or additional agreements between investee Cien and Brazilian company COPEL, pursuant to which the original contracts between both companies were amended, were signed. As a direct result of the signing of these additional agreements, 203 million reales were immediately paid to Cien by COPEL.

Emgesa S.A.

Environmental contingency – Group action against Emgesa S.A. E.S.P., Empresa de Energía de Bogotá S.A. E.S.P. and CAR for alleged material and moral damages caused by the environmental damage that occurred in the Muña reservoir. The plaintiff's initial claim is for ThCh\$890,700,000. The Company's Management and its legal advisors consider that, if the decision goes against the company, the maximum amount of the claim would be ThCh\$35,564,000, which should be assumed by the three entities being sued. However, the Company's legal advisor considers this contingency to be remote.

Energis S.A. and its subsidiaries are defendants or plaintiffs in other minor lawsuits with probable or reasonably possible risk of loss, but whose individual effects, if the decision is unfavorable, are not significant in these consolidated financial statements.

Restrictions:

Energis S.A.

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

- Enersis's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 8.75x;
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 5.0x;
- The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.25x;
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 80%;
- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets.
- Minimum shareholders' equity at least equal to ThCh\$ 456,840,000 (U.F.27 million)

As of December 31, 2003 all these obligations have been met.

Chilectra S.A.

The Company did not have any management restrictions or financial covenants during the years ended December 31, 2002 and 2003.

The Company holds long-term energy purchase contracts with Endesa, Gener S.A., Pangué S.A., Colbún Machicura S.A., Carbomet Energía S.A., Empresa Eléctrica Puyehue S.A. (formerly Pilmaiquén), Sociedad Canalistas del Maipo and Iberoamerica de Energía IBENER S.A., the terms of which extend to beyond 2003, in order to ensure its supply and corresponding cost.

Endesa S.A.

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

- Endesa's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 9.5x;
- The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 6.75x;
- The ratio of Endesa Chile and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.5x;
- The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 115%;
- Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets.
- Minimum shareholders' equity at least equal to ThCh\$ 761,400,000 (U.F.45 million)

As of December 31, 2003 all these obligations have been met.

Pehuenche S.A.

The Santander Investment Bank Ltd. and the Chase Manhattan Bank N.A., in relation to loans granted to the Company, place obligations and restrictions on Pehuenche S.A., some of which are of a financial nature, such as: long-term financial liabilities not exceeding 1.5 times the shareholders' equity, and a minimum company equity of ThCh\$160,740,000 (UF9,500,000).

As of December 31, 2003 all these obligations have been met.

Pangué S.A.

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

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

As of December 31, 2003 all these obligations have been met.

Central Costanera S.A.

In virtue of the arrangement in Annex VI-A of the "Concurso Público Internacional para la Venta de las Acciones de Central Costanera Sociedad Anónima" (International Public Tender for the Sale of shares of Central Costanera Sociedad Anonima), the domain of Central Costanera S.A.'s land was transferred subject to the condition that it used as the location for an electric power plant for a term of twenty five years as of the date of possession.

If under any circumstance whatsoever the land ceases to be used for than purpose during the indicated year, its domain shall be considered revoked due to this cause, and return of such title will be effective immediately, and as a matter of law, to SEGBA S.A. or, as applicable, to the National State.

The most demanding requirements in respect to financial coefficients are those contained in the Syndicated loan, the Agent of which is Bank of America, and in the bilateral with JP Morgan, which are the following:

- The long-term debt with third parties cannot exceed US\$347 million; the debt with a maximum of 30 days cannot exceed US\$10 million.
- Clauses that restrict change of Control;
- Clauses that restrict payments to shareholders, including subordination of the related debt.

Edegel S.A.

Financial indicators originated by credit contracts, Bonds Program and Short-term instruments:

- Net Shareholders' Equity must not be less than Soles 2,400 million, inflation-indexed.
- Debt ratio no greater than 1.5
- EBITDA/twelve month interest expense no less than 4.5 to 1.5
- Financial Debt no greater than 3.0 to 1.0.
- Net Liabilities (Liabilities-Cash) no greater than 0.55 to 1.0.

Hidroeléctrica Betania S.A.

Covenants include limitations on the payment of related debt and limitations on change in control and the following financial ratios:

- EBITDA/Senior Financial Debt no less than 1.4
- Cash Flows before Dividend Payments/Senior Financial Debt no less than 1.3
- Shareholders' Equity/Senior Debt no less than 5.

Other restrictions

i. As a common and habitual practice for some bank loan debts and also in capital markets, a substantial portion of Enersis S.A.'s financial indebtedness is subject to cross-failure provisions. Some failures of relevant subsidiaries, if not corrected in time (as to those specific provisions allowing a year of time to correct the problem), might result in the cross-failure at the Endesa-Chile and Enersis S.A. level., and, in this case, significant

percent of Enersis S.A.'s consolidated liabilities might eventually become on demand.

There are no longer debt covenants that specify the acceleration of maturities, if the Company's risk-rating falls below investment-grade.

The syndicated loan signed during May 2003 specifies that cash obtained from the sale of Company assets, capital increases, new debt issuances, and at least 75% of excess annual cash is to be used to pre-pay the syndicated loan.

At December 31, 2002 and 2003, these obligations and restrictions have been fully met.

ii. Endesa Chile has Compañía Eléctrica Tarapacá S.A., Pangué S.A., Endesa Chile Internacional S.A. and Pehuenche S.A. as joint sureties through joint securities and debts for the full amounts owed from the syndicated loan, in other words, ThUS\$742,857.

31. sureties obtained from third parties

Enersis S.A.

The Company has received certificates of deposit for ThCh\$228,082 at December 31 2003 (ThCh\$256,000 in 2002).

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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\$45,378 and ThCh\$48,129 at December 31, 2002 and 2003, 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\$3,084,700 as of December 31, 2003.

Compañía Americana de Multiservicios Ltda..

The Company has delivered bank bonds for ThCh\$855,496 (ThCh\$742,219 in 2002) and has received bank bonds for ThCh\$2,090,246 (ThCh\$1,526,984 in 2002).

Endesa S.A.

The Company has received performance bonds from contractors and third parties to guarantee jobs and construction (mainly the Ralco Project), for ThCh\$19,465,542 as of December 31, 2003 (ThCh\$25,047,366 in 2002).

San Isidro S.A.

Documents in guarantee received for ThCh\$1,389,669 as of December 31, 2003 (ThCh\$4,723,754 in 2002).

Compañía Eléctrica de Tarapacá S.A.

The Company has received documents in guarantee for ThCh\$287,026 as of December 31, 2003 (ThCh\$289,896 in 2002).

Pangué S.A.

The Company has received documents in guarantee for ThCh\$9,827 as of December 31, 2003 (ThCh\$ 8,968 in 2002).

32. foreign currencies

As of December 31, 2002 and 2003, foreign currency denominated assets and liabilities are as follows:

a. Current assets

Account	Currency	As of December 31,	
		2002 ThCh\$	2003 ThCh\$
Cash	\$ no Reaj.	5,788,827	4,366,271
	US\$	2,160,583	1,026,270
	Euro	46,450	-
	Yen	329	-
	\$ Col.	12,523,238	7,929,796
	Soles	1,286,336	1,020,537
	\$ Arg.	4,511,726	4,122,947
	Reales	22,349,238	7,904,411
Time deposits	US\$	75,905,747	146,982,431
	\$ Col.	31,897,980	63,307,495
	Soles	4,905,424	1,748,487
	\$ Arg.	9,507,348	4,410,142
	Reales	24,866,664	39,806,051
Marketable securities	\$ no Reaj.	4,870	4,871
	US\$	1,276,716	2,830,725
	\$ Col.	277,137	231,125
	\$ Arg.	-	8,089,020
Accounts receivable, net	\$ Reaj.	6,671,078	1,046,341
	\$ no Reaj.	106,088,706	101,858,793
	US\$	6,806,024	6,775,774
	\$ Col.	80,422,109	84,202,512
	Soles	36,122,348	28,841,723
	\$ Arg.	42,594,258	43,692,757
	Reales	184,723,598	200,752,465
Notes receivable	\$ Reaj.	-	4,517,969
	\$ no Reaj.	2,146,369	1,300,807
	US\$	1,119,350	632,141
	\$ Arg.	25,278	22,796
	Reales	1,891,665	1,888,914
Other receivables	\$ Reaj.	58,223	39,902,763
	\$ no Reaj.	11,961,868	9,696,238
	US\$	3,447,244	1,302,969
	\$ Col.	14,525,588	19,761,136
	Soles	10,566,901	5,246,655
	\$ Arg.	1,269,043	953,696
	Reales	20,403,806	16,323,724
	U.C.	1,171,184	1,007,085
Amounts due from related companies	\$ no Reaj.	1,918,671	5,680,924
	US\$	186,040,780	3,250,576
	\$ Col.	173,464	34,433
	Soles	504,558	126,193
	\$ Arg.	4,569,218	5,153,416
	Reales	4,146,132	2,814,583
Inventories, net	\$ no Reaj.	35,710,977	28,788,239
	\$ Col.	8,953,589	4,333,120
	Soles	12,659,809	9,048,884
	\$ Arg.	1,977,870	1,607,923
	Reales	1,684,235	530,028
Income taxes recoverable	\$ no Reaj.	27,797,051	34,170,548
	\$ Col.	478,455	588,720
	Soles	231,921	743,820
	\$ Arg.	10,850,700	4,690,838
	Reales	15,622,209	21,092,412
Prepaid expenses and other	\$ no Reaj.	937,491	1,097,393
	US\$	2,595,712	1,494,553
	\$ Col.	125,461	213,159
	Soles	558,892	246,320
	\$ Arg.	484,120	777,746
	Reales	3,041,002	12,623,323
Deferred income taxes	\$ no Reaj.	20,359,733	34,416,516
	\$ Col.	1,162,684	3,319,951
	\$ Arg.	7,504,259	9,123,931
	Reales	13,931,972	22,599,374
Other current assets	\$ Reaj.	700,230	798,303
	\$ no Reaj.	43,563,049	45,432,597
	US\$	38,528,887	10,626,857
	\$ Col.	897,084	-
	Soles	404,514	1,366,258
	\$ Arg.	3,031,489	2,207,110
	Reales	46,216,571	13,497,657
Total current assets		1,226,686,042	1,146,003,542

b. Property, plant and equipment

Account	Currency	As of December 31,	
		2002 ThCh\$	2003 ThCh\$
Land	\$ no Reaj.	41,866,427	40,758,597
	\$ Col.	34,478,422	28,423,186
	Soles	10,312,312	8,459,010
	\$ Arg.	10,039,567	8,214,593
	Reales	34,507,107	29,598,398
Building, infrastructure and work in progress	\$ no Reaj.	3,788,311,757	3,451,715,480
	\$ Col.	3,291,744,168	2,697,689,287
	Soles	1,188,708,130	997,026,075
	\$ Arg.	1,660,123,728	1,389,142,982
	Reales	1,809,638,780	1,518,362,373
Machinery and equipment	\$ no Reaj.	55,812,812	52,033,499
	\$ Col.	15,630,227	21,958,804
	Soles	461,991,240	379,000,445
	\$ Arg.	788,901,749	649,667,638
	Reales	675,806,060	659,576,270
Other plant and equipment	\$ no Reaj.	120,590,946	124,216,778
	\$ Col.	4,140,014	9,241,536
	Soles	60,548,176	35,393,490
	\$ Arg.	163,453,511	119,315,444
	Reales	191,476,826	59,922,446
Technical appraisal	\$ no Reaj.	31,777,948	28,879,432
	\$ Col.	74,140,072	60,656,670
	Soles	511,049,848	418,108,337
	Reales	136,684,807	111,826,791
Accumulated depreciation	\$ no Reaj.	(1,591,311,321)	(1,563,199,720)
	\$ Col.	(716,220,943)	(673,389,749)
	Soles	(984,492,558)	(838,391,706)
	\$ Arg.	(1,225,841,949)	(946,081,154)
	Reales	(665,615,098)	(781,764,722)
Total property, plant and equipment		9,978,252,765	8,096,360,510

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c. Other assets

Account	Currency	As of December 31,	
		2002 ThCh\$	2003 ThCh\$
Investments in related companies	\$ no Reaj.	114,086,546	105,437,088
	US\$	81,494,725	74,731,322
	Euro	484,792	-
	\$ Arg.	39,736	43,061
Investments in other companies	\$ no Reaj.	2,244,620	2,284,059
	\$ Col.	158,725,075	131,045,129
	Soles	12,394	8,235
	Reales	79,373	122,874
Goodwill, net	\$ no Reaj.	797,946,141	737,589,708
	US\$	7,044,625	5,374,677
	\$ Col.	50,997,868	37,432,833
Negative goodwill, net	\$ no Reaj.	(143,085)	(16,666,302)
	US\$	(617,459)	(13,188,948)
	\$ Col.	(28,928,256)	(4,560,106)
	Soles	(66,435,880)	(44,819,276)
Long-term accounts receivable	\$ Reaj.	1,537,677	3,490,210
	\$ no Reaj.	2,069,969	1,906,343
	US\$	7,209,126	4,548,181
	\$ Col.	6,617,950	7,623,915
	Soles	1,762,125	2,051,708
	\$ Arg.	2,119,167	2,443,258
	Reales	104,670,530	105,871,429
Amounts due from related companies	U.C.	1,122,474	-
	\$ no Reaj.	890,930	594,249
	US\$	-	128,354,145
	Reales	16,219	155,439
Other assets	\$ Reaj.	2,991,117	5,293,263
	\$ no Reaj.	93,804,042	62,381,600
	US\$	23,322,875	20,721,449
	\$ Col.	39,084,349	24,755,128
	Soles	4,660,955	3,461,991
	\$ Arg.	8,988,891	16,164,285
	Reales	115,021,202	85,731,968
Total other assets		1,532,920,813	1,490,382,915

d. Total assets

Account	Currency	As of December 31,	
		2002	2003
Total assets by currency	\$ Reaj.	11,958,325	55,048,849
	\$ no Reaj.	3,714,225,344	3,294,744,008
	US\$	436,334,935	395,463,122
	Euro	531,242	-
	Yen	329	-
	\$ Col.	3,081,845,735	2,524,798,080
	Soles	1,255,357,445	1,008,687,186
	\$ Arg.	1,494,149,709	1,323,762,429
	Reales	2,741,162,898	2,129,236,208
	U.C.	2,293,658	1,007,085
Total assets by currency		12,737,859,620	10,732,746,967

e. Current liabilities

Account	Currency	Within 90 days				91 day to 1 year				
		As of December 31, 2002		As of December 31, 2003		As of December 31, 2002		As of December 31, 2003		
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	
		ThCh\$		ThCh\$			ThCh\$			
Short-term debt due to banks and financial institutions	\$ no Reaj.	61,450,630	2.48%	2,378,878	2.99%	2,369,665	2.48%	-	-	
	US\$	114,803,536	8.14%	82,745,591	12.71%	113,740,116	8.14%	43,574,065	12.71%	
	Euro	4,588,211	4.38%	3,500,552	5.00%	-	-	-	-	
	\$ Col.	7,678,923	14.35%	114,491,527	15.93%	44,136,355	14.75%	-	-	
	Soles	37,562,298	8.68%	27,764,763	15.93%	14,671,059	4.07%	11,381,827	15.93%	
	\$ Arg.	16,417,063	6.00%	10,259,883	15.93%	3,048,487	6.00%	-	-	
	Reales	8,833,410	9.24%	234,126	15.93%	-	-	-	-	
	Others	-	-	15,825,350	15.93%	-	-	-	-	
Current portion of long-term debt due to banks and financial institutions	\$ Reaj.	316,182	8.73%	1,443,405	4.56%	1,440,442	8.73%	34,596,897	4.56%	
	US\$	210,008,448	3.24%	21,833,533	4.96%	335,908,087	3.24%	80,419,472	4.96%	
	Euro	-	-	-	-	4,719,782	3.79%	123,767	3.00%	
	Yen	39,583,181	2.08%	13,180,928	3.46%	7,016,400	2.08%	424,533	3.46%	
	\$ Col.	-	-	960,741	16.79%	-	-	-	-	
	\$ Arg.	1,379,521	22.75%	-	-	662,488	1.75%	-	-	
	Reales	2,158,075	11.23%	3,760,739	16.79%	5,206,028	11.23%	5,601,259	16.79%	
	U.P.	-	-	-	-	1,207,721	5.32%	1,117,055	16.79%	
	Libra	-	-	-	-	461,251	4.81%	412,346	16.79%	
	Others	-	-	921,390	16.79%	1,246,967	8.53%	898,948	16.79%	
Promissory notes	\$ Reaj.	123,350	10.00%	-	-	-	-	-	-	
	Soles	5,659,198	4.50%	-	-	7,538,861	4.50%	-	-	
Current portion of bonds payable	\$ Reaj.	-	-	230,102	5.88%	16,161,340	5.80%	7,359,819	5.88%	
	US\$	3,303,376	7.06%	4,372,803	7.87%	154,776,512	7.06%	36,966,398	7.87%	
	Euro	-	-	-	-	306,778,275	3.34%	-	-	
	\$ Col.	-	-	6,820,980	11.25%	13,636,984	13.70%	-	-	
Current portion of long-term notes payable	Soles	1,173,050	7.28%	6,621,600	4.94%	7,656,820	13.70%	8,573,491	4.94%	
Dividends payable	US\$	30,053,579	9.00%	7,977,202	-	11,991,624	9.00%	13,456,661	-	
	\$ Arg.	-	-	-	-	-	-	-	-	
	\$ no Reaj.	432,729	-	982,140	-	982,146	-	716,480	-	
	\$ Col.	8,368,039	-	2	-	-	-	-	-	
	Soles	18,714	-	80,106	-	-	-	-	-	
	\$ Arg.	-	-	731	-	-	-	-	-	
	Reales	-	-	1,379,089	-	4,163,576	-	-	-	
	Others	734,541	-	-	-	-	-	-	-	
	Accounts payable	\$ no Reaj.	54,805,509	-	64,751,606	-	5,870,198	9.00%	-	-
		US\$	12,466,164	-	840,065	-	1,134,906	-	340	-
Euro		-	-	152,918	-	-	-	-	-	
\$ Col.		27,445,681	-	28,253,765	-	-	-	-	-	
Soles		24,026,113	-	16,936,632	-	-	-	-	-	
\$ Arg.		27,218,931	-	28,381,438	-	-	-	-	-	
Reales		60,255,618	-	76,127,463	-	-	-	-	-	
Others		11,073,624	-	-	-	-	-	-	-	

e. Current liabilities (continuation)

Account	Currency	Within 90 days				91 day to 1 year			
		As of December 31, 2002		As of December 31, 2003		As of December 31, 2002		As of December 31, 2003	
		Amount	Average Rate	Amount	Average Rate	Amount	Average Rate	Amount	Average Rate
	ThCh\$		ThCh\$			ThCh\$		ThCh\$	
Short-term notes payables	\$ no Reaj.	577	-	18,350	-	-	-	-	-
	Reales	1,067,230	16.89%	21,051,531	-	3,813,598	16.89%	-	-
Miscellaneous payables	\$ no Reaj.	9,336,767	-	5,268,913	-	421,043	-	5,498,770	-
	US\$	8,310,295	-	6,708,584	-	8,735,432	-	62,349	-
	\$ Col.	22,774,897	-	10,741,843	-	-	-	-	-
	Soles	5,897,275	-	8,605,921	-	11,451,858	-	-	-
	\$ Arg.	3,085	-	2,520	-	-	-	-	-
	Reales	6,841,564	-	7,027,596	-	-	-	-	-
	Others	379,511	-	-	-	-	-	-	-
Amounts payable to related companies	\$ Reaj.	11,580,352	-	-	-	-	-	-	-
	\$ no Reaj.	537,944	-	249,137	-	-	-	-	-
	US\$	1,246,715	-	1,429,194	-	-	-	-	-
	\$ Col.	1,238,934	-	2,851,852	-	-	-	-	-
	Soles	866,000	-	385,358	-	-	-	-	-
	\$ Arg.	978,624	-	1,690,491	-	-	-	-	-
	Reales	-	-	24,142,261	-	-	-	-	-
Accrued expenses	\$ Reaj.	14,295	-	29,361	-	8,456	-	82,808	-
	\$ no Reaj.	12,517,102	-	7,019,432	-	28,863,812	-	28,676,767	-
	US\$	102,588	-	1,024	-	90,138	-	67,877	-
	\$ Col.	13,411,977	-	5,573,186	-	-	-	-	-
	Soles	2,338,800	-	1,528,330	-	2,250,372	-	2,474,566	-
	\$ Arg.	2,155,138	-	2,867,494	-	-	-	-	-
	Reales	23,945,150	-	5,372,542	-	-	-	10,837	-
	Others	81,796	-	-	-	-	-	-	-
Withholdings	\$ no Reaj.	7,199,028	-	7,830,494	-	1,441,876	-	157,420	-
	\$ Col.	1,891,296	-	2,210,532	-	-	-	-	-
	Soles	5,164,141	-	5,030,010	-	-	-	-	-
	\$ Arg.	10,935,836	-	16,852,919	-	-	-	-	-
	Reales	29,405,859	-	31,621,088	-	-	-	-	-
	Others	2,581	-	-	-	-	-	-	-
Income tax payable	\$ no Reaj.	542,553	-	16,411,961	-	-	-	-	-
	\$ Col.	20,111,038	-	22,933,978	-	-	-	2,175,016	-
	Soles	690	-	19,326	-	2,664,820	-	2,934,142	-
	\$ Arg.	3,366,238	-	-	-	-	-	-	-
	Reales	1,122,010	-	3,365,633	-	-	-	-	-
Deferred income	\$ no Reaj.	5,874,167	-	5,978,448	-	2,884,571	-	1,924,436	-
	\$ Col.	417,793	-	4,072,490	-	-	-	-	-
Other current liabilities	\$ Reaj.	3,350	-	9,992	-	5,827	-	5,935	-
	\$ no Reaj.	460,762	-	10,652	-	5,527,866	-	2,796,045	-
	US\$	15,262,624	-	9,151,633	-	290,853	-	1,205,885	-
	\$ Col.	2,016,785	-	1,460,594	-	-	-	-	-
	Soles	50,647	-	44,555	-	-	-	-	-
	\$ Arg.	16,034,314	-	20,848,457	-	-	-	-	-
	Reales	20,484,347	-	29,827,087	-	-	-	-	-
Total current liabilities by currency	\$ Reaj.	12,037,529	-	1,712,860	-	17,616,065	-	42,045,459	-
	\$ no Reaj.	153,157,768	-	110,900,011	-	48,361,177	-	39,769,918	-
	US\$	395,557,325	-	135,059,629	-	626,667,668	-	175,753,047	-
	Euro	4,588,211	-	3,653,470	-	311,498,057	-	123,767	-
	Yen	39,583,181	-	13,180,928	-	7,016,400	-	424,533	-
	\$ Col.	105,355,363	-	200,371,490	-	57,773,339	-	2,175,016	-
	Soles	82,756,926	-	67,016,601	-	46,233,790	-	25,364,026	-
	Reales	154,113,263	-	203,909,155	-	13,183,202	-	5,612,096	-
	\$ Arg.	78,488,750	-	80,903,933	-	3,710,975	-	-	-
	U.P.	-	-	-	-	1,207,721	-	1,117,055	-
	Libra	-	-	-	-	461,251	-	412,346	-
	Others	12,272,053	-	16,746,740	-	1,246,967	-	898,948	-
	Total current liabilities		1,037,910,369		833,454,817		1,134,976,612		293,696,211

f. Long-term liabilities as of December 31, 2003

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate	Amount ThCh\$	Average Rate
Due to banks and financial institutions	\$ Reaj.	3,090,540	9.00%	1,273,686	9.00%	-	-	-	-
	US\$	200,556,323	4.77%	437,964,229	3.83%	44,109,592	3.36%	2,473,322	3.88%
	Euro	121,738	3.00%	-	-	-	-	-	-
	Yen	422,438	0.89%	-	-	-	-	-	-
	\$ Arg.	3,595,794	1.75%	1,797,897	1.75%	6,292,887	1.75%	-	-
	\$ Col.	-	-	37,403,850	12.55%	-	-	-	-
	Reales	80,660,736	22.50%	4,768,381	20.81%	8,442,383	20.06%	518,910	17.74%
	Pound	402,154	4.63%	-	-	-	-	-	-
Bonds payable	\$ Reaj.	6,110,308	5.88%	110,427,387	5.88%	101,832,395	5.88%	94,971,517	5.88%
	US\$	118,760,000	7.91%	213,768,000	7.91%	475,040,000	7.91%	989,798,688	7.91%
	\$ Col.	102,995,204	10.50%	-	-	-	-	-	-
	Soles	74,596,769	4.39%	10,155,885	4.39%	838,813	4.39%	-	-
Long-term notes payable	US\$	40,470,881	7.42%	48,220,374	7.42%	31,840,790	7.42%	-	-
	Reales	11,328,176	14.46%	4,581,768	14.46%	8,901,177	14.46%	-	-
Miscellaneous payable	\$ Reaj.	-	-	-	-	-	-	163,434	-
	\$ no Reaj.	863,350	-	-	-	-	-	17,574	-
	US\$	5,226,699	-	-	-	-	-	8,905,744	3.26%
	Reales	8,480,593	-	3,145,337	-	-	-	-	-
Amounts payable to related companies	\$ Col.	84,320	-	-	-	-	-	-	-
Accrued expenses	\$ no Reaj.	2,450,592	-	2,609,663	-	6,235,668	-	10,432,103	-
	US\$	-	-	2,971,683	-	-	-	-	-
	\$ Col.	20,701,649	-	45,091,420	-	-	-	-	-
	Reales	226,924,205	-	-	-	-	-	-	-
Deferred income taxes	\$ no Reaj.	10,455,989	-	6,904,019	-	-	-	-	-
	\$ Col.	-	-	1,639,845	-	-	-	-	-
	Soles	2,626,425	-	1,348,653	-	-	-	-	-
	Reales	1,773,652	-	-	-	-	-	-	-
Other long-term liabilities	\$ Reaj.	9,200	-	11,512	-	6,415	-	-	-
	\$ no Reaj.	3,455,877	-	974,342	-	1,142,803	-	1,641,711	-
	US\$	12,779,861	-	5,155,183	-	-	-	-	-
	Soles	2,058,195	-	698,247	-	1,189,040	-	-	-
	\$ Arg.	7,972,337	-	-	-	-	-	-	-
	Reales	23,241,894	-	-	-	-	-	-	-
Total long-term liabilities by currency	\$ Reaj.	9,210,048	-	111,712,585	-	101,838,810	-	95,134,951	-
	\$ no Reaj.	17,225,808	-	10,488,024	-	7,378,471	-	12,091,388	-
	US\$	377,793,764	-	708,079,469	-	550,990,382	-	1,001,177,754	-
	Euro	121,738	-	-	-	-	-	-	-
	Yen	422,438	-	-	-	-	-	-	-
	\$ Col.	123,781,173	-	84,135,115	-	-	-	-	-
	Soles	79,281,389	-	12,202,785	-	2,027,853	-	-	-
	\$ Arg.	11,568,131	-	1,797,897	-	6,292,887	-	-	-
	Reales	352,409,256	-	12,495,486	-	17,343,560	-	518,910	-
		Pound	402,154	-	-	-	-	-	-
Total long-term liabilities		972,215,899		940,911,361		685,871,963		1,108,923,003	

g. Long-term liabilities as of December 31, 2002

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	\$ Reaj.	54,237,250	3.66%	2,966,355	3.66%	-	-	-	-
	US\$	1,345,934,070	3.19%	104,732,270	3.19%	71,457,319	3.19%	6,415,711	3.19%
	Euro	248,420	4.13%	-	-	-	-	-	-
	Yen	9,070,915	1.96%	-	-	-	-	-	-
	\$ Arg.	3,723,918	1.75%	1,861,959	1.75%	6,504,433	1.75%	-	-
	Reales	82,481,803	17.11%	1,628,960	11.23%	14,696,907	11.23%	203,617	11.23%
	U.P.	1,201,425	5.32%	-	-	-	-	-	-
	Libra	886,725	4.81%	-	-	-	-	-	-
Bonds payable	\$ Reaj.	-	-	101,469,367	6.20%	69,556,117	6.00%	160,924,499	6.00%
	US\$	341,124,167	7.00%	355,640,089	8.06%	290,318,440	8.50%	628,561,921	8.06%
	\$ Col.	-	-	33,505,610	14.35%	78,759,079	14.35%	-	-
	Soles	54,055,768	7.19%	3,898,572	7.19%	1,010,395	7.19%	-	-
Long-term notes payable	US\$	44,904,268	7.50%	42,289,050	7.50%	60,063,668	7.50%	-	-
	Reales	36,859,991	9.50%	4,647,622	9.50%	8,787,084	9.50%	249,604	9.50%
Miscellaneous payable	\$ Reaj.	-	-	-	-	-	-	163,399	-
	\$ no Reaj.	2,151,638	-	-	-	-	-	51,051	-
	US\$	7,215,480	-	-	-	10,640,919	9.48%	-	-
	Reales	2,610,107	-	-	-	-	-	-	-
Amounts payable to related companies	\$ Reaj.	998,174,521	3.33%	-	-	-	-	-	-
Accrued expenses	\$ Reaj.	-	-	57,854	-	-	-	-	-
	\$ no Reaj.	3,531,357	-	3,288,636	-	7,684,362	-	7,525,626	-
	US\$	3,769,628	-	-	-	-	-	-	-
	\$ Col.	-	-	-	-	-	-	68,363,088	-
	Reales	26,142,431	-	82,397,881	-	2,120,404	-	49,604,846	-
Deferred income taxes	\$ no Reaj.	6,801,356	-	3,782,966	-	14,137,664	-	22,328,589	-
	\$ Col.	-	-	-	-	-	-	3,624,671	-
	Soles	-	-	1,236,961	-	-	-	-	-
	\$ Arg.	199,151	-	132,767	-	597,452	-	-	-
Other long-term liabilities	\$ Reaj.	10,913	-	10,115	-	472,290	-	-	-
	\$ no Reaj.	4,306,898	4.55%	14,948,249	4.55%	4,730,059	-	13,818,110	4.55%
	US\$	38,401,268	-	-	-	-	-	-	-
	Soles	4,657,394	-	259,501	-	2,235,811	-	-	-
	\$ Arg.	7,531,040	-	115,184	-	-	-	-	-
	Reales	13,518,788	-	-	-	-	-	-	-
Total long-term liabilities by currency	\$ Reaj.	1,052,422,684		104,503,691		70,028,407		161,087,898	
	\$ no Reaj.	16,791,249		22,019,851		26,552,085		43,723,376	
	US\$	1,781,348,881		502,661,409		432,480,346		634,977,632	
	Euro	248,420		-		-		-	
	Yen	9,070,915		-		-		-	
	\$ Col.	-		33,505,610		78,759,079		71,987,759	
	Soles	58,713,162		5,395,034		3,246,206		-	
	\$ Arg.	11,454,109		2,109,910		7,101,885		-	
	Reales	161,613,120		88,674,463		25,604,395		50,058,067	
	U.P.	1,201,425		-		-		-	
	Libra	886,725		-		-		-	
Total long-term liabilities		3,093,750,690		758,869,968		643,772,403		961,834,732	

33. sanctions

The Company and its directors has not been the subject to sanctions by the SVS nor by any other administrative authorities.

34. environment

Chilectra S.A.

The Company has made disbursements during the year of ThCh\$1,561,001, mainly for the following items:

Investments:

- Audit El Salto 220 KV Line
- La Cisterna Environmental Impact Statement
- Santa Elena Environmental Impact Statement
- San Bernardo Environmental Impact Statement
- Chena Maipú Environmental Impact Statement
- Construction of oil retaining pits
- TAP Chacabuco reforestation construction
- Multipurpose Pipelines

Expenses:

- High Voltage Network Maintenance Unit
- Southern Maintenance Center
- Northern Maintenance Center
- Eastern Maintenance Center



JUAN CARLOS WIECZOREK C.
General Account

Endesa S.A.

During the year from January 1 to December 31, 2003, the Company and its subsidiaries have made disbursements for a value of ThCh\$12,145,906, which mainly corresponds to:

Operating expenses: corresponding to studies, follow-up procedures and laboratory analysis (ThCh\$379,802 expenses in 2003), Environment Law N°99 (Colombia) and ISO 14,001 certification in Central Costanera and El Chocón ThCh\$5,846,734 (US\$9,846,302).

Investments related to the following projects:

- Central Ralco's environmental program.
- Implementation of environmental management system (S.G.A.) and its ISO 14.001 certification in San Isidro, Central Tarapacá, Central Rapel, Pehuenche, Loma Alta and Curillínque Power Stations.
- Construction of transformer pools Rapel Power Station, Sauzal and Los Molles.
- Pangué Power Station – Restoration of former ore deposit camp Works on Muña reservoir (Emgesa)

35. subsequent events

No significant events that might affect these financial statements have occurred in the period from January 1 2004 to their date of issue.



MARIO VALCARCE DURAN
Chief Executive Officer

appendix U.S. GAAP

Differences Between Chilean and United States Generally Accepted Accounting Principles

Chilean GAAP varies in certain important respects from U.S. GAAP. Such differences involve certain methods for measuring the amounts shown in the financial statements.

Differences in Measurement Methods

The principal differences between Chilean GAAP and U.S. GAAP are described below together with an explanation, where appropriate, of the method used in the determination of the adjustments that affect net income and total stockholders' equity. References below to "SFAS" are to Statements of Financial Accounting Standards issued by the Financial Accounting Standards Board in the United States.

Restatements of U.S. GAAP Consolidated Net Income, Shareholders' Equity, Balance Sheet, and Statement of Cash Flows

i. In addition to the restatement of its 2001 Chilean GAAP Statement of Cash Flows as described in Note 2, the Company also made certain adjustments to its previously reported consolidated shareholders' equity as of December 31, 2002 and consolidated net income (loss) for the years ended December 31, 2002 and 2001, that only had an impact on the Company's previously reported U.S. GAAP amounts. The total impact of these adjustments on consolidated shareholders' equity as of December 31, 2002 and consolidated net income (loss) the years ended December 31, 2002 and 2001 under U.S. GAAP are presented below. Restatements of ThCh\$4,212,536 relating to periods prior to January 1, 2001 were recorded as a reduction of opening retained earnings as of January 1, 2001:

Year ended December 31,	2001	2002
	ThCh\$	ThCh\$
Net income (loss) in accordance with US GAAP as previously reported	3,088,583	(329,910,417)
Price level restatement as of December 31, 2003	30,886	(3,299,104)
Subtotal	3,119,469	(333,209,521)
Effect of restatements on previously-reported US GAAP net income (loss):		
Goodwill - Codensa	(1,107,905)	
Minority interest impact of above restatement	853,973	
Net income (loss) in accordance with US GAAP as restated	2,865,537	(333,209,521)
Basic and diluted earnings (loss) per share as previously reported	0.38	(40.19)
Basic and diluted earnings (loss) per share as restated	0.35	(40.19)
	As of December 31, 2001	
	ThCh\$	
Shareholders' equity in accordance with US GAAP, as previously reported	1,154,673,833	
Price level restatement as of December 31, 2003	11,546,738	
Subtotal	1,166,220,571	
Effect of restatements on previously-reported US GAAP net income (loss):		
Goodwill - Codensa	17,271,396	
Minority interest impact of above restatement	(13,312,792)	
Shareholders' equity in accordance with US GAAP, as restated	1,170,179,175	

The following is a description of the adjustments that only had an impact on net income (loss) and shareholders' equity determined in accordance with U.S. GAAP:

Goodwill – Codensa

Under Chilean GAAP, when we initially recorded the purchase of our interest in Codensa in 1997, the Company recognized a deferred balance, "Reorganization expenses - Codensa", and an Allowance for Doubtful Accounts in the opening balance sheet related to certain receivables that the Company and the acquiree agreed had previously been overvalued. Our deferred expenses under Chilean GAAP are disclosed in Note 14, Other Assets. Under U.S. GAAP, this amount should have been recognized as

goodwill and not a separate deferred balance. Further, this deferred balance was incorrectly expensed as reorganization expenses in 1999. Under U.S. GAAP, we have restated our previous results to include this balance in goodwill. This adjustment reflects the effect of the capitalization of the goodwill and the subsequent amortization recognized. Under U.S. GAAP, prior to the adoption of SFAS No. 142 effective January 1, 2002, goodwill was capitalized and amortized over a period not exceeding 40 years. After the adoption of SFAS No. 142, goodwill is no longer amortized, but tested for impairment at least annually.

ii. As described above (and Note 2), the Company made certain adjustments to its 2001 Chilean GAAP Statement of Cash Flows. The effect of the restatements on the U.S. GAAP 2001 Statement of Cash Flows is set forth in the table below:

US GAAP Cash flow provided by (used in)	Operating Activities	Financing Activities
	ThCh\$	ThCh\$
As previously reported	662,920,609	(61,414,127)
Price level restatement as of December 31, 2003	6,629,206	(614,141)
Subtotal	669,549,815	(62,028,268)
Interest payments	(85,953,318)	85,953,315
Settlement of forward exchange contracts	(17,470,297)	17,470,297
Subtotal	(103,423,615)	103,423,612
As restated	566,126,200	41,395,344

iii. In addition, as discussed in Note 19, Bonds Payable, the holders of our Series 3 Yankee Bonds had the option to require redemption of the bonds in December of 2003. The Company has made adjustments to its previously reported U.S. GAAP current and long-term liabilities to classify these bonds as current as of December 31, 2002. The effect of the restatements on the U.S. GAAP balance sheet as of December 31, 2002, is set forth in the table below:

US GAAP liabilities:	Current	Long-term
	ThCh\$	ThCh\$
As previously reported	2,122,819,104	5,347,252,501
Price level restatement as of December 31, 2003	21,228,191	53,472,525
Subtotal	2,144,047,295	5,400,725,026
Restatement to current	108,869,415	(108,869,415)
As restated	2,252,916,710	5,291,855,611

a. Inflation accounting

The cumulative inflation rate in Chile as measured by the Consumer Price Index for the three-year period ended December 31, 2003 was approximately 7.25%. Pursuant to Chilean GAAP, the Company's financial statements recognize certain effects of inflation. The inclusion of price-level adjustments in the accompanying consolidated financial statements is considered appropriate under the prolonged inflationary conditions affecting the Chilean economy even though the cumulative inflation rate for the last three years does not exceed 100%. As allowed pursuant to Item 17 c (iv) of Form-20-F the reconciliation included herein of consolidated net income, comprehensive income and shareholders' equity, as determined in accordance with U.S. GAAP, excludes adjustments attributable to the effect of differences between the accounting for inflation under Chilean GAAP versus U.S. GAAP.

b. Reversal of revaluation of property, plant and equipment

In accordance with standards issued by the SVS., certain property, plant and equipment are recorded in the financial statements at amounts determined in accordance with a technical appraisal. The difference between the carrying value and the revalued amount is included in shareholders' equity, beginning in 1989, in "Other reserves", and is subject to adjustments for price-level restatement and depreciation. Revaluation of property, plant and equipment is an accounting principle not generally accepted under U.S. GAAP, therefore, the effects of the reversal of this revaluation, as well as of the related accumulated depreciation and depreciation expense are included in paragraph (gg) below.

c. Depreciation of property, plant and equipment

Under Chilean GAAP, certain costs related to the cost of acquisition of Edesur S.A., at the time of the acquisitions in 1992 and 1994 by Distrilec Inversora S.A., were charged to earnings as incurred. Under U.S. GAAP, these costs would have been included in the purchase price and would have been allocated to the net assets acquired based upon fair values. For purposes of the reconciliation to U.S. GAAP, these costs were considered to be of part of property, plant, and equipment, the primary assets of Edesur S.A.

As discussed in paragraph (i), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchase price over the carrying value is recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchase price over the estimated fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. As part of the purchase of the majority ownership interest in Endesa-Chile, under U.S. GAAP, the cost of the purchase price would have been allocated to the fair value of property, plant and equipment.

The effect on shareholders' equity and net income for the years presented is included in paragraph (gg) below.

d. Intangibles

Under Chilean GAAP, the Company has recorded intangible assets (consisting mainly of rights of way) relating to the transfer of revalued assets which originate in the predecessor company, "Compañía Chilena de Distribución Eléctrica S.A." at the time of the Company's formation. Under U.S. GAAP, such intangible assets would have been recorded at the Predecessor Company's carrying values which was zero. The estimated aggregated amortization expense to be reversed for US GAAP purposes for each of the five succeeding fiscal years to be as follows:

Year	Amortization ThCh\$
2004	5,722,698
2005	5,248,917
2005	4,173,231
2007	2,160,654
2008	1,775,204

The effects of adjusting shareholders' equity for this intangible asset net of accumulated amortization, inclusive of accumulated price-level restatement, and net income for the annual amortization expense are included in paragraph (gg) below.

e. Deferred income taxes

Under Chilean GAAP, until December 31, 1999, deferred income taxes were recorded based on non-recurring timing differences between the recognition of income and expense items for financial statement and tax purposes. Accordingly, there was an orientation toward the income statement focusing on differences in the timing of recognition of revenues and expenses in pre-tax accounting income and taxable income. Chilean GAAP also permitted not providing for deferred income taxes where a deferred tax asset or liability, was either offsetting or not expected to be realized. Starting January 1, 2000, the Company recorded income taxes

in accordance with Technical Bulletin No. 60 of the Chilean Association of Accountants, recognizing, using the liability method, the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities. As a transitional provision, a contra (referred to as "complementary") asset or liability has been recorded offsetting the effects of the deferred tax assets and liabilities not recorded prior to January 1, 2000. Such complementary asset or liability are being amortized to income over the estimated average reversal periods corresponding to the underlying temporary differences to which the deferred tax asset or liability relates.

Under U.S. GAAP, companies must account for deferred taxes in accordance with SFAS No. 109, which requires an asset and liability approach for financial accounting and reporting of income taxes, under the following basic principles:

- A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and tax loss carryforwards.
- The measurement of deferred tax liabilities and assets is based on the provisions of the enacted tax law. The effects of future changes in tax laws or rates are not anticipated.
- The measurement of deferred tax assets are reduced by a valuation allowance, if, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax assets will not be realized.

Temporary differences are defined as any difference between the financial reporting basis and the tax basis of an asset and liability that at some future date will reverse, thereby resulting in taxable income or expense. Temporary differences ordinarily become taxable or deductible when the related asset is recovered or the related liability is settled. A deferred tax liability or asset represents the amount of taxes payable or refundable in future years as a result of temporary differences at the end of the current year.

The principal difference relates to the reversal of the complementary assets and liabilities recorded as a transitional provision for unrecorded deferred taxes as of January 1, 2000 and their corresponding amortization into income. The effect of these differences on the net income and shareholders' equity of the Company is included in paragraph (gg) below.

f. Severance indemnity

As described in Note 2 n, under the Company's employment contracts, it has committed to provide a lump sum payment to each employee at the end of their employment, whether due to death, termination, resignation or retirement. Those obligations are calculated based on the present value of the liability determined at each year-end based on the current salary, average service life of each employee and discounted at an interest rate determined every three years. The Company and certain of its subsidiaries used a discount rate of 9.5% for the years ended December 31, 2002 and 2003, and assumed an average service life which varies based upon years of service with the Company.

Under US GAAP, this arrangement is considered to be a termination indemnity plan and should therefore be accounted for in accordance with SFAS No. 87, "Employers' Accounting for Pensions". The liability would be measured at the actuarial present value as of the balance sheet of all benefits attributed by the severance indemnity benefit formula to employee service rendered prior to the balance sheet. The projected benefit obligation

is measured using assumptions as to future compensation levels. For U.S. GAAP purpose 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. Consequently, the discount rates to be applied for each of the years should have been 8.1% of 2001 and 6.5% for 2002. In practice, the Company believes that the salary progression rate will not differ significantly from the general inflation rate. In 2003 the Company for US GAAP purposes used 6.5% discount rate in according with the above guidance the impact of using the appropriate discount rates under US GAAP for 2001 and 2002 would have not resulting a material difference than the rate use in accordance with Chilean GAAP.

The Company recognizes actuarial gains and losses immediately for Severance indemnity plans for both Chilean GAAP and U.S. GAAP.

The effects of accounting for severance indemnity benefits under US GAAP have been presented in paragraph (gg).

g. Pension and post-retirement benefits

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:

- In 2000, the Company recorded its obligation for post-retirement benefits at our consolidated subsidiaries, Cerj and Coelce under Chilean GAAP. Technical Bulletin 8 allows the Company to record a transition asset for post-retirement benefits and pension obligations, as calculated under Chilean GAAP, and to amortize the amount, on a straight-line basis, for up to five years. The Company is amortizing this amount over a period of three years. Cerj and Coelce had adopted U.S. GAAP for external reporting purposes prior to 2000 and there was no remaining unamortized transition obligation. Therefore, the amortization that is appropriately being recorded under Chilean GAAP for the transition asset related to post-retirement benefits and pensions is reversed in our reconciliation to U.S. GAAP.
- 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 exceeds 10% of the higher of the projected benefit obligation or fair value of plan assets.
- Chilean GAAP recognizes an additional minimum liability, similar to that defined under SFAS 87, through the income statement. Under US GAAP if the amount of the additional minimum liability required to be recognized exceeds the unrecognized prior service costs, the excess shall be reported as a separate component within other comprehensive income net of any tax benefits, if no excess exists the additional minimum liability is recognized an intangible asset is recognized in respect of the prior service cost not get recognize.

The effects of accounting for post-retirement benefits under US GAAP have been presented in paragraph (gg).

h. Investments in related companies

The Company's equity share of the effect of the adjustments from Chilean GAAP to U.S. GAAP of equity accounted investees is included in

paragraph (gg) below. The principal U.S. GAAP adjustments affecting the Company's equity investees are as follows:

- (a) Reversal of complementary accounts (asset or liability) recorded as a transitional provision as of January 1, 2000.
- (b) Organizational costs deferred under Chilean GAAP that, under U.S. GAAP, should have been included in income.
- (c) For the year beginning January 1, 2001, the recording of derivative instruments in accordance with SFAS No. 133.
- (d) The deferred income tax effects of adjustments (b) and (c).

i. Goodwill and long-lived assets

- (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 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 (see Note 34 II (o)). 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 for 2002 are included in paragraph (gg) below.

Under Chilean GAAP, the Company has evaluated the carrying amount of goodwill net of negative goodwill for impairment. The measurement of the impairment loss was based on the fair value of the investment which the Company determined using a discounted cash flow approach and recent comparable transactions in the market. In order to estimate fair value, the Company made assumptions about future events that are highly uncertain at the time of estimation. The results of this analysis showed that the goodwill and negative goodwill associated with investments in Argentina and Brazil were impaired because estimated future discounted cash flows were not sufficient to recover goodwill and negative goodwill. During 2002, under Chilean GAAP the Company recorded a net charge related to its investments in Central Costanera S.A., Hidroeléctrica El Chocón S.A., Hidroinvest S.A., Lajas Inversora S.A., Central Eléctrica Cachoeira Dourada S.A., Cía. de Electricidade do Rio de Janeiro S.A., Coelce S.A., Distrelec Inversora S.A., Edesur S.A., and Investluz S.A., in the amount of ThCh\$238,798,904 net minority interest, to write-off all amounts of goodwill and negative goodwill.

In accordance with U.S. GAAP, the Company adopted SFAS No. 142 "Goodwill and Other Intangible Assets", (SFAS No. 142) as of January 1, 2002. SFAS 142 applies to all goodwill and intangible assets acquired in a business combination. Under the new standard, all goodwill, including that acquired before initial application of the standard, and indefinite-lived intangible assets are not amortized, as of the effective date but must be tested for impairment at least annually. The transitional impairment test required by the standard

was performed and no adjustment for impairment was required. However, based on subsequent testing of the Company's investments in Argentina and Brazil performed as of December 31, 2002, it was determined that these investments were impaired. The following net effects are included in the net income (loss) and shareholders' equity reconciliation to U.S. GAAP under paragraph (gg) below:

(a) the reversal of goodwill amortization related to reporting units that were not found to be impaired under U.S. GAAP for the year ended December 31, 2002, and adjustment of goodwill

amortization which is different in amount because of goodwill basis differences in 2001.

(b) the adjustment to record the reversal of the impairment recorded under Chilean GAAP during 2002, which is different in amount because of goodwill basis differences,

(c) the adjustment to record the impairment under US GAAP from investment in Argentina and Brazil.

The adjustment as of each year are as follows:

	As of December 31,		
	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Adjustment of goodwill amortization	(2,218,785)	54,467,593	51,133,050
Reversal of impairment record under Chilean GAAP		456,940,020	
Impairment of goodwill under US GAAP		(606,383,813)	
Totals	(2,218,785)	(94,976,200)	51,133,050

Had we adopted SFAS No 142 effective January 1, 2001 and accordingly not amortized goodwill for the years ended December 31, 2001 our net gain (loss) and basic income (loss) per share should have been as follows:

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	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Net income (loss) in accordance with U.S. GAAP before cumulative effect of change in accounting principle	(18,359,658)	(333,209,521)	29,268,881
Goodwill amortization under US GAAP add back	(83,600,896)	-	-
Adjusted net income (loss) in accordance with U.S. GAAP before cumulative effect of change in accounting principle	65,241,238	(333,209,521)	29,268,881

	2001	2002	2003
	Ch\$	Ch\$	Ch\$
Basic earnings per share:			
Net income (loss) in accordance with U.S. GAAP before effect of discontinued operations, and cumulative effect of change in accounting principle	(2.21)	(40.19)	1.45
Goodwill amortization under US GAAP add back	(10.08)	-	-
Adjusted net income (loss) in accordance with U.S. GAAP before effect cumulative effect of change in accounting principle	7.87	(40.19)	1.45

(ii) The company has considered important factors, which could trigger an impairment review, such as the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for our overall business; and
- Significant negative industry or economic trends

In accordance with SFAS No.121, "Accounting for the Impairment of Long-Lived Assets and for Long Lived Assets to Be Disposed Of" during 2001, which was superseded by SFAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets" beginning in 2002, the Company evaluates the carrying amount of property, plant and equipment and other long-lived assets, in relation to the operating performance and future undiscounted cash flows of the underlying business. These standards require that an impairment loss be recognized in the event that facts and circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment is recorded based on an estimate of future discounted cash flows, as compared to current carrying amounts. For the years ended December 31, 2001, 2002, and 2003, no additional amounts were recorded for impairment under U.S. GAAP, except for adjustments for this concept recorded under Chilean GAAP in the subsidiaries Centrais Eléctrica Cachoeira Dourada S.A. and Inmobiliaria Manso de Velasco Limitada, which are included in other non-operating expenses (see Note 23). This amounts are reclassified to operating income for US GAAP purposes.

j. Negative Goodwill

Under Chilean GAAP, the excess of the carrying value of the assets assumed in a business combination over the purchase price is recorded as negative goodwill. Circular No. 1358, dated December 3, 1997 issued by the SVS, extended the maximum amortization period of negative goodwill to 20 years from the previous 5 years. Under U.S. GAAP, the fair values of the assets acquired less the fair values of the liabilities assumed in excess of over the purchase price is allocated proportionately to reduce the values assigned to non-current assets. If the allocation reduces the non-current monetary assets to zero, the remainder of the excess is recorded as a deferred credit account called negative goodwill upon adoption of SFAS 142 in January 1, 2002 the excess will no longer be deferred but recognized immediately in income. The effect of reducing depreciation expense, due to the proportionate allocation of the excess purchase price to property, plant and equipment, as compared to the amortization of negative goodwill under Chilean GAAP and the reversal of negative goodwill write-offs described in paragraph (i), which did not meet the U.S. GAAP impairment criteria for long-lived assets under SFAS No. 144 described above, and updated amortization period under the Circular No. 1.358 are included in paragraph (gg) below.

k. Capitalized interest and exchange differences

In accordance with Chilean GAAP, the Company has capitalized both interest on debt directly related to property, plant and equipment under construction and finance costs corresponding to exchange differences generated by the loans associated with such assets. The capitalization of interest costs associated with projects under construction is optional when incurred on debt that is not directly related to such projects. The Company has optioned for not capitalizing indirect interest cost under Chilean GAAP.

Under U.S. GAAP, the capitalization of interest on qualifying assets under construction is required, regardless of whether interest is associated with

debt directly related to a project to the extent that interest cost would have been available if the project had not been done. In addition, under U.S. GAAP, foreign translation exchange differences may not be capitalized. The accounting differences between Chilean and U.S. GAAP for financing costs and the related depreciation expense are included in the reconciliation to U.S. GAAP under paragraph (gg) below.

l. Accumulated deficit during the development stage

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

m. Minimum dividend

As required by the Chilean Companies Act, unless otherwise decided by the unanimous vote of the holders of issued and subscribed shares, the Company must distribute a cash dividend in an amount equal to at least 30% of its net income for each year as determined in accordance with Chilean GAAP, unless and except to the extent the Company has unabsorbed prior year losses. Since the payment of the 30% dividend out of each year's income is required by Chilean law, an accrual was made in the reconciliation in paragraph (gg) below to reflect the unrecorded dividend liability for 2001.

In April 2002, the meeting of shareholders decided, that dividends would consist of the income from normal company operations defined as income before amortization of negative goodwill in the income statement. Therefore, the distributable profit at December 31, 2001 was zero, necessitating a reversal of the prior year accrual under U.S. GAAP.

n. Capitalized general and administrative expenses

Until 1993, Endesa-Chile capitalized a portion of its administrative and selling expenses as part of the cost of construction in progress because a substantial portion of the efforts of management were involved in the administration of major projects. Under U.S. GAAP, general and administrative expenses are charged to expense unless they can be directly identified with the supervision of the construction of specific projects. The effects of eliminating capitalized general and administrative expenses and the related depreciation for U.S. GAAP purposes are shown below under paragraph (gg).

o. Involuntary employee termination benefits

Under Chilean GAAP, the Argentine subsidiaries, Central Costanera and Hidroeléctricidad, recorded an accrual of certain involuntary employees termination benefits related to the restructuring plan announced in 1997. Since that date employees have continued to be made redundant pursuant to this plan. In accordance with U.S. GAAP, at that time in order to recognize a liability at the balance sheet date for the cost to terminate employees involuntarily, there must be a plan that specifically includes notification to employees prior to the balance sheet date. As of December 31, 2001, 2002 and 2003, this requirement had not been met. The net effect of eliminating the accrued liability recognized under Chile GAAP is presented in paragraph (gg) below.

p. Adjustment in selling price of investment

Under Chilean GAAP, pursuant to the share transaction contract entered into in 1995 between Endesa-Chile and Endesa Overseas Co. with Enersis

Intemational Limited, Chilectra S.A. and Chilectra Intemational Limited, Endesa Argentina recognized income related to an adjustment of the share purchase price. Under U.S. GAAP, the contingent price adjustment would be considered a part of the purchase price, and would therefore be offset against the amount of goodwill that was originally determined. As described in paragraph (i), the Company determined goodwill amounts recorded in investments in Argentina were impaired as of December 31, 2002, thus the adjustment in selling price of investment is a basis difference between Chilean and U.S. GAAP was eliminated after the impairment charge recorded in 2002. The effects of the adjustments to conform to U.S. GAAP are included under paragraph (gg) below.

q. Elimination of capitalized interest in Brazil

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 with credit against interest expense. Under U.S. GAAP, interest capitalized must be based on actual interest incurred, and as such the effects of the elimination of the interest capitalized to property, plant and equipment and the effects on depreciation expense are included in paragraph (gg) below.

r. Organizational and start-up costs

Certain costs related to the organization and creation of certain subsidiaries of the Company are deferred and capitalized under Chilean GAAP and amortized. Under U.S. GAAP, such organizational and start-up costs may not be deferred and must be included in income as incurred. The effects of the difference are included in paragraph (gg) below.

s. Translation of Financial Statements of Investments Outside of Chile

Under Chilean GAAP, in accordance with Technical Bulletin 64 ("B.T. 64") the financial statements of foreign subsidiaries that operate in countries exposed to significant risks ("unstable" countries), and that are not considered to be an extension of the parent company's operations, are remeasured into US dollars. The Company's foreign subsidiaries in Argentina, Perú, Brazil, and Colombia all meet the criteria of foreign subsidiaries that operate in countries exposed to significant risks under BT 64, and are remeasured into US dollars. The Company has remeasured its foreign subsidiaries into US dollars under this requirement as follows:

Monetary assets and liabilities are translated at year-end rates of exchange between the US dollar and the local currency.

All non-monetary assets and liabilities and shareholder's equity are translated at historical rates of exchange between the US dollar and the local currency.

Income and expense accounts are translated at average rates of exchange between the US dollar and local currency.

The effects of any exchange rate fluctuations between the local currency and the US dollar are included in the results of operations for the period.

Under BT 64, the investment in the foreign subsidiary is price-level restated, the effects of which are reflected in income, while the effects of the foreign exchange gains or losses between the Chilean Peso and the US dollar on the foreign investment measured in US dollars, are reflected in equity in the account "Cumulative Translation Adjustment".

The amount of foreign exchange gain (loss) included in income that is attributable to operations in unstable countries because these amounts have been remeasured into US dollars was ThCh\$23,479,750, ThCh\$181,846,422 and ThCh\$(67,511,676) for the years ended December 31, 2001, 2002 and 2003, respectively (See Note 24).

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 Item 17 b (iv) of Form 20-F.

t. Derivative instruments

Under Chilean GAAP, forward foreign exchange contracts and currency swaps are used to hedge existing balance sheet risks or "fair value" hedges, while interest swaps and collars are used to hedge against future transaction risks or "cash flow" hedges. Fair value hedges are recorded at fair values with losses recorded at the time of their estimation and gains deferred until the transaction date or to the extent losses have been previously recorded, while gains and losses from cash flow hedges are deferred as either an asset or a liability until the transaction date. The hedging criteria and documentation requirements under Chilean GAAP are less onerous than U.S. GAAP. Realized gains and losses are recorded in "Other non-operating income and expense".

Prior to January 1, 2001, under U.S. GAAP, contracts that were designated and effective as hedges of existing assets and liabilities were recorded at the closing spot exchange rate and included in earnings with the initial discount or premium amortized over the life of the contract as interest expense. However, contracts not designated or ineffective were recorded at fair value with the unrealized gains and losses recognized in income. For contracts with fair values different from the values of the contracts at the closing spot exchange rate, a difference between U.S. and Chilean GAAP resulted. The effects of the difference were not considered material to the consolidated financial statements and accordingly were not previously included in paragraph (gg) below.

Currently under U.S. GAAP, the accounting for derivative instruments is described in SFAS No. 133 "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS No. 133) and other complementary rules and amendments. SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate, and assess the effectiveness of transactions designated for hedge accounting.

The Company adopted SFAS No. 133, as amended, on January 1, 2001. SFAS No. 133 required that as of the date of initial adoption, the difference between the market value of derivative instruments recorded on the balance sheet and the previous carrying amount of those derivatives be reported in net income or other comprehensive income, as appropriate, as the cumulative effect of a change in accounting principle in accordance with

Accounting Principles Board Opinion No. 20, "Accounting Changes." SFAS No. 133 cannot be applied retroactively. SFAS No. 133 must be applied to (a) derivative instruments and (b) certain embedded derivative instruments. As permitted under this standard, the Company has applied SFAS No. 133 to only those embedded instruments that were issued, acquired, or substantively modified after January 1, 1999.

SFAS No. 133, in part, allows special hedge accounting for "fair value" and "cash flow" hedges. SFAS No. 133 provides that the gain or loss on a derivative instrument designated and qualifying as a "fair value" hedging instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk be recognized currently in earnings in the same accounting period. The accounting standard provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a "cash flow" hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The remaining gain or loss on the derivative instrument, if any, must be recognized currently in earnings. While the Company enters into derivatives for the purpose of mitigating its global financial and commodity risks, these operations do not meet the documentation requirements to qualify for hedge accounting under U.S. GAAP. Therefore changes in the respective fair values of all derivatives are reported in earnings when they occur.

Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not reflected in the financial statements. For U.S. GAAP purposes, certain implicit or explicit terms included in host contracts that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument, must be separated from the host contract and accounted for at fair value. The Company separately measures embedded derivatives as freestanding derivatives instruments at their estimated fair values recognizing changes in earnings when they occur.

Estimates of fair values of financial instruments for which no quoted prices or secondary market exists have been made using valuation techniques such as forward pricing models, present value of estimated future cash flows, and other modeling techniques. These estimates of fair value include assumptions made by the Company about market variables that may change in the future. Changes in assumptions could have a significant impact on the estimate of fair values disclosed. As a result such fair value amounts are subject to significant volatility and are highly dependent on the quality of the assumptions used.

The Company is also exposed to foreign currency risk arising from long-term debt denominated in foreign currencies, the majority of which is US dollar. This risk is partially mitigated, as a substantial portion of the Company's revenues are either directly or indirectly linked to the US dollar. Additionally, the Company records the foreign exchange gains and losses on liabilities related to net investments in foreign countries which are denominated in the same currency as the functional currency of those foreign investments. Such unrealized gains and losses are included in the cumulative translation adjustment account in shareholders' equity, and in this way act as a net investment hedge of the exchange risk affecting the investments (see Note 11 (c) and Note 22 (e) for further detail). 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.

The effect of adopting SFAS No. 133 as of January 1, 2001, resulted in a cumulative effect on net income of ThCh\$21,225,196 net of deferred taxes for ThCh\$47,041,680 and minority interest for ThCh\$63,247,656, which is presented under the caption "Cumulative effect of changes in accounting principles", the effects of the adjustment with respect to financial derivatives, commodity derivatives, and embedded derivatives for the year ended on December 31, 2001 is included in the net income and shareholders' equity reconciliation to U.S. GAAP under paragraph (gg) below.

u. Fair value of long-term debt assumed

As discussed in paragraph (i), under Chilean GAAP, assets acquired and liabilities assumed are recorded at their carrying value, and the excess of the purchased price over the carrying value are recorded as goodwill. Under U.S. GAAP, assets acquired and liabilities assumed are recorded at their estimated fair values, and the excess of the purchased price over the estimated fair value of the net identifiable assets and liabilities acquired are recorded as goodwill. As part of the purchase of the majority ownership interest in Endesa-Chile, under U.S. GAAP, the cost of the purchase price would have been allocated to the fair value of long-term debt. The effect on shareholder's equity and net income for the years presented is included in paragraph (gg) below.

v. Effects on US GAAP of sale of subsidiary Río Maipo

The adjustment of the net gain obtained from the sale of the subsidiary Compañía Eléctrica del Río Maipo S.A results from the reversal of the accumulated US GAAP adjustment at December 31, 2002. As explained in Note 11d) this subsidiary was sold in April 2003. The reversal of these adjustment increased by ThCh\$489,353 the gain obtained from the sale of this subsidiary.

The operating income generated by Río Maipo until disposal date amounted to ThCh\$2,759,358 (sales amounted to ThCh\$14,462,630 less cost of sales amounted to ThCh\$10,817,530 and administrative and selling expenses amounted to ThCh\$885,742) was reclassified from Non-operating income to Operating Income in accordance with US GAAP (see Note 37 II (k)).

The sales of subsidiaries Infraestructura 2000 and Canutillar Plan did not provide for any US GAAP difference adjustment.

w. Deferred income

During 2000, fiber optic cable was contributed to the Company in return for granting the contributing company access to the fiber optic network after installation in the Company's electricity distribution system. Under Chilean GAAP, the contributed assets were recorded at their fair market value, with a corresponding credit recognized as income in 2000. Under U.S. GAAP, the amount was deferred and amortize over the life of the related service contract. This adjustment reverses the gain under Chile GAAP and records the amortization of the deferred income recognized under U.S. GAAP. The effect on shareholders' equity and net income for the years presented is included in (gg) below.

x. Regulated assets and deferred costs

The electricity sector in Chile and other countries of operation in Latin America is regulated pursuant to the Chilean and other country electricity laws. Most of the Company's sales are subject to node price regulation, which is designed to ensure an adequate supply of energy at reasonable,

determined prices, which considers a variety of factors. The marginal cost pricing model is not solely based upon costs incurred by the Company, and as a result, the requirements of U.S. GAAP under SFAS No.71, "Accounting for the Effects of Certain Types of Regulation", related to a businesses whose rates are regulated are not applicable to the Company's financial statements, except for the Company's operations in Brazil as described below.

As a result of changes in Brazilian Electricity Laws and Regulations, the Company's distribution subsidiaries in Brazil, Companhia de Electricidad do Rio de Janeiro (Cerj) and Companhia Energética do Ceará (Coelce), are subject to the provisions of SFAS No. 71 beginning on January 1, 2001. With the new regulations issued by the National Agency of Electric Energy (ANEEL), the rate-setting structure in Brazil is now designed to provide recovery for allowable costs incurred, which will be recovered through future increases in energy tariffs in order to recover losses experienced during the period of Brazilian Federal Government mandated energy rationing from June 1, 2001 to December 31, 2001. The Company estimates remaining costs will be recovered over a period estimated of three years, from the balance date.

Accordingly, the Company capitalizes incurred costs as deferred regulatory assets when there is a probable expectation that future revenue equal to the costs incurred will be billed and collected as a direct result of the inclusion of the costs in an increased rate set by the regulator. The deferred regulatory asset is eliminated when the Company collects the related costs through billings to customers. ANEEL perform a rate review on an annual basis. If ANEEL excludes all or part of a cost from recovery, that portion of the deferred regulatory assets is impaired and is accordingly reduced to the extent of the excluded cost. The Company has recorded deferred regulatory assets, which it expects to pass on to its customers in accordance with and subject to regulatory provisions.

The regulations also included certain VPA costs, which are certain that each distribution company is permitted to defer and pass on the 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 uncertainly in the Brazilian economy, ANEEL delayed the approval of such VPA rate increases. An Executive Order in October 2001 created a tracking account mechanism, in order to calculate the variation in the VPA costs for future rate adjustment calculation purposes. The Company has not recognized any regulatory assets for VPA costs incurred prior to 2001, because costs incurred prior to January 1, 2001, are not recoverable through the tracking account.

Under Chilean GAAP, the Company recognized revenue and deferred costs related to the regulated assets. Under U.S. GAAP, in accordance with Emerging Issues Taskforce (EITF) No. 92-7, "Accounting by Rate Regulated Utilities for the Effects of Certain Alternate Revenue Programs", revenue amounts not expected to be collected within 24 months, have been deferred. The effect of deferring revenues expected to be collected after two years is included in (gg) below.

y. Reorganization of subsidiaries

Corresponds to the reorganization of the Company's subsidiaries Central Costanera and Central Buenos Aires (CBA) during 2001, in which Central Costanera acquired the minority interest in CBA from third parties and exchanged shares with Endesa Argentina. Under Chilean GAAP, the Company recorded the goodwill for the proportional minority interest acquired as the difference between the purchase price and the carrying

values of the assets acquired and liabilities assumed. Under U.S. GAAP, the proportional fair value of the assets acquired compared to the purchase price was recorded as goodwill. The effect on shareholders' equity is included in (gg) below.

z. Assets held for sale

Under Chilean GAAP the Company records divestitures of investments or assets in the year in which they occur. Under U.S. GAAP, in accordance with SFAS No. 144, long-lived assets for which there is a plan to sell the assets within the following year, shall be disclosed separately from the Company's other assets, provided all the criteria are met. Additionally, long-lived assets classified as held for sale must be measured at the lower of their carrying amount or fair value less cost to sell. Long-lived assets shall not be depreciated while they are classified as held for sale, while interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be accrued.

The Company's Board of Directors approved a plan to sell a number of the Company's assets during October 2002. The following assets to be sold meet the definition of, reporting units or long-lived assets held for sale:

- Compañía Eléctrica del Río Maipo S.A.
- Central Canutillar power plant
- Gas Atacama transmission lines
- CELTA transmission lines
- Infraestructura 2000 S.A.

The Company evaluated the carrying values of all assets held for sale, recording a loss to the extent that one of the assets' fair values less cost to sell was lower than the carrying value of those assets. Additionally, the Company ceased recording depreciation expense once the assets met the qualification criteria of held for sale, which varied from October to December 2002. The effect of these adjustments is included in the net income and shareholders' equity reconciliation to U.S. GAAP under paragraph (gg) below.

aa. Elimination of discontinued operations

Under Chilean GAAP, no restatement to the financial statement information presented in previous years is required after a divestiture has occurred. Under US GAAP, in accordance with SFAS No. 144, the discontinued operations of a component must be retroactively separated from the continuing operations of an entity, when the operations and cash flows of a component which will be eliminated from the ongoing operations of an entity as a result of a disposal transaction will not have any significant continuing involvement in the operations of a component after the disposal transaction.

The Company evaluated whether any of the assets held for sale met either criteria, noting that the transmission lines and power plant are not components, as they are included as a part of larger cash flow generating groups, and the operations of these assets cannot be separated from their respective groups. Additionally, Endesa-Chile plans to continue generating revenues from Canutillar through a purchase power agreement, management agreement, and a transmission leasing arrangement with the future buyer. Infraestructura 2000 S.A. meets the conditions for being classified as a discontinued operation, because it has distinct and separable financial results from operations and cash flows. As a result of the disposal the results of operations of the reporting unit have been eliminated from the ongoing operations of Enersis, as Enersis will not have any continuing

involvement in the operations of Infraestructura 2000 S.A. after its sale. The Rio Maipo facility was classified as “held for sale” on December 31, 2002. In April, 2003, the Company sold facility. In accordance with SFAS 144, the Company determined that the Rio Maipo did not meet the criteria to be classified as a discontinued operations as Enersis will have a significant continuing involvement through continuing sales to Rio Maipo’ though its subsidiary Endesa – Chile. The effect of restating discontinued operations is included in the net income reconciliation to U.S. GAAP under paragraph (gg) below.

bb. Effects of minority interest on the U.S. GAAP adjustments

The net income and shareholders’ equity under Chilean GAAP is adjusted at 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 effect of this adjustments is included in net income and shareholders’ equity reconciliation to US GAAP under paragraph (gg) below. 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.

cc. Extraordinary Items

In 2002, the Company incurred a Chilean GAAP extraordinary charge in accordance with Decree No. 1,949 of the Republic of Colombia for a tax that will be used for Colombia’s democratic security, as disclosed in Note 27 Extraordinary Items. Under U.S. GAAP, this charge is classified as income tax expense in accordance with SFAS 109, Accounting for Income Taxes (SFAS 109), as discussed in Note 37 II k) Reclassification to U.S. GAAP.

dd. Negative Goodwill CERJ

In January 2003, CERJ, one of our Brazilian subsidiaries approved a capital increase as a result of which our ownership interest in CERJ increases, as certain minority shareholders, including certain wholly owned subsidiaries of Endesa-Spain, Enersis ultimate parent company did not participate.

Under Chile GAAP in accordance with BT. No 42 and SVS Circular 368 the company recognized the value of the discount between the amount contributed and the underlying net book in the company was recognized as a negative goodwill, to be amortized over a 20 year period. In accordance the appropriate guidance, Enersis is allowed to fully amortized into income the amount of any negative goodwill, if during the first year subsequent to the capital increase the amount of the losses incurred by the subsidiary is in excess the amount of negative goodwill. During 2003, CERJ incurred losses in excess of the negative would recognized consequently Enersis fully amortized into income the negative goodwill originally recognized. Under US GAAP, the transaction would be considered a transaction between entities under common control in which the minority interest did not participate, consequently similar to the guidance in FTB No. 85-5, Issues Relating to Accounting for Business Combinations the transaction is accounted for as a recovery from the minority interest.. Consequently the amount of the discount under book value is accounted for directly as an increase of consolidated equity.

The effects in net income of the US GAAP adjustment are presented in note (gg) below

ee. Extinguishment of debt

In March 2003, certain bondholders were granted an option to exchange between November 1, and 15 2003 their bonds in exchange for shares of the Company at a fixed price of Ch 60.4202. Under Chile GAAP the transaction was accounted for as an exchange of debt for equity with the difference between the carrying amount of the debt and the strike price of the conversion recognized directly in equity a share premium. Under US GAAP the transaction should be recognized as an extinguishment of debt in accordance with APB No. 14, using as reacquisition price of the extinguished debt the value of the common issued or the value of the debt—whichever is more clearly evident, as Enersis stock is publicly trade the fair value of the shares is being considered to be more clearly evident. The average conversion price during November 2003, the conversion period was Ch 78 per share.

The effects in net income and shareholders’ equity of the US GAAP adjustment are presented in note (gg) below.

ff. Asset retirement obligations

Under Chilean GAAP, there is no requirement to record obligations associated with the retirement of tangible long-lived assets. Under U.S. GAAP, the Company adopted SFAS No. 143, “Accounting for Asset Retirement Obligations” effective January 1, 2003. Previously, the Company had not been recognizing amounts related to asset retirement obligations under U.S. GAAP.

SFAS No. 143 requires entities to record the fair value of a legal liability for an asset retirement obligation in the period of its inception. For the Company, such liabilities primarily relate to assets. The liability is recorded at its net present value with a corresponding increase in the carrying value of the related long-lived asset. The liability is accreted each period, representing the time value of money, and the capitalized cost is depreciated over the remaining useful life of the related asset.

As SFAS No. 143 required retrospective application to the inception of the liability, the effects of the adoption reflect the accretion and depreciation from the liability inception date through December 31, 2002. The cumulative effect of the change in accounting principle on prior years resulted in a charge to income of ThCh\$280,490 (net of income taxes and minority interest of ThCh\$150,612) (Ch\$0.03 per share) during the year ended December 31, 2003. The effect of the adoption of SFAS No. 143 on the year ended December 31, 2003 was to decrease net income in accordance with U.S. GAAP before the cumulative effect of the change in accounting principle by ThCh\$25,719 (net of income taxes and minority interest of ThCh\$12,760) (Ch\$0.001 per share). The effects of this U.S. GAAP adjustment on net income and shareholders’ equity are presented in note (gg) below.

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.

gg. Effect of conforming to U.S. GAAP

The reconciliation of reported net income required to conform with U.S. GAAP is as follows:

	As of December 31,		
	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Net income (loss) in accordance with Chilean GAAP	42,575,573	(225,985,568)	12,467,863
Reversal of amortization of revaluation of property, plant and equipment (paragraph b)	1,918,777	3,370,176	1,612,891
Depreciation of property, plant and equipment and difference in fixed assets value at acquisition date (paragraph c)	(1,863,883)	(5,510,241)	(2,405,077)
Amortization of intangibles (paragraph d)	192,945	123,058	123,058
Deferred income taxes (paragraph e)	(28,905,022)	(21,360,619)	9,181,675
Pension and post-retirement benefits (paragraph g)	3,776,020	23,361,327	11,856,234
Investments in related companies (paragraph h)	(18,300,848)	21,069,544	27,398,946
Amortization and impairment of goodwill (paragraph i)	(1,110,880)	(94,976,200)	51,138,178
Amortization of goodwill (paragraph i)	(1,107,905)	-	-
Amortization of negative goodwill (paragraph j)	(27,172,670)	(83,137,442)	(13,332,392)
Capitalized interest (paragraph k)	19,854,278	(25,528,504)	10,363,942
Depreciation capitalized interest (paragraph k)	(1,167,465)	2,454,240	(3,012,696)
Difference foreign exchange capitalized (paragraph k)	(13,750,019)	(9,780,446)	29,339,287
Accumulated deficit during the development stage (paragraph l)	(415,483)	(5,888,817)	(1,302,667)
Capitalized general and administrative expenses (paragraph n)	(128,237)	1,978,009	(2,252,144)
Involuntary employee termination benefits (paragraph o)	(8,885)	(350,560)	11,876
Adjustment in selling price of investment (paragraph p)	(77,193)	4,536,226	-
Elimination of amortization of capitalized legal reserve (paragraph q)	597,394	912,401	520,763
Amortization of organizational and start-up costs (paragraph r)	3,999,877	5,418,734	3,486,794
Derivative instruments operating income (paragraph t)	60,004,530	(51,878,218)	(163,699,107)
Derivative instruments non operating income (paragraph t)	5,837,022	(26,978,871)	24,344,422
Fair value of long-term debt assumed (paragraph u)	(175,971)	(92,475)	(64,682)
Sale of subsidiaries (paragraph v)	-	-	489,353
Deferred income (paragraph w)	167,073	277,577	119,722
Regulated assets (paragraph x)	(42,322,272)	(51,750,311)	57,517,976
Reorganization of subsidiaries (paragraph y)	-	(322,979)	(264,242)
Asset held for sale (paragraph z)	-	(896,113)	896,113
Reclassification of discontinued operations (paragraph aa)	(362,123)	(150,103)	(296,070)
Effects of minority interest on the U.S. GAAP adjustments (paragraph bb)	(4,245,704)	128,905,670	21,771,883
Effects of minority interest on the U.S. GAAP adjustments (paragraph bb)	853,973	-	-
Deferred tax effects on the U.S. GAAP adjustments	(17,309,814)	78,804,214	5,559,569
Extinguishment of debt (paragraph ee)	-	-	(17,703,656)
Reversal amortization of negative goodwill Cerj. (paragraph dd)	-	-	(34,517,091)
Staff severance indemnities (paragraph f)	-	-	174,385
Asset retirement cost - (paragraph ff)	-	-	(1,453)
Asset retirement obligations - liabilities (paragraph ff)	-	-	(43,389)
Net income (loss) in accordance with U.S. GAAP before effect of discontinued operations, and cumulative effect of change in accounting principle	(18,646,912)	(333,376,291)	29,480,264
Income from discontinued operations net of taxes and minority interest (paragraph aa)	287,254	166,770	69,107
Net income (loss) in accordance with U.S. GAAP before effect of cumulative effect of change in accounting principle	(18,359,658)	(333,209,521)	29,549,371
Cumulative effect of change in accounting principle, net of the tax and minority interest	21,225,195	-	(280,490)
Net income (loss) in accordance with U.S. GAAP	2,865,537	(333,209,521)	29,268,881
Other comprehensive income (loss):			
Cumulative translation adjustment determined under Chilean GAAP net of taxes and minority	19,653,919	20,802,883	(73,020,068)
Cumulative translation adjustment related to U.S GAAP adjustments net of taxes and minority interest	(3,007,132)	(12,276,027)	51,171,555
Comprehensive income (loss) in accordance with U.S.GAAP	19,512,324	(324,682,665)	7,420,368

The reconciliation to conform shareholders' equity amounts to U.S. GAAP is as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Shareholders' equity in accordance with Chilean GAAP	1,015,636,097	2,548,391,890
Reversal of revaluation of property, plant and equipment net of accumulated amortization revaluation of property, plant and equipment (paragraph b)	(14,292,454)	(12,160,106)
Depreciation of property, plant and equipment and difference in fixed asset value at acquisition date (paragraph c)	(3,095,667)	(7,821,500)
Intangibles (paragraph d)	(1,107,525)	(984,467)
Deferred income taxes (paragraph e)	(280,732,850)	(241,904,311)
Pension and post-retirement benefits assets long term (paragraph g)	(16,516,169)	-
Pension and post-retirement benefits liabilities long term (paragraph g)	(13,311,718)	(12,691,906)
Investments in related companies (paragraph h and paragraph z)	4,329,102	30,940,961
Goodwill (paragraph i)	234,348,121	280,623,341
Goodwill (paragraph i)	18,954,776	15,662,663
Goodwill gross amount (paragraph i)	4,410,196	4,410,196
Negative goodwill (paragraph j)	(301,274,313)	(395,338,766)
Capitalized interest (paragraph k)	62,343,128	60,073,352
Exchange difference (paragraph k)	(45,234,295)	(14,447,201)
Minimum dividend (paragraph m)	-	-
Capitalized general and administrative expenses (paragraph n)	(25,932,290)	(26,295,885)
Reversal of accrual of certain involuntary employee termination benefits (paragraph o)	93,627	88,476
Adjustment in selling price of investment (paragraph p)	-	-
Elimination of capitalized legal reserve (paragraph q)	(9,455,672)	(7,215,264)
Amortization organizational and start-up costs (paragraph r)	(38,058,571)	(27,650,297)
Derivative instruments (paragraph t)	151,399,321	(24,918,299)
Fair value of long-term debt assumed (paragraph u)	1,278,540	1,213,858
Reorganization of subsidiaries (paragraph y)	6,130,801	4,751,588
Asset held for sale (paragraph z)	(896,113)	-
Deferred income (paragraph w)	(3,471,483)	(2,720,428)
Regulated assets (paragraph x)	(98,077,436)	(22,722,716)
Effects of minority interest on the U.S. GAAP adjustments (paragraph bb)	227,423,329	233,609,202
Effects of minority interest on the U.S. GAAP adjustments (paragraph bb)	(14,610,341)	(12,072,781)
Elimination of result of discontinuing operations	732,011	-
Deferred tax effects on the U.S. GAAP adjustments	(2,742,970)	141,986,835
Staff severance indemnities (paragraph f)	-	174,385
Asset retirement cost (paragraph ff)	-	62,696
Asset retirement obligations - liabilities (paragraph ff)	-	(524,556)
Shareholders' equity in accordance with U.S. GAAP	858,269,182	2,512,520,960

The changes in shareholders' equity in U.S. GAAP as of each year-end are as follows:

	2002	2003
	ThCh\$	ThCh\$
	As restated	
Shareholders equity in accordance with U.S. GAAP - January 1	1,170,179,175	858,269,182
Reversal of minimum dividend payable as of previous balance sheet date (m)	12,772,672	-
Negative goodwill Cerj (paragraph dd)	-	34,517,091
Extinguishment of debt (paragraph ee)	-	17,703,656
Cumulative translation adjustment	8,526,856	(21,848,513)
Capital increase	-	1,594,610,663
Net income (loss) in accordance with U.S. GAAP for the year	(333,209,521)	29,268,881
Shareholders equity in accordance with U.S.GAAP-December 31	858,269,182	2,512,520,960

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, 2002 and 2003, respectively:

	2002	2003
	ThCh\$	ThCh\$
Goodwill	1,247,825,338	1,682,402,179
Less: accumulated amortization	(391,836,704)	(902,004,961)
Goodwill, net	855,988,634	780,397,218
Negative goodwill	(346,245,075)	(446,721,526)
Less: accumulated amortization	250,120,396	367,486,894
Negative goodwill, net	(96,124,680)	(79,234,632)

b. Basis and diluted earnings per share:

	For the year ended December 31,		
	2001	2002	2003
	Ch\$	Ch\$	Ch\$
Chilean GAAP (loss) earnings per share	5.13	(27.26)	0.61
U.S. GAAP (loss) earnings per share:			
U.S. GAAP (loss) earnings per share before effect of discontinued operations and cumulative effect of change in accounting principle	(2.24)	(40.21)	1.44
Discontinued operations (net of tax)	0.03	0.02	0.003
U.S. GAAP (loss) earnings per share before effect of cumulative effect of change in accounting principle	(2.21)	(40.19)	1.44
Cumulative effect of change in accounting principle (net of tax)	2.56	-	(0.01)
Basic and diluted U.S. GAAP (loss) earnings per share	0.35	(40.19)	1.43
Total number of common outstanding shares at December 31,	8,291,020	8,291,020	32,651,166
Weighted average number of common shares outstanding (000's)	8,291,020	8,291,020	20,471,093

(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 a follows:

	2001						
	Chile	Argentina	Perú	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax provision under Chilean GAAP							
Current income taxes as determined under Chilean GAAP (1)	(14,215,006)	(45,655,129)	(8,294,461)	(22,887,411)	(31,814,033)	(72,499)	(122,938,539)
Deferred income taxes as determined under Chilean GAAP	(6,123,588)	(2,421,935)	(13,305,356)	13,814,973	(174,193)	-	(8,210,099)
Total income tax provision under Chilean GAAP	(20,338,594)	(48,077,064)	(21,599,817)	(9,072,438)	(31,988,226)	(72,499)	(131,148,638)
U.S. GAAP adjustments:							
Deferred tax effect of applying SFAS No. 109	(1,004,780)	(23,621,204)	(696,907)	(3,416,340)	(165,791)	-	(28,905,022)
Deferred tax effect of adjustments to U.S. GAAP	3,126,564	(3,063,845)	784,668	6,442,004	(24,599,205)	-	(17,309,814)
Deferred tax effect of cumulative effect of change in accounting principle	1,859,794	(41,945,155)	(216,491)	205,276	(6,945,105)	-	(47,041,681)
Total U.S. GAAP adjustments:	3,981,578	(68,630,204)	(128,730)	3,230,940	(31,710,101)		(93,256,517)
US GAAP reclassifications (2)				8,197,975			8,197,975
Total Income tax provision under U.S. GAAP	(16,357,016)	(116,707,268)	(21,728,547)	2,356,477	(63,698,327)	(72,499)	(216,207,180)
	2002						
	Chile	Argentina	Perú	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax provision under Chilean GAAP							
Current income taxes as determined under Chilean GAAP	(13,425,130)	62,744	(12,787,952)	(2,628,912)	(45,700,626)	-	(74,479,876)
Deferred income taxes as determined under Chilean GAAP	(3,246,886)	34,416,658	(30,625,633)	5,938,454	1,320,128	-	7,802,721
Total income tax provision under Chilean GAAP	(16,672,016)	34,479,402	(43,413,585)	3,309,542	(44,380,498)		(66,677,155)
U.S. GAAP adjustments:							
Deferred tax effect of applying SFAS No. 109	(2,321,768)	30,730,636	(21,703,800)	(24,542,702)	(3,522,985)	-	(21,360,619)
Deferred tax effect of adjustments to U.S. GAAP	13,349,961	(13,924,852)	21,801,269	20,567,000	37,010,836	-	78,804,214
Total U.S. GAAP adjustments:	11,028,193	16,805,784	97,469	(3,975,702)	33,487,851		57,443,595
US GAAP reclassifications (2)	296,480			6,155,018	(22,599,396)		(16,147,898)
Total Income tax provision under U.S. GAAP	(5,347,343)	51,285,186	(43,316,116)	5,488,858	(33,492,043)		(25,381,458)
	2003						
	Chile	Argentina	Perú	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Income tax provision under Chilean GAAP							
Current income taxes as determined under Chilean GAAP	(28,348,929)	-	(14,649,203)	(8,938,095)	(48,816,949)	-	(100,753,176)
Deferred income taxes as determined under Chilean GAAP	23,735,924	20,598,165	(15,627,624)	29,871,477	604,518	-	59,182,460
Total income tax provision under Chilean GAAP	(4,613,005)	20,598,165	(30,276,827)	20,933,382	(48,212,431)		(41,570,716)
U.S. GAAP adjustments:							
Deferred tax effect of applying SFAS No. 109	5,697,010	(1,890,566)	5,323,258	51,973	-	-	9,181,675
Deferred tax effect of adjustments to U.S. GAAP	(4,667,672)	57,850,670	(18,544,339)	(26,290,516)	(2,788,575)	-	5,559,568
U.S. GAAP reclassifications (2)	97,540	-	-	4,983,047	-	-	5,080,587
Total U.S. GAAP adjustments:	1,126,878	55,960,104	(13,221,081)	(21,255,496)	(2,788,575)		19,821,830
Total Income tax provision under U.S. GAAP	(3,486,127)	76,558,269	(43,497,908)	(322,114)	(51,001,006)		(21,748,886)

(1) The income tax provisions under Chilean GAAP for the years ended December 31, 2001 are stated net of income tax recovery of ThCh\$8,116,807.

(2) US GAAP reclassifications are tax related expenses under Chilean GAAP are classified as non-operating expenses, but under US GAAP would be classified as income taxes.

Deferred tax assets (liabilities) as of balance sheet dates are summarized as follows:

	2002			2003		
	SFAS No. 109 Applied to Chilean GAAP Balances	SFAS No. 109 applied to U.S. GAAP Adjustments	Total Deferred Taxes under SFAS No. 109	SFAS No. 109 Applied to Chilean GAAP Balances	SFAS No. 109 applied to U.S. GAAP Adjustments	Total Deferred Taxes under SFAS No. 109
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Deferred income tax assets						
Property, plant and equipment	6,092,340	13,976,184	20,068,524	6,886,897	3,471,272	10,358,169
Regulated assets and related deferred cost (companies in Brazil)	-	33,346,329	33,346,329	-	7,725,723	7,725,723
Negative goodwill	-	22,369,938	22,369,938	-	9,515,638	9,515,638
Allowance for doubtful accounts	32,539,943	-	32,539,943	28,445,827	-	28,445,827
Actuarial deficit (companies in Brazil)	6,834,095	-	6,834,095	12,350,395	-	12,350,395
Deferred income	2,773,552	1,180,304	3,953,856	6,854,533	924,944	7,779,477
With-holdings	3,285,278	-	3,285,278	10,253,712	-	10,253,712
Provision real estate projects	2,682,607	-	2,682,607	3,252,026	-	3,252,026
Derivative contracts	590,842	9,088,367	9,679,209	305,207	4,281,408	4,586,615
Severance indemnities	5,301	419,419	424,720	-	-	-
Vacation accrual	1,223,410	-	1,223,410	769,811	-	769,811
Post retirement benefits	1,643,609	10,959,331	12,602,940	3,226,745	5,418,377	8,645,122
Tax loss carryforwards (1)	117,632,905	-	117,632,905	140,743,998	-	140,743,998
Contingencies	51,441,049	-	51,441,049	52,914,563	-	52,914,563
Finance costs	118,204	-	118,204	-	-	-
Salaries for construction-in progress	3,966,075	5,639,274	9,605,349	-	1,574,341	1,574,341
Exchange difference -subsidiaries	5,207,034	-	5,207,034	3,642,557	-	3,642,557
Valuation allowance	(3,483,390)	-	(3,483,390)	(2,619,849)	(1,026,722)	(3,646,571)
Others	-	-	-	-	135,981	135,981
Total deferred income tax assets	232,552,854	96,979,146	329,532,000	267,026,422	32,020,962	299,047,384
Deferred income tax liabilities						
Property, plant and equipment	463,864,534	5,281,301	469,145,835	378,897,544	(131,867,382)	247,030,162
Severance indemnities	822,383	-	822,383	948,245	29,646	977,891
Regulated assets	3,866,280	-	3,866,280	15,451,651	-	15,451,651
Actuarial deficit (companies in Brazil)	2,324,725	-	2,324,725	-	-	-
Finance costs	13,893,414	-	13,893,414	10,638,763	-	10,638,763
Derivative contracts	-	70,442,401	70,442,401	965,095	311,282	1,276,377
Bond discount	1,890,351	-	1,890,351	1,855,600	-	1,855,600
Cost of studies	8,052,280	-	8,052,280	7,980,878	-	7,980,878
Imputed interest on construction	4,912,067	-	4,912,067	4,550,251	-	4,550,251
With-holdings	200,624	-	200,624	-	-	-
Materials used	1,097,152	-	1,097,152	3,716,538	-	3,716,538
Hid. El Chocón investment	2,926,769	-	2,926,769	2,725,964	-	2,725,964
Capitalized expenses	3,921,901	-	3,921,901	5,906,694	-	5,906,694
Capitalized interest	-	21,105,052	21,105,052	-	19,462,302	19,462,302
Post retirement benefits	1,043	530,557	531,600	-	1,325,219	1,325,219
Contingencies	13,905,137	-	13,905,137	3,007,781	-	3,007,781
Others	-	2,362,805	2,362,805	-	773,060	773,060
Differences between the financial and tax value of Río Maipo S.A.	1,489,974	-	1,489,974	-	-	-
Total deferred income tax liabilities	523,168,634	99,722,116	622,890,750	436,645,004	(109,965,873)	326,679,131
Net deferred assets (liabilities)	(290,615,780)	(2,742,970)	(293,358,750)	(169,618,582)	141,986,835	(27,631,747)

(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.

A reconciliation of the Chilean Statutory Income Tax rate to the Company's effective tax rate on net income is as follows:

	2001						
	Chile	Argentina	Perú	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Statutory Chilean tax	(35,559,239)	(33,377,079)	(8,345,121)	757,531	(19,963,764)	32,899,600	(63,588,072)
Effect of higher foreign tax rates	-	(64,286,128)	(16,626,493)	(1,657,047)	(30,400,164)	6,625,823	(106,344,009)
Increase (decrease) in rates resulting from:							
Price-level restatement not accepted for tax purposes	(10,939,483)	476,112	477,541	1,166,548	(15,126,317)	-	(23,945,598)
Non-taxable items	20,057,025	(13,024,156)	(4,736,306)	(95,619)	-	(39,525,423)	(37,324,479)
Non-deductible items (2)	24,413,911	(20,534,132)	7,649,848	319,665	726,865	-	12,576,157
Prior years income tax	(2,006,509)	-	(405,301)	2,185,396	-	-	(226,414)
Effect of Chilean tax rate increase	(8,294,744)	-	-	-	-	-	(8,294,744)
Other	(4,027,977)	14,038,115	257,284	(8,517,972)	1,065,053	(72,499)	2,742,004
US GAAP reclassifications (1)				8,197,975			8,197,975
Tax expense at effective tax rate	(16,357,016)	(116,707,268)	(21,728,547)	2,356,477	(63,698,327)	(72,499)	(216,207,180)

	2002						
	Chile	Argentina	Perú	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Statutory Chilean tax	67,168,315	(167,432)	(13,114,914)	74,751,569	(6,834,175)		121,803,363
Effect of higher foreign tax rates (3)	(430,542)	(198,824)	(14,344,438)	58,337,620	6,969,289		50,333,105
Increase (decrease) in rates resulting from:							
Price-level restatement not accepted for tax purposes	(6,897,315)	23,588,346	(571,201)	(1,951,871)	(13,678,525)		489,434
Non-taxable items	1,281,470	(7,906,847)	(8,395,157)	(44,416,218)	201		(59,436,551)
Non-deductible items (2)	(65,503,689)	35,639,598	(7,057,169)	(88,139,584)	4,098,513		(120,962,331)
Prior years income tax	(2,696,489)		(1,368,126)		514,748		(3,549,867)
Other	1,434,427	330,345	1,534,889	752,324	(1,962,698)		2,089,287
US GAAP reclassifications (1)	296,480			6,155,018	(22,599,396)		(16,147,898)
Tax (benefit) expense at effective tax rate	(5,347,343)	51,285,186	(43,316,116)	5,488,858	(33,492,043)	-	(25,381,458)

	2003						
	Chile	Argentina	Perú	Brazil	Colombia	Other	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Statutory Chilean tax	(54,608,415)	28,242,985	(12,716,631)	8,189,725	(12,546,195)		(43,438,531)
Effect of higher foreign tax rates (3)	(1,229,007)	32,016,055	(13,090,131)	14,397,858	(16,728,261)		15,366,514
Increase (decrease) in rates resulting from:							
Price-level restatement not accepted for tax purposes	7,796,437	(16,232,476)	(1,397,456)	(1,932,546)	146,194		(11,619,847)
Non-taxable items	21,941,298	35,741,549	5,162,000	(1,160,034)	16,962,743		78,647,556
Non-deductible items (2)	25,352,956	(2,310,618)	(19,606,532)	(23,875,022)	(36,081,848)		(56,521,064)
Prior years income tax	(1,381,708)	-	(355,686)	-	-		(1,737,394)
Other	(1,455,228)	(899,226)	(1,493,472)	(925,142)	(2,753,639)		(7,526,707)
US GAAP reclassifications (1)	97,540			4,983,047			5,080,587
Tax (benefit) expense at effective tax rate	(3,486,127)	76,558,269	(43,497,908)	(322,114)	(51,001,006)	-	(21,748,886)

(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.

(3) This amount represents the foreign tax rate applied certain branches opened in 2002 that are taxed outside Chile eventhough.

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 State
- 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 electric-related supplies and equipment. The Company's reportable segments are strategic business units that offer different products and services and are managed separately. The methods of revenue recognition by segment are as follows:

- **Generation**

Revenue is recognized when energy and power output is delivered and capacity is provided at rates specified under contract terms or prevailing market rates.

- **Distribution - Operating Revenues**

Revenue is recognized when energy and power is provided at rates specified under contract terms or prevailing market rates.

- **Distribution - Non Operating Revenues**

Revenue is recognized as services are provided, such as public light posts, telephone poles, and other services related to distribution services.

- **Engineering Services and Real Estate**

Revenue is recognized as services are provided, or when projects are sold.

- **Corporate and Other**

Revenue is recognized as services are provided, or when supplies or equipment are sold.

The following segment information has been disclosed in accordance with U.S. reporting requirements, however, the information presented has been determined in accordance with Chilean GAAP:

	2001					
	Generation	Distribution	Engineering services and real estate	Corporate and other	Eliminations	Consolidated
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales to unaffiliated customers	844,506,320	2,147,389,446	35,397,122	62,681,681	-	3,089,974,569
Intersegment sales	211,225,793	44,142,772	28,620,014	30,868,358	(314,856,938)	-
Total revenues	1,055,732,113	2,191,532,218	64,017,136	93,550,039	(314,856,938)	3,089,974,569
Operating income	351,454,915	390,365,680	10,234,607	(4,590,746)	14,624,750	762,089,205
Participation in net income of affiliate companies	(10,458,607)			(347,178)		(10,805,785)
Depreciation and amortization	150,676,964	262,879,718	1,253,711	57,056,905	(269,097)	471,598,201
Identifiable assets including investment in related companies	6,425,187,081	6,373,163,204	136,740,449	4,995,187,129	(5,042,880,558)	12,887,397,305
Capital expenditures	(53,502,146)	(290,870,798)	(419,649)	(176,680)		344,969,273
	2002					
	Generation	Distribution	Engineering services and real estate	Corporate and other	Eliminations	Consolidated
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales to unaffiliated customers	731,955,841	1,729,173,357	34,499,156	15,103,598		2,510,731,952
Intersegment sales	215,524,302	50,558,319	71,877,991	43,288,180	(381,248,793)	
Total revenues	947,480,143	1,779,731,676	106,377,147	58,391,778	(381,248,793)	2,510,731,952
Operating income	339,988,226	185,330,075	13,513,095	(112,154)	(748,437)	537,970,805
Participation in net income of affiliate companies	8,627,162			(280,742)		8,346,420
Depreciation and amortization	223,572,979	517,672,939	1,425,329	111,930,386	12,944,753	867,546,386
Identifiable assets including investment in related companies	6,589,443,410	6,118,309,478	142,194,426	4,337,837,501	(4,449,925,195)	12,737,859,620
Capital expenditures	136,206,696	183,677,826	762,643	447,432		321,094,597
	2003					
	Generation	Distribution	Engineering services and real estate	Corporate and other	Eliminations	Consolidated
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Sales to unaffiliated customers	643,554,766	1,591,449,768	38,357,529	10,585,159	-	2,283,947,222
Intersegment sales	276,726,632	12,397,751	64,694,441	39,029,949	(324,462,615)	68,386,158
Total revenues	920,281,398	1,603,847,519	103,051,970	49,615,108	(324,462,615)	2,352,333,380
Operating income	338,510,897	184,150,775	12,880,852	(5,078,576)	633,736	531,097,684
Participation in net income of affiliate companies	17,369,712	-	-	147,084	-	17,516,796
Depreciation and amortization	167,081,095	208,174,509	1,466,036	32,329,497	-	409,051,137
Identifiable assets including investment in related companies	5,465,335,840	5,206,741,058	147,442,898	3,897,847,886	(3,984,620,715)	10,732,746,967
Capital expenditures	131,139,818	126,927,756	527,549	190,525	-	258,785,648

A summary of activities by geographic area is as follows:

	Chile	Argentina	Perú	Brazil	Colombia	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
2001						
Total revenues	813,163,450	835,626,392	268,144,033	698,574,698	474,465,995	3,089,974,569
Long lived assets (net) (1)	2,389,497,306	1,578,515,030	1,185,701,940	1,963,493,584	2,604,092,296	9,721,300,156
2002						
Total revenues	807,456,701	300,610,346	295,351,398	630,532,907	476,780,600	2,510,731,952
Long lived assets (net) (1)	2,398,481,937	1,567,339,505	1,248,150,159	2,060,027,668	2,704,253,496	9,978,252,765
2003						
Total revenues	854,422,820	292,342,045	249,728,449	550,603,624	405,236,442	2,352,333,380
Long lived assets (net) (1)	2,136,131,207	1,219,885,731	999,287,802	1,596,985,069	2,144,070,701	8,096,360,510

(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, 2001, 2002 and 2003.

f. Schedule of debt maturity:

Following is a schedule of debt maturity in each of the next five years and thereafter:

	ThCh\$
2004	521,267,537
2005	177,433,204
2006	671,698,377
2007	347,306,127
2008	470,030,250
Thereafter	1,617,016,564
Total	3,804,752,059

g. Disclosure regarding interest capitalization:

	Year ended December 31,		
	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Interest expense incurred	461,793,511	450,524,679	420,432,628
Interest capitalized under Chilean GAAP	24,492,823	19,662,407	10,479,354
Interest capitalized under U.S. GAAP	29,429,617	23,893,073	15,663,609

(h) Cash flow information:

(i) The statement of cash flows under Chile GAAP differs in certain respects from the presentation of a statement of cash flow under U.S. GAAP as follows:

	Year ended December 31,		
	2001 Restated	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Cash provided by operating activities under Chilean GAAP Development stage companies	566,126,200 1,316,935	634,060,155	574,476,970
Cash provided by (used in) operating activities under U.S. GAAP	567,443,135	634,060,155	574,476,970
Cash provided by (used in) financing activities under Chilean GAAP Development stage companies	(137,545,216) (995,575)	(287,890,263)	(435,757,575)
Cash provided by (used in) financing activities under U.S. GAAP	(138,540,791)	(287,890,263)	(435,757,575)
Cash provided by (used in) investing activities under Chilean GAAP Development stage companies Time deposits (1)	(329,735,425) (314,002)	(340,247,545) (10,278,615)	88,375,398
Cash provided by (used in) investing activities under U.S. GAAP	(330,049,427)	(350,526,160)	88,375,398

(1) Time deposits with maturities longer than 90 days.

(ii) Cash and cash equivalents includes all highly liquid debt instruments purchased with an original maturity of three months or less:

	Year ended December 31,		
	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Cash	38,025,284	48,666,727	26,370,232
Time deposits	179,894,366	147,083,163	256,129,167
Marketable securities	200,230	1,558,723	11,150,635
Other current assets	1,885,996	26,094,984	37,350,791
Total cash and cash equivalents under Chilean GAAP	220,005,877	223,403,597	331,000,825
Time deposits with maturities longer than 90 days	-	10,278,615	-
Total cash and cash equivalents under US GAAP	220,005,877	233,682,212	331,000,825

(iii) Additional disclosures required under U.S. GAAP are as follows:

	Years ended December 31,		
	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Interest paid during the year	409,290,777	460,105,547	392,987,628
Income taxes paid during the year	133,520,396	137,777,819	396,388,375
Assets acquired under capital leasing	240,976	-	-

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, 2002 and 2003 for which it is practicable to estimate that value:

- **Cash**

The fair value of the Company's cash is equal to its carrying value.

- **Time deposits**

The fair value of time deposits approximates carrying value due to the relatively short-term nature.

- **Marketable securities**

The fair value of marketable securities is based on quoted market prices of the mutual money market funds held and approximates carrying value.

- **Long-term accounts receivable**

The fair value of long-term accounts receivable was estimated using the interest rates that are currently offered for loans with similar terms and remaining maturities.

- **Long-term debt**

The fair value of long-term debt was based on rates currently available to the Company for debt with similar terms and remaining maturities.

- **Derivative instruments**

Estimates of fair values of derivative instruments for which no quoted prices or secondary market exists have been made using valuation techniques such as forward pricing models, present value of estimated future cash flows, and other modeling techniques. These estimates of fair value include assumptions made by the Company about market variables that may change in the future. Changes in assumptions could have a significant impact on the estimate of fair values disclosed. As a result such fair value amounts are subject to significant volatility and are highly dependent on the quality of the assumptions used.

The estimated fair values of the Company's financial instruments compared to Chilean GAAP carrying amounts are as follows:

	2001		2002		2003	
	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash	38,025,284	38,025,284	48,666,727	48,666,727	26,370,232	26,370,232
Time deposits	179,894,366	179,894,366	147,083,163	147,083,163	256,254,606	256,254,606
Marketable securities	205,103	205,103	1,558,723	1,558,723	11,155,741	11,155,741
Accounts receivable	555,751,482	555,751,482	463,428,121	463,428,121	467,170,365	467,170,365
Notes receivable, net	12,138,388	12,138,388	5,182,662	5,182,662	8,362,627	8,362,627
Other accounts receivable, net	66,544,701	66,544,701	63,403,857	63,403,857	94,194,266	94,194,266
Amounts due from related companies	190,574,244	190,574,244	198,259,972	198,259,972	146,163,958	146,163,958
Long-term accounts receivable	102,922,598	102,922,598	127,109,018	127,109,018	127,935,044	127,935,044
Accounts payable and other	(268,624,170)	(268,624,170)	(238,996,489)	(238,996,489)	(218,602,775)	(218,602,775)
Notes payable	(282,189,682)	(282,189,682)	(227,976,962)	(227,976,962)	(166,413,047)	(166,413,047)
long-term debt	(6,294,849,228)	(6,253,197,087)	(6,441,166,465)	(6,406,158,889)	(3,804,752,059)	(3,934,702,914)
Derivatives instruments	(80,782,182)	131,689,145	129,973,402	129,973,402	(735,991)	(735,991)

j. Derivative instruments

The Company is exposed to the impact of market fluctuations in the price of electricity, primary materials such as natural gas, petroleum, coal, and other energy-related products, interest rates, and foreign exchange rates. The Company employs policies and procedures to manage its risks associated with these market 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 does not have the appropriate documentation in place to designate contracts as hedges of a forecasted transaction or future cash flows (cash flow hedge) or as a hedge of a recognized assets, liability or firm commitment (fair value hedge).

The Company has classified its derivatives into the following general categories: commodity derivatives, embedded derivatives, and financial derivatives. Certain energy and other contracts for the Company's operations in Chile are denominated in the US dollar. According to SFAS No. 133, an embedded foreign currency derivative should be separated from the host contract because none of the applicable exclusions are met (See Embedded Derivative Contracts below). For purposes of evaluating the functional currency of the Company's subsidiaries in Argentina, Perú, Brazil, and Colombia, the Company applied BT 64, consistent with the methodology described in 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 adjustment to fair values for all identified derivative contracts as of December 31, 2002 and 2003.

	2003		
	Distribution	Generation	Total
	ThCh\$	ThCh\$	ThCh\$
Embedded derivatives	(11,088,082)	208,326,850	197,238,768
Financial derivatives	(28,717,230)	(17,122,217)	(45,839,447)
	(39,805,312)	191,204,633	151,399,321
Investment in related companies	-	7,725,718	7,725,718
Derivative instruments U.S.GAAP Shareholders equity adjustment	(39,805,312)	198,930,351	159,125,039

	2003		
	Distribution	Generation	Total
	ThCh\$	ThCh\$	ThCh\$
Embedded derivatives	(1,481,950)	(7,095,906)	(8,577,856)
Financial derivatives	(13,418,260)	(2,922,182)	(16,340,442)
	(14,900,210)	(10,018,088)	(24,918,298)
Investment in related companies		36,864,544	36,864,544
Derivative instruments U.S.GAAP Shareholders equity adjustment	(14,900,210)	26,846,456	11,946,246

Certain Company's generation and distribution commodity contracts could be seen as contracts that meet the definition of a derivative under SFAS No. 133 and would be required to be accounted for at fair value. These conditions are (i) have an underlying, which is the market price of power at the delivery location and a notional amount specified in the contract; (ii) have no initial payment on entering into the contract; and (iii) have a net settlement provision or have the characteristic of net settlement because power is readily convertible to cash, as it is both fungible and actively traded in the country of generation or country of distribution.

The Company assessed that its commodity contracts that are requirements contracts do not meet the above definition because the contracts do not have notional amounts, as they only have maximum amounts or no specified amounts, and do not include an implicit or explicit minimum amount in a settlement or a default clause. A requirements contract allows the purchaser to use as many units of power as required to satisfy its actual needs for power during the period of the contract, and the party is not permitted to buy more than its actual needs.

The Company concluded that all of its power is readily convertible to cash as energy is actively traded, or the Company has access, to markets where energy is actively traded. However, only certain participants have access to the energy markets, thus determination as to whether energy could be considered readily convertible to cash was analyzed on a country by country basis. Currently, Chilean distributors do not have access to the Chilean spot market, however this could change in the future if energy regulations are changed. The Company has also concluded that multiple-delivery long-term power contracts meet the net settlement characteristic. Management multiple-delivery long-term power contracts are readily convertible to cash because the Company operates in countries with active spot markets, that although they contain varying levels of liquidity, can rapidly absorb the contract's quantities at each delivery date without significantly affecting the price, and thus meet the definition of net settlement, consequently these contracts are accounted for as derivatives that under SFAS No.133.

Because both the purchases and sales interconnection contracts are for periods up to 20 years in complex markets, where no similar term forward market information is available, the Company has estimated such values based on the best information available, including using modeling and other valuation techniques. The Company has recorded the best estimate of fair value, however with different assumptions such as interest rates, inflation rates, exchange rates, electricity rates, and increases in cost trends, materially different fair values could result. As a result such estimates are highly volatile and dependent upon the assumptions used. The assumption to measure the fair value of these interconnection related contracts using the Argentine market prices may have a significant effect on the Company's net income and shareholders' equity.

Such values are included in the reconciliation to U.S. GAAP in Note 37 paragraph (gg).

Embedded Derivative Contracts

The Company enters into certain contracts that have embedded features that are not clearly and closely related to the host contract. As specified in SFAS No. 133, bifurcation analysis focuses on whether the economic characteristics and risks of the embedded derivative are clearly and closely related to the economic characteristics and risks of the host contract. In certain identified contracts, the host service contract and the embedded feature are not indexed to the same underlying and changes in the price or value of service will not always correspond to changes in the price of the commodity to which the contract is indexed. U.S. GAAP requires embedded features to be measured at fair value as freestanding instruments. Unless the embedded contracts are remeasured at fair value under otherwise applicable GAAP, the embedded feature must be valued at fair value with changes in fair value reported in earnings as they occur.

Embedded foreign currency derivative instruments are not separated from the host contract and considered a derivative instrument if the host contract is not a financial instrument and it requires payments denominated in either: (1) the functional currency of any substantial party to the contract, (2) the local currency of any substantial party to the contract, (3) the currency used because the primary economic environment is highly inflationary, or (4) the currency in which the good or service is routinely denominated in international commerce.

Financial Derivatives

Changes in interest rates expose the Company to risk as a result of its portfolio of fixed-rate and variable rate debt. The Company manages interest rate risk exposure on a global basis by limiting its variable rate and fixed-rate exposures to certain variable/fixed mixes set by policy. The Company manages interest rate risk through the use of interest rate swaps and collars and cross-currency swaps. The Company does not enter into financial instruments for trading or speculative purposes.

Net Investment Hedges

The Company is also exposed to foreign currency risk arising from long-term debt denominated in foreign currencies, the majority of which is the US dollar. This risk is mitigated, as a substantial portion of the Company's revenues are either directly or indirectly linked to the US dollar. Additionally, the Company records the foreign exchange gains and losses on liabilities related to net investments in foreign countries which are denominated in the same currency as the functional currency of those foreign investments. Such unrealized gains and losses are included in the cumulative translation adjustment account in shareholders equity, and in this way act as a net investment hedge of the exchange risk affecting the investments (see Note II (c) and Note 22 (f) for further detail). The Company also uses short duration forward foreign currency contracts and swaps, and cross-currency swaps, where possible, to manage its risk related to foreign currency fluctuations. These contracts are considered "cover" contracts under Chilean GAAP. In accordance with Chilean GAAP the gain and losses on these contracts are deferred until realized as assets or liabilities.

For U.S. GAAP purposes, as the Company has not met the requirements for designating these derivatives contracts as "hedges", the contracts are recorded at fair value in the balance sheet with any unrealized gain and/or losses being directly recorded in the income statement.

k. Reclassification to U.S. GAAP

Certain reclassifications would be made to the Chilean GAAP income statement in order to present Chilean GAAP amounts in accordance with presentation requirements under U.S. GAAP. Amortization of negative goodwill, amortization of goodwill, and certain other non-operating income and expense, would be included in operating income. Recoverable taxes included in other non-operating revenues would be recorded as part of income taxes under U.S. GAAP. Equity participation in income or losses of related companies included in non-operating income would be presented after income taxes and minority interest in accordance with U.S. GAAP. The following reclassifications included in the column labeled "Reclassifications" disclose amounts using a U.S. GAAP presentation, although the amounts displayed have been determined in accordance with Chilean GAAP:

	2001		
	Chilean GAAP	Reclasificattion	U.S. GAAP Presentation
	ThCh\$	ThCh\$	ThCh\$
Operating income	762,089,205	(84,856,195)	677,233,009
Non-operating expense, net	(502,981,290)	111,036,253	(391,945,038)
Income taxes	(138,054,415)	8,197,975	(129,856,440)
Minority interest	(126,404,145)	-	(126,404,145)
Equity participation in income of related companies, net	-	(10,805,785)	(10,805,785)
Amortization of negative goodwill	47,926,219	(47,926,219)	-
Net income before extraordinary gain	42,575,574	(24,353,971)	18,221,602
Extraordinary gain	-	24,353,971	24,353,971
Net income	42,575,574	-	42,575,574

	2002		
	Chilean GAAP	Reclasificattion	U.S. GAAP Presentation
	ThCh\$	ThCh\$	ThCh\$
Operating income	537,970,805	(447,432,384)	90,538,421
Non-operating expense, net	(804,495,458)	546,004,716	(258,490,742)
Income taxes	(66,677,155)	(16,147,897)	(82,825,052)
Minority interest	16,445,384	-	16,445,384
Equity participation in income of related companies, net	-	8,346,421	8,346,421
Amortization of negative goodwill	113,370,252	(113,370,252)	-
Net loss before extraordinary items	(203,386,172)	(22,599,396)	(225,985,568)
Extraordinary items	(22,599,396)	22,599,396	-
Net loss	(225,985,568)	-	(225,985,568)

	2003		
	Chilean GAAP	Reclasificattion	U.S. GAAP Presentation
	ThCh\$	ThCh\$	ThCh\$
Operating income	531,097,684	23,609,549	554,707,233
Non-operating expense, net	(449,910,509)	4,969,266	(444,941,243)
Income taxes	(41,570,717)	5,080,587	(36,490,130)
Minority interest	(78,324,793)	-	(78,324,793)
Equity participation in income of related companies, net	-	17,516,796	17,516,796
Amortization of negative goodwill	51,176,198	(51,176,198)	-
Net loss before extraordinary items	12,467,863	-	12,467,863
Extraordinary items	-	-	-
Net loss	12,467,863	-	12,467,863

Certain reclassifications would be made to the Chilean GAAP balance sheet in order to present Chilean GAAP amounts in accordance with presentation requirements under U.S. GAAP. Deferred taxes from depreciation differences that are recorded as short-term under Chilean GAAP would be recorded as long-term under U.S. GAAP. Real estate properties under development and construction-in-progress are included in current assets as inventory in Chilean GAAP and under U.S. GAAP such assets would have been included as property, plant and equipment.

Additionally, the regulated asset recorded during 2001 by Coelce and Cerj, Brazilian subsidiaries, has been partially recorded in trade receivables and an additional component was recorded in current assets by Coelce under Chilean GAAP. However, under U.S. GAAP the presentation of these regulated assets should be classified as non-current assets as the recovery of these assets is not expected in the short term. These reclassifications exclude consolidation of development stage companies, the effect of which is immaterial.

The effect of the following reclassifications included in the column labeled "Reclassifications" discloses amounts using a U.S. GAAP presentation although the amounts displayed have been determined in accordance with Chilean GAAP:

	2002		
	Chilean GAAP	Reclassification	U.S. GAAP
	ThCh\$	ThCh\$	ThCh\$
Current assets	1,226,686,042	(85,538,392)	1,141,147,650
Property, plant and equipment, net	9,978,252,764	24,042,272	10,002,295,036
Other assets	1,532,920,813	(24,846,332)	1,508,074,481
Total assets	12,737,859,619	(86,342,452)	12,651,517,167
Current liabilities	2,172,886,981	80,029,729	2,252,916,710
Long-term liabilities	5,458,227,793	(166,372,182)	5,291,855,611
Minority interest	4,091,108,748	-	4,091,108,748
Shareholder's equity	1,015,636,098	-	1,015,636,098
Total liabilities and shareholders' equity	12,737,859,620	(86,342,453)	12,651,517,167

	2003		
	Chilean GAAP	Reclassification	U.S. GAAP
	ThCh\$	ThCh\$	ThCh\$
Current assets	1,146,003,542	(50,015,206)	1,095,988,336
Property, plant and equipment, net	8,096,360,510	16,157,076	8,112,517,586
Other assets	1,490,382,915	(18,323,797)	1,472,059,118
Total assets	10,732,746,967	(52,181,927)	10,680,565,040
Current liabilities	1,127,151,028	(11,470,682)	1,115,680,346
Long-term liabilities	3,707,922,226	(40,711,245)	3,667,210,981
Minority interest	3,349,281,823	-	3,349,281,823
Shareholder's equity	2,548,391,890	-	2,548,391,890
Total liabilities and shareholders' equity	10,732,746,967	(52,181,927)	10,680,565,040

I. Employee Benefit Plans

Enersis S.A. and its subsidiaries sponsor various benefit plans for its current and retired employees. A description of such benefits follows:

Severance indemnities

The provision for severance indemnities, included in the account "Accrued expenses" short and long-term is calculated in accordance with the policy set forth in Note 2 (n), using the current salary levels of all employees covered under the severance indemnities agreement, an assumed discount rate of 9.5% for the years ended December 31, 2001, 2002 and 2003, and an estimated average service period based on the years of services for the Company.

Benefits for Retired Personnel

Other benefits provided to certain retired personnel of Enersis include electrical service rate subsidies, additional medical insurance and additional post-retirement benefits. Descriptions of these benefits for retired personnel are as follows:

i) Electrical rate service

This benefit is extended only to certain retired personnel of Enersis. These electric rate subsidies result in the eligible retired employees paying a percentage of their total monthly electricity costs, with Enersis paying the difference.

ii) Medical benefits

This benefit provides supplementary health insurance, which covers a portion of health benefits not covered under the institutional health benefits maintained by employees of Enersis. This benefit expires at the time of death of the pensioner.

iii) Supplementary pension benefits

Eligible employees are able to receive a monthly amount designed to cover a portion of the difference between their salary at the point of retirement and the theoretical pension that would have been received had the employee reached the legal retirement age of the *Institución de Previsión Social* (Institute of Social Welfare). This benefit expires upon the death of the pensioner for the Enersis employee, however, continues to cover the surviving-spouse in the case of employees of the subsidiary Endesa-Chile.

iv) Worker's compensation benefits

Employees that were entitled to Worker's compensation insurance in prior years for work related injuries receive benefits from the Company when that insurance expires. This benefit continues at the time of death of the pensioner, to cover the surviving-spouse.

The Company has recognized liabilities related to complementary pension plan benefits and other postretirement benefits as stipulated in collective bargaining agreements. Under U.S. GAAP, post-retirement employee benefits have been accounted for in accordance with SFAS No. 87 and SFAS No. 106, with inclusion of prior-period amounts in current year's income as the amounts are not considered significant to the overall financial statement presentation. The effects of accounting for post-retirement benefits under U.S. GAAP have been presented in paragraph (gg), above. The following data represents Chile GAAP amounts presented under FAS N°132 Revised 2003 Employers' Disclosures about Pensions and other postretirement Benefits, for Company's post-retirement benefit plans.

Following is a schedule of estimated pay-out of pension benefits in each of the next five years:

	As of December 31, 2003
	ThCh\$
2004	19,323,700
2005	19,169,900
2006	19,057,500
2007	20,742,900
2008 y más	227,275,400
Total assets of discontinued operations	305,569,400

Components of net periodic Benefits expenses	At december 31, 2001			
	Pension Benefits			Other Benefits
	Non Contributory	Contributory	Total	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Service cost	(545,019)	(159,677)	(704,696)	(11,240,471)
Interest cost	(9,727,157)	(14,103,948)	(23,831,105)	(996,389)
Expected return on assets	-	15,984,583	15,984,583	-
Amortization gain (loss)	3,124,848	(7,002,042)	(3,877,194)	-
Amortization of prior service cost	(1,108,677)	(1,394,346)	(2,503,023)	(212,744)
Net periodic expenses	(8,256,005)	(6,675,430)	(14,931,435)	(12,449,604)

At december 31, 2002

	Pension Benefits			Other Benefits
	Unfunded	Funded	Total	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Assets and obligations				
Accumulated benefit obligation	(30,025,642)	(150,206,029)	(180,231,671)	(33,521,901)
Plan assets at fair value	-	94,128,798	94,128,798	-
Unfunded accumulated benefit	(30,025,642)	(56,077,231)	(86,102,873)	(33,521,901)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(60,885,105)	(99,016,529)	(159,901,634)	(18,978,461)
	-	-	-	-
Price-level restatement	1,298,767	2,883,977	4,182,744	473,409
Foreign exchange effect	6,823,162	(9,362,510)	(2,539,348)	-
Net periodic expense	(7,076,864)	(6,709,096)	(13,785,960)	(19,172,729)
Benefits paid	2,530,551	12,263,081	14,793,632	(171,947)
Company contributions	-	32,880,421	32,880,421	4,069,724
Benefit (obligations) at December 31	(57,309,489)	(67,060,656)	(124,370,145)	(33,780,004)
Funded Status of the Plans				
Projected Benefits Obligation	(59,352,440)	(151,599,190)	(210,951,630)	(33,626,130)
Fair value of the plans assets	-	94,128,797	94,128,797	-
Funded Status	(59,352,440)	(57,470,393)	(116,822,833)	(33,626,130)
Unrecognized loss	849,966	(18,160,143)	(17,310,177)	(13,187,275)
Unrecognized net prior service cost	1,192,985	8,569,880	9,762,865	13,033,401
Net liability recorded under U.S. GAAP	(57,309,489)	(67,060,656)	(124,370,145)	(33,780,004)
Change in the plan assets				
Fair value of plans assets, beginning	-	87,310,089	87,310,089	
Foreign exchange effect	-	(19,531,524)	(19,531,524)	
Actual return on the plan assets	-	28,344,308	28,344,308	
Employer contributions	-	13,802,233	13,802,233	
Plan participant contributions	-	4,151,502	4,151,502	
Benefits paid	-	(19,947,810)	(19,947,810)	
Fair value of plans assets, ending	-	94,128,798	94,128,798	
Components of net periodic Benefits expenses				
Service cost	(53,845)	(968,655)	(914,810)	(4,451,331)
Interest cost	(3,322,547)	(10,311,252)	(13,741,489)	(2,612,864)
Expected return on assets	-	6,607,326	6,607,326	-
Amortization gain (loss)	(3,079,729)	(1,001,112)	(4,080,841)	(10,222,116)
Amortization of transition asset	(620,743)	(1,035,403)	(1,656,146)	(1,886,418)
Net periodic expenses	(7,076,864)	(6,709,096)	(13,785,960)	(19,172,729)

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Assumptions as of December 31	Pension Benefits			Other Benefits		
	Chile	Colombia	Brazil	Chile	Brazil	Colombia
Weighted - discount rate (1)	9.5%	13.5%	11.3%	9.5%	11.3%	13.5%
Weighted - salary increase	3.0%	8.3%	5.5%			
Weighted - return on plan assets (1)			11.3%			
Weighted - long term inflation (2)	3.0%	8.3%	4.5%	3.0%	4.5%	8.3%

(1) Includes fixed long term inflation assumption detail in (2)

At december 31, 2003

	Pension Benefits			Other Benefits
	Unfunded	Funded	Total	Total
Assets and obligations				
Accumulated benefit obligation	(36,887,534)	(172,849,877)	(209,737,411)	(29,592,497)
Plan assets at fair value	-	119,095,191	119,095,191	-
Unfunded accumulated benefit	(36,887,534)	(53,754,686)	(90,642,220)	(29,592,497)
Changes in benefit (obligations)				
Benefit (obligations) at January 1	(58,159,448)	(67,060,656)	(125,220,104)	(34,854,960)
Price-level restatement	410,068	663,967	1,074,035	262,893
Foreign exchange effect	8,351,963	11,531,944	19,883,907	4,035,814
Net periodic expense	(11,645,290)	(17,064,442)	(28,709,732)	1,417,669
Benefits paid	2,344,522	10,398,385	12,742,907	49,158
Company contributions	-	286,269	286,269	(1,745,146)
Benefit (obligations) at December 31	(58,698,185)	(61,244,532)	(119,942,717)	(30,834,572)
Funded Status of the Plans				
Projected Benefits Obligation	(57,553,854)	(174,368,245)	(231,922,099)	(30,132,395)
Fair value of the plans assets	-	119,095,191	119,095,191	-
Funded Status	(57,553,854)	(55,273,055)	(112,826,909)	(30,132,395)
Unrecognized loss (gain)	(1,748,907)	(15,935,576)	(17,684,483)	(12,214,579)
Unrecognized net prior service cost	604,576	9,964,098	10,568,674	11,512,402
Net liability recorded under U.S. GAAP	(58,698,185)	(61,244,532)	(119,942,717)	(30,834,572)
Change in the plan assets				
Fair value of plans assets, beginning	-	94,128,798	94,128,798	
Foreign exchange effect	-	(11,049,701)	(11,049,701)	
Actual return on the plan assets	-	35,619,325	35,619,325	
Employer contributions	-	9,032,029	9,032,029	
Plan participant contributions	-	3,827,173	3,827,173	
Benefits paid	-	(12,462,433)	(12,462,433)	
Fair value of plans assets, ending	-	119,095,191	119,095,191	
Components of net periodic Benefits expenses				
Service cost	(26,988)	(1,325,391)	(1,298,403)	740,956
Interest cost	(7,446,986)	(16,247,928)	(23,748,890)	229,975
Expected return on assets	-	25,046,215	25,046,215	-
Amortization gain (loss)	(3,556,718)	(22,555,598)	(26,112,316)	(351,347)
Amortization of transition asset	(614,598)	(1,981,739)	(2,596,337)	798,085
Net periodic expenses	(11,645,290)	(17,064,442)	(28,709,732)	1,417,669

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Assumptions as of December 31	Pension Benefits			Other Benefits		
	Chile	Colombia	Brazil	Chile	Brazil	Colombia
Weighted - discount rate (1)	9.5%	12.8%	11.3%	9.5%	11.3%	12.8%
Weighted - salary increase	3.0%	7.5%	5.5%			
Weighted - return on plan assets (1)			11.3%			
Weighted - long term inflation (2)	3.0%	7.5%	4.5%	3.0%	4.5%	7.5%

(1) Includes fixed long term inflation assumption detail in (2)

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, 2001, 2002 and 2003 (in thousands of constant Chilean pesos as of December 31, 2003).

	2001		
	Chilean GAAP	Effect of U.S. GAAP	Accumulated other
	cumulative translation adjustment	adjustments on cumulative translation adjustment	comprehensive income (loss)
	ThCh\$	ThCh\$	ThCh\$
Beginning balance	9,889,646	844,720	10,734,366
Credit (charge) for the period	19,653,919	(3,007,132)	16,646,787
Ending balance	29,543,565	(2,162,412)	27,381,153

	2002		
	Chilean GAAP	Effect of U.S. GAAP	Accumulated other
	cumulative translation adjustment	adjustments on cumulative translation adjustment	comprehensive income (loss)
	ThCh\$	ThCh\$	ThCh\$
Beginning balance	29,543,565	(2,162,412)	27,381,153
Credit (charge) for the period	20,802,883	(12,276,027)	8,526,856
Ending balance	50,346,448	(14,438,439)	35,908,009

	2003		
	Chilean GAAP	Effect of U.S. GAAP	Accumulated other
	cumulative translation adjustment	adjustments on cumulative translation adjustment	comprehensive income (loss)
	ThCh\$	ThCh\$	ThCh\$
Beginning balance	50,346,448	(14,438,439)	35,908,009
Credit (charge) for the period	(73,020,068)	51,171,555	(21,848,513)
Ending balance	(22,673,620)	36,733,116	14,059,496

The Company does not recognize deferred tax assets associated to cumulative translation adjustment due to the permanent nature of the investment is associated with consequently the amounts in the table have not tax effected.

(n) Discontinued operations

In October of 2001, the FASB issued SFAS No. 144 which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 establishes accounting and reporting standards for the impairment and disposal of long-lived assets and discontinued operations. The Company adopted SFAS No. 144 in 2002. All prior year reporting periods have been restated to reflect the adoption. The application of this statement resulted in the classification, and separate financial presentation of certain entities as

discontinued operations, the results of which are not included in continuing operations. There was no impairment of assets related to discontinued operations, as their fair value exceeded their carrying value. Fair values used in these calculations has been determined by using the agreed upon sales prices.

In 2002, the Endesa Chile (Enersis Subsidiary) committed to a plan to dispose the 60% equity participation it held in the consolidated subsidiary, Infraestructura Dos Mil S.A. It was accounted for as discontinued operations in accordance with SFAS No. 144 and, accordingly, amounts in reconciliation of net income to US GAAP and the additional disclosure notes required under US GAAP for all periods shown, reflect that component as a discontinued operation.

The net sales from discontinued operations for the years 2001 and 2002 were ThCh\$20,150,123 and ThCh\$20,202,007, respectively. The major classes of discontinued consolidated assets, consolidated liabilities and minority interest included in the Chilean GAAP Endesa Chile consolidated Balance Sheet are as follows:

	As of December 31, 2002
	ThCh\$
Assets:	
Cash	191,966
Account receivable, net	14,917,106
Other current assets	35,708,670
Property, plant and equipment, net	170,181,293
Intangibles	34,764
Other assets	18,236,278
Total assets of discontinued operations	239,270,078
Liabilities:	
Current liabilities	74,919,888
Long term liabilities	98,127,832
Income taxes payable (including deferred)	843,429
Minority interest	736,427
Total liabilities and minority interest of discontinued operations	174,627,576

The major classes of consolidated revenues and expenses included in the US GAAP Enersis consolidated Income Statement are as follows:

	2001	2002	2003
	ThCh\$	ThCh\$	ThCh\$
Sales	20,351,624	20,404,027	
Costs of sales	(10,562,356)	(10,061,349)	
Gross profit	9,789,268	10,342,678	-
Administrative and selling expenses	(1,304,346)	(1,322,735)	
Operating income	8,484,922	9,019,943	-
Non operating (loss) income	(7,073,841)	(7,576,012)	
Income before taxes and minority interest	1,411,081	1,443,931	-
Income tax	(611,188)	(982,180)	
Minority interest	(512,639)	(294,981)	
Net income for the year	287,254	166,770	

(o) Goodwill and intangible assets

As discussed in Note 37 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 2002 of SFAS No. 142 due to change in circumstances, the Company recognized a non-cash charge of ThCh\$600,380,013 to reduce the carrying value of goodwill.

In calculating the impairment charge, the fair value of the impaired reporting units underlying the segments were estimated using discounted cash flow methodology. The ThCh\$600,380,013 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, 2002 and 2003, by country of operation and segment is as follows:

By Country	2002				
	January 1, 2002	Acquisitions	Translation adjustment	Impairment	December 31, 2002
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	1,008,326,553	3,367,279	-	(1,730,261)	1,009,963,571
Argentina	84,027,989	-	6,690,514	(90,718,503)	-
Brazil	487,804,583	-	26,130,466	(513,935,049)	-
Colombia	78,463,830	-	3,758,050	-	82,221,880
Perú	20,193,668	-	1,322,608	-	21,516,276
Total	1,678,816,623	3,367,279	37,901,638	(606,383,813)	1,113,701,727

By Segment	Goodwill				
	January 1, 2002	Acquisitions	Translation adjustment	Impairment	December 31, 2002
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Generation	1,051,082,728	3,304,022	11,775,309	(140,832,760)	925,329,299
Distribution	626,004,310	-	26,126,329	(463,821,468)	188,309,171
Other	1,729,585	63,257	-	(1,729,585)	63,257
Total	1,678,816,623	3,367,279	37,901,638	(606,383,813)	1,113,701,727

By Country	2003				
	January 1, 2003	Acquisitions (sales)	Translation adjustment	Impairment	December 31, 2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	1,009,965,464	(10,942,944)	-	-	999,022,520
Colombia	73,227,440	-	(15,971,976)	-	57,255,464
Perú	21,516,276	-	(3,912,545)	-	17,603,731
Total	1,104,709,180	(10,942,944)	(19,884,521)	-	1,073,881,715

By Segment	2003				
	January 1, 2003	Acquisitions (sales)	Translation adjustment	Impairment	December 31, 2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Generation	925,329,298	74,637	(9,224,750)	-	916,179,185
Distribution	179,316,625	(11,017,581)	(10,659,771)	-	157,639,273
Other	63,257	-	-	-	63,257
Total	1,104,709,180	(10,942,944)	(19,884,521)	-	1,073,881,715

The Company's intangible assets were ThCh\$71,697,080 and ThCh\$80,915,893 and related accumulated amortization were ThCh\$25,148,069 and ThCh\$34,648,290 as of December 31, 2001 and 2002, respectively. There is no difference between Chilean and U.S. GAAP

in the amortization of intangible assets because all of the Company's intangible assets are subject to amortization, since they relate to finite contracts or concessions.

p. Asset retirement obligations

As discussed in Note 37 paragraph (ff), the Company adopted SFAS No. 143 effective January 1, 2003. The following table describes all changes to the Company's U.S. GAAP asset retirement obligation during the year ended December 31, 2003:

	2003 ThCh\$
Liability recognized at adoption on January 1, 2003	588,126
Liabilities incurred	
Liabilities settled	
Revisions in estimated cash flows	
Current translation adjustment	(106,959)
Accretion expense	43,389
Asset retirement obligation as of December 31, 2003	524,556

The pro forma effects of the application of SFAS No. 143 as if the Statement had been adopted on January 1, 2001 (rather than January 1, 2003) are as follows (on a U.S. GAAP basis):

Pro forma amounts assuming the accounting change is applied retroactively net-of-tax:	2001 ThCh\$ (Unaudited)	2002 ThCh\$ (Unaudited)	2003 ThCh\$ (Unaudited)
Net income (loss)	2,827,469	(333,261,011)	29,268,881
Net income (loss) per common share – basic and diluted	2.93	(40.19)	1.43

The pro forma asset retirement obligation liability balances as if SFAS No. 143 had been adopted on January 1, 2001 (rather than January 1, 2003) are as follows (on a U.S. GAAP basis):

	December 31,	
	2002 ThCh\$ (Unaudited)	2003 ThCh\$ (Unaudited)
Pro forma amounts of liability for asset retirement obligation at beginning of year	443,620	588,126
Pro forma amounts of liability for asset retirement obligation at end of year	588,126	524,556

q. Recent accounting pronouncements

The following new accounting standards have been adopted by the Company during the year-ended December 31, 2003 and the impact of such adoption, if applicable, has been presented in the accompanying consolidated financial statements.

- i. In October 2002, the EITF reached a final consensus on EITF Issue No. 02-03. Primarily, the final consensus provided for (1) the rescission of the consensus reached on EITF Issue No. 98-10, (2) the reporting of gains and losses on all derivative instruments considered to be held for trading purposes to be shown on a net basis in the income statement, and (3) gains and losses on non-derivative energy trading contracts to be similarly presented on a gross or net basis, in connection with the guidance in EITF Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent".

The Company adopted the on EITF Issue No. 02-03, as of January 1, 2003 the adoption of this consensus did not have a material impact on the Company's consolidated results of operations, cash flows or financial position.

- ii. SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." In April 2003, the FASB issued SFAS No. 149, which amends and clarifies financial accounting and reporting for derivative instruments and for hedging activities, including the qualifications for the normal purchases and normal sales exception, under SFAS No. 133. The amendment reflects decisions made by the FASB and the DIG process in connection with issues raised about the application of SFAS No. 133. Generally, the provisions of SFAS No. 149 are to be applied prospectively for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. SFAS No. 149 provisions that resulted from the DIG process that became effective in quarters beginning before June 15, 2003 continue to be applied based upon their original effective dates. The Company adopted the provisions of SFAS No. 149 on July 1, 2003. Certain modifications and changes to the applicability of the normal purchase and normal sales scope exception for contracts to deliver electricity led The Company to re-evaluate its policy for accounting for forward sales contracts. As a result, The Company elected to designate substantially all forward contracts to sell power entered into after July 1, 2003 as cash flow hedges on a prospective basis. Contracts that were being accounted for under the normal purchases and normal sales exception under SFAS No. 133 as of June 30, 2003 will continue to be accounted for under such exception, including following any modifications to these contracts, as long as the requirements for applying the normal purchases and normal sales exception are met.
- iii. On June 25, 2003, the FASB cleared the guidance contained in DIG Issue C20, "Scope Exceptions: Interpretation of the Meaning of 'Not Clearly and Closely Related' in Paragraph 10(b) regarding Contracts with a Price Adjustment Feature." DIG Issue C20, which applies only to the guidance in paragraph 10(b) of FASB No. 133 and not in reference to embedded derivatives, describes circumstances in which the underlying in a price adjustment clause incorporated into a contract that otherwise satisfies the requirements for the normal purchases and normal sales exception would be considered to be "not clearly and closely related to the asset being sold or purchased." The guidance in DIG Issue C20 was effective for the Company on July 1, 2003. The Company's review of existing contracts designated as normal purchases and normal sales under FASB No. 133 yielded no instances where an embedded price adjustment clause was not clearly and closely related to the contract's underlying. As a result, this issue did not have a material impact on The Company's consolidated results of operations, cash flows or financial position.
- iv. EITF Issue No. 01-08, "Determining Whether an Arrangement Contains a Lease." In May 2003, the EITF reached consensus in EITF Issue No. 01-08 to clarify the requirements of identifying whether an arrangement should be accounted for as a lease at its inception. The guidance in the consensus is designed to broaden the scope of arrangements accounted for as leases. EITF Issue No. 01-08 requires both parties to an arrangement to determine whether a service contract or similar arrangement is, or includes, a lease within the scope of SFAS No. 13, "Accounting for Leases." The Company has historically provided capacity agreements both as the lessee and as a lessor. Upon application of EITF Issue No. 01-08, the accounting requirements under the consensus may impact the timing of revenue and expense recognition, and amounts previously reported as

revenues may be required to be reported as rental or lease income. Should capital lease treatment be necessary, purchasers in these arrangements are required to recognize assets on their balance sheets. The consensus will be applied prospectively to arrangements agreed to, modified, or acquired in business combinations on or after January 1, 2004. Previous arrangements that would be leases or would contain a lease according to the consensus will continue to be accounted for under historical accounting. The adoption of EITF Issue No. 01-08 would not have a material effect on the Company's consolidated results of operations, cash flows or financial position.

- v. EITF Issue No. 03-11, "Reporting Realized Gains and Losses on Derivative Instruments That Are Subject to FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and Not Held for Trading Purposes." In July 2003, the EITF reached consensus in EITF Issue No. 03-11 that determining whether realized gains and losses on derivative contracts not held for trading purposes should be reported on a net or gross basis is a matter of judgment that depends on the relevant facts and circumstances and the economic substance of the transaction. In analyzing the facts and circumstances, EITF Issue No. 99-19, and Opinion No. 29, "Accounting for Nonmonetary Transactions," should be considered. EITF Issue No. 03-11 was effective for transactions or arrangements entered into after December 31, 2003. The adoption of EITF Issue No. 03-11 would not have a material effect on The Company's consolidated results of operations, cash flows or financial position.
- vi. Revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." In December 2003, the FASB revised the provisions of SFAS No. 132 to include additional disclosures related to defined benefit pension plans and other defined benefit postretirement plans, such as the following: (1) long-term rate of return on plan assets along with narrative discussion of basis for selecting the rate of return used; (2) information about plan assets for each major asset category (i.e. equity securities, debt securities, real estate, etc) along with the targeted allocation percentage of plan assets by each major asset category and the actual allocation percentage at the measurement date; (3) amount of benefit payments expected to be paid in each of the next five years and the following five year period, in the aggregate; (4) current best estimate of range of contributions expected to be made in following year; (5) the accumulated benefit obligation for defined benefit pension plans; and (6) disclosure of measurement date utilized. The provisions of revised SFAS No. 132 do not change the measurement or recognition provisions of defined benefit pension and postretirement plans as required by previous accounting standards. Except as discussed below, the provisions of revised SFAS No. 132 are effective for fiscal years ending after December 15, 2003 (December 31, 2003 for calendar-year entities). The disclosure provisions of estimated future benefit payments and information about foreign plans are effective for fiscal years ending after June 15, 2004 (December 31, 2004 for the Company). See Note 37 II (I) for additional disclosures required as of December 31, 2003.
- vii. FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." In January 2003, the FASB issued FIN 46 which requires the primary beneficiary of a variable interest entity's activities to consolidate the variable interest entity. FIN 46 defines a variable interest entity as an entity in which the equity investors do not have substantive voting rights and there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. The primary beneficiary is the party that absorbs a majority of the expected losses and/or receives a

majority of the expected residual returns of the variable interest entity's activities. In December 2003, the FASB issued FIN 46R, which supercedes and amends certain provisions of FIN 46. While FIN 46R retains many of the concepts and provisions of FIN 46, it also provides additional guidance related to the application of FIN 46, provides for certain additional scope exceptions, and incorporates several FASB Staff Positions issued related to the application of FIN 46.

The provisions of FIN 46 are immediately applicable to variable interest entities created, or interests in variable interest entities obtained, after January 31, 2003 and the provisions of FIN 46R are required to be applied to such entities, except for special purpose entities, by the end of the first reporting period ending after March 15, 2004 (December 31, 2004 for The Company). For variable interest entities created, or interests in variable interest entities obtained, on or before January 31, 2003, FIN 46 or FIN 46R is required to be applied to special-purpose entities by the end of the first reporting period ending after December 15, 2003 (December 31, 2003 for calendar-year entities) and is required to be applied to all other non-special purpose entities by the end of the first reporting period ending after March 15, 2004 (December 31, 2004 for calendar-year entities). FIN 46 and FIN 46R may be applied prospectively with a cumulative-effect adjustment as of the date it is first applied, or by restating previously issued financial statements with a cumulative-effect adjustment as of the beginning of the first year restated. FIN 46 and FIN 46R also require certain disclosures of an entity's relationship with variable interest entities.

The Company has not identified any material variable interest entities created, or interests in variable entities obtained, after January 31, 2003 which requires consolidation or disclosure under FIN 46 and continues to assess the existence of any interests in variable interest entities created on or prior to January 31, 2003. The Company continues to assess the potential impacts of FIN 46R but does not anticipate that it will have a material impact on its consolidated results of operations, cash flows or financial position.

Comercializadora de Energía del Mercosur S.A. - CEMSA

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003)

Condensed balance sheet:	As of December 31,		
	2003	2001	2001
	ThCh\$	TcCh\$	ThCh\$
Current assets	24,856,076	21,108,703	14,700,312
Fixe assets	177,649	147,059	56,949
Noncurrent assets	-	64,910	230,090
Total assets	25,033,725	21,320,672	14,987,351
Current liabilities	17,324,966	13,630,496	4,558,416
Noncurrent liabilities	-	-	-
Equity	7,708,759	7,690,175	10,428,936
Total liabilities and equity	25,033,725	21,320,672	14,987,351

Condensed income statement:	For the year ended December 31,		
	2003	2001	2001
	ThCh\$	ThCh\$	ThCh\$
Net sales	3,514,138	2,809,318	301,000
Gross margin	-	-	-
Net income	1,355,690	(3,421,870)	34,043

Companhia de Interconexao Energética

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003)

Condensed balance sheet:	As of December 31,		
	2003	2001	2001
	ThCh\$	ThCh\$	ThCh\$
Current assets	106,812,150	68,993,451	30,383,486
Fixed assets	356,019,916	334,999,174	248,096,969
Noncurrent assets	53,893,288	63,913,605	73,277,854
Total assets	516,725,354	467,906,230	351,758,310
Current liabilities	296,330,546	104,821,650	47,644,088
Noncurrent liabilities	98,517,952	243,574,994	245,573,598
Equity	121,876,856	119,509,586	58,540,624
Total liabilities and equity	516,725,354	467,906,230	351,758,310

Condensed income statement:	For the year ended December 31,		
	2003	2002	2001
	ThCh\$	ThCh\$	ThCh\$
Net sales	226,389,219	168,756,303	106,669,075
Gross margin	(95,307,275)	52,935,213	(5,396,974)
Net income	24,758,491	16,228,801	(13,077,937)

consolidated significant events

Enerjis S.A. (Parent Company)

Capital Increase of Cerj

On December 10, 2002 the Extraordinary General Meeting of the Shareholders of the Company approved an increase in the capital of CERJ of approximately US\$M 105,000.

This increase took place on January 10, 2003 by means of an issue and subscription of 770,833,333,333 new ordinary shares valued at R\$ 0.48 per lot of one thousand shares, totaling the US\$M 100,000 approved at the Meeting and which increased the capital of the Company by US\$M 259,085.

With this operation, the direct participation held by Enerjis S.A. through its agency rose from 20.38% to 40.03%.

Accounting adjustments and extraordinary charges during the 2002 period

At an extraordinary meeting held on January 15, 2003 the Board of Directors of Enerjis S.A. agreed to take note of the fact that the Company was to make accounting adjustments and extraordinary charges to the Balance Sheet with respect to its investments in its subsidiaries in Chile and abroad for a total of the equivalent of US\$ 387 million in Chilean Pesos, reflecting these extraordinary adjustments in the results for the year 2002.

These adjustments and extraordinary charges will not have an impact on the cash flows of the Company and will be reflected in the financial statements of Enerjis S.A. corresponding to the year 2002. The adjustments and extraordinary charges made and the provisions established as of November 30, 2002 are broken down as follows (the figures shown correspond to the impact on the financial statements of Enerjis S.A.):

Country	Generation	Distribution	Services	Total
Brazil	US\$ 60 million	US\$ 255 million		US\$ 315 million
Argentina	US\$ 23 million	US\$ 26 million		US\$ 49 million
Chile			US\$ 23 million	US\$ 23 million
Totals	US\$ 83 million	US\$ 281 million	US\$ 23 million	US\$ 387 million

We should point out that of the US\$ 387 million, US\$ 329 million came from the acceleration of the amortization of the net balance of the positive and negative goodwill of the investments in generation and distribution in Brazil and Argentina.

To the above figure should be subtracted the provisions made as of November 30, 2002, in accordance with the following breakdown:

Brazil	US\$ 81 million
Argentina	US\$ 16 million
Total Provisions	US\$ 97 million

With reference to the above, and taking into consideration the provisions established, the effects of the extraordinary adjustments and charges on the results of the company will amount to approximately the equivalent in Chilean Pesos of US\$ 290 million.

Provisional dividend

At a meeting held on February 10, 2003 the Board of Directors of Enerjis S.A. unanimously agreed to pay a dividend in the month of February, 2003 as the conditions foreseen not in the Company's Policy on Dividends were not present.

Financial strengthening

At an extraordinary meeting held on October 4, 2002 the Board of Directors of Enerjis S.A. approved a financial strengthening plan aimed at strengthening the equity by improving its credit structure to permit the Company to face the situation in the region that was affecting its investments.

For this, the same letter announced a capital increase of US\$ 1,500,000,000 (One thousand five hundred million United States Dollars), which contemplated cash contributions and / or contributions consisting of financial credits.

With respect to this capital increase, the Board of Enerjis S.A., in its meeting held on February 17 of this year, has decided, with the unanimous vote of those members present, to propose to the shareholders at a General Meeting to be held for that purpose, that the amount of the capital increase be for the Chilean Peso equivalent to US\$ 2,000,000,000 (Two thousand million United States Dollars), thus increasing by US\$ 500,000,000 (Five hundred million United States Dollars) the figure originally contemplated. As informed in the mentioned Essential Fact letter, the capital increase contemplates cash contributions and / or contributions consisting of financial credits.

Increase in capital of Enerjis, debts to be capitalized

At the meeting held on March 7, 2003, the members of the Board of Enerjis S.A. present, unanimously agreed the following:

1. The credits eligible for capitalization in the capital increase process that the Board has decided to propose at the Extraordinary General Meeting of Shareholders to be held on March 31, 2003, are the following:
 - a) Credits outstanding granted to Enerjis S.A. by Edesur S.A. for UF 58,701,778.99, and
 - b) Debts outstanding corresponding to the issue of the local B1 and B2 bonds for UF 5,874,406.15, in accordance with the contract on the bond issue established in the deeds dated June 14 and August 30, both of 2001, drawn up before Notary Public Humberto Quezada in Santiago.

- Place at the disposal of the Shareholders a specialists report on the obligations referred to in the point above, which shall be submitted for the approval of the Extraordinary General Meeting of Shareholders indicated above.

Refinancing bank debt

At a meeting held on March 11 of this year, the Board of the Company agreed the following:

- ENERSIS S.A. (Enersis) and its subsidiary, Empresa Nacional de Electricidad S.A. (Endesa-Chile) gave mandates in order to initiate the syndication of credits for approximately US\$ 2.3 thousand million, after reaching an agreement with the four lead banks. BBVA S.A., Dresdner Kleinwort Wasserstein, Salomon Smith Barney Inc. and Santander Central Hispano Investment Securities have agreed with Enersis and Endesa Chile to put into place an operation to refinance their bank borrowings. Enersis' credit is for approximately US\$ 1.6 thousand million whilst that of Endesa Chile amounts to approximately US\$ 0.7 thousand million. The group of four entities holding the mandate account for approximately US\$ 1.1 thousand million of the debt to be refinanced by the Group on a consolidated basis.
- The principal objective of this refinance that falls within the Financial Strengthening Plan of these companies is, amongst others, to reduce consolidated borrowings by approximately US\$ 2.2 thousand million.
- The refinancing proposed has a new term up to 2008 with half-yearly amortizations commencing 30 months from the initiation of the new operation. Furthermore, the clause that permitted a demand for the pre-payment in the event of a deterioration of the credit rating given by the risk rating agencies will be replaced by a series of new financial covenants and commitments that will match their business plan.
- Also considered is that the new operation will have certain additional guarantees, within the Enersis Group, that will be compatible with the limits permitted by the contracts that cover the rest of the current debts of Enersis and Endesa Chile.
- The conditions of the operation have been agreed by the four banks mentioned and by the Directors of Enersis and Endesa Chile and will be presented shortly to the rest of the banks for their consideration and approval.

Río Maipo awarded

At a meeting held on March 28, 2003 the Board of Directors of ENERSIS S.A. analyzed the offers received for the entire shares that ENERSIS S.A. holds in its Chilean subsidiary, Compañía Eléctrica del Río Maipo S.A. (Río Maipo).

Furthermore, the Board has agreed to propose to the Extraordinary General Meeting of Shareholders of ENERSIS S.A. to be held on March 31, 2003 that it authorize the sale of all the shares owned by ENERSIS S.A. issued by Río Maipo (356,078,645 shares), declared as essential assets, in favor of CGE Distribución S.A., a subsidiary of Compañía General de Electricidad S.A., that has presented the best purchase offer.

The purchase price of the shares mentioned above offered by CGE Distribución S.A. amounts to US\$ 170,071,000 (One hundred and seventy million and seventy one thousand United States Dollars). The effects of this operation on the results of ENERSIS S.A. will be approximately US\$ 126 million before tax.

Increase in capital of Enersis, repurchase of Yankee Bonds

At a meeting held on March 28, 2003 the Board of Enersis S.A. agreed to propose the following operation to the Board of Directors of its subsidiary Enersis Internacional: To purchase from the shareholders of Enersis S.A. that hold the right to participate in the second preferential option period of the capital increase to be submitted to the Extraordinary General Meeting of Shareholders to be held on March 31, 2003, the American bonds that Enersis S.A.'s agency in Cayman Islands issued in November 1966 on the international market (Yankee Bonds). This purchase will take place with a global and total limit of US\$ 50 million and in the other conditions established below or those additional terms that may be established by Enersis Internacional and will be advised to the market at the time. This acquisition will reflect a sign of support of the shareholders of Enersis S.A. who, in addition are holders of Yankee Bonds, which will motivate a greater subscription of the shares issued in this capital increase. The mechanism described shall have the additional benefit of reducing the consolidated debt of the Company, replacing it with equity. The purchase of the Yankee Bonds will be made at the same price estimated by the expert, Eduardo Walker in his expert report dated March 6, 2003 which has been widely circulated amongst the shareholders and the market in general and, for a limited amount, considering each shareholder individually, equivalent to the amount required for the shareholder to be in a condition to subscribe the pro rata that corresponds to him in the second period of the preferential offer of the capital increase of Enersis S.A. In accordance with the terms of the contract covering the purchase of the bonds he subscribes with Enersis Internacional, the shareholder that is selling is obliged to utilize the resources he will receive from the sale of his Yankee Bonds to subscribe the shares from the new issue of the Company. If the offers for sale of Yankee Bonds exceed the total and global amount of US\$ 50 million, the purchase will be carried out, amongst all the interested parties, pro rata, in the conditions that will be determined by the Board of Enersis Internacional.

Signing of the syndicated loans

On May 12, 2003, syndicated loan agreements were signed by Enersis S.A. and its subsidiary Endesa Chile with 32 banks to refinance borrowings of US\$ 2,330 million. We trust this operation will be concluded at the latest May 15, 2003 as it is subject to the satisfaction of the various conditions precedent.

The US\$ 2,330 million that mature during the current year and in 2004 will have a new term expiring in 2008 with amortizations commencing in the year 2005. These syndicated loans eliminate the possibility of any accelerated repayment of the credits due to a deterioration in the degree of investment rating.

In accordance with Circular N° 988 issued by that Superintendency, we inform you that the rise in the average financial costs of the debt involved in this operation will be more than compensated by the effects of the measures considered in the Financial Strengthening Plan of the Group, amongst which is the reduction of some US\$ 2,300 million in consolidated debt.

Refinancing

Following the agreement reached by the Board of Directors of Enersis S.A. in the meeting on May 15 of this year, we report the following:

1. Enersis S.A. (Enersis) and its subsidiary Empresa Nacional de Electricidad S.A. (Endesa-Chile) as of this date, have complied with all the conditions precedent required for the syndicated loans, signed by these companies with 32 banks, amongst which are all the banks that participated in the previous bank credits – on last May 12. Thus, the operation has been closed. The signing of these credits has already been informed to that Superintendency in our Essential Fact letter dated May 12, 2003.
2. These syndicated loans will be utilized to refinance the debts of Enersis and Endesa Chile for some US\$ 2,330 million, US\$ 1,587 million corresponding to Enersis and US\$ 743 million to Endesa-Chile.
3. The principal objective of this refinance that falls within the Financial Strengthening Plan of these companies, is to reduce consolidated borrowings by approximately US\$ 2.3 thousand million.
4. The syndicated loans consider a new term up till 2008, at fixed annual rates for the life of the credits of Libor + 350 basis points for Enersis S.A. and Libor + 300 basis points for Endesa-Chile, with half-yearly amortizations of capital to commence from November 2005. These credits contemplate a grace period of 30 months from May 15, 2003 during which interest will be paid only on the new credits. This will permit Enersis and its subsidiary Endesa-Chile a better compatibility with its respective cash flows during the initial years with an adequate service of the current debt. The clause that allowed for an acceleration of the repayment in the potential case of a loss of the investment grade by Standard & Poor's due to a deterioration in the risk rating granted by the risk rating agency and the clause that linked the interest of the credit to the risk rating of the Companies have been eliminated and were replaced by a series of new covenants and financial commitments in line with the business plans of the companies.
5. For the purposes of this refinancing, Enersis and Endesa-Chile have granted certain guarantees in favor of the 32 banks mentioned above. Enersis has given in lien all the shares it owns in Chilectra S.A. and has also given under lien the credits owed to it by Chilectra S.A. The obligations assumed by Endesa-Chile under the new credits are guaranteed by personal guarantees and co-debtor conditions granted by its subsidiaries Empresa Eléctrica Pehuenche S.A., Empresa Eléctrica Pangué S.A. and Compañía Eléctrica Tarapacá S.A.
6. The rise in the average financial costs of the aforementioned operation will be compensated by the effects of the measures considered in the Financial Strengthening Plan of the Group, amongst which is the reduction of some US\$ 2,300 million in consolidated debt.

Transfer of shares in Enersis

On August 1, 2003 this company was informed that Elesur S.A. sold to Endesa Internacional S.A., both companies 100% controlled by the Endesa Spain Group, 17,321,166,047 shares in Enersis S.A. corresponding to 56.9697% of the capital of Enersis S.A. at a price equivalent to 68.5 pesos per share.

This transfer does not mean any change in the total share participation the Endesa Group holds in Enersis S.A. nor in the control that the Group has over Enersis S.A. Furthermore, we are advised that this was done as

part of the process of rationalization and simplification of the corporate structure of the Endesa Group.

Provisional dividend

At a meeting held on July 30, 2003 the Board of Directors of Enersis S.A. unanimously agreed not to pay a provisional dividend in the month of August 2003, charged to the results of the month of June, 2003 in accordance with current policy on the matter, as the conditions foreseen in the Company's Policy on Dividends were not present.

Provisional dividend

At a meeting held on October 31, 2003 the Board of Directors of Enersis S.A. unanimously agreed not to pay a provisional dividend in the month of November 2003, charged to the results of the month of September 2003, in accordance with current policy on the matter, as the conditions foreseen in the Company's Policy on Dividends were not present.

Voluntary redemption of local bonds

The process of "The Offer to Voluntarily Redeem Bonds Nº 269, Series B1 and B2, initiated last November 1 was concluded on November 15, 2003. This process gave all holders of these bonds issued by Enersis S.A. the option to exchange them for first issue payment shares in the Company.

On concluding this process, we report that a total of 893,612,466 shares were subscribed, corresponding to Ch\$ 53,992,243,918. This sum implies a reduction in debt for Enersis S.A. of UF 3,666,621. With this operation, 64.84% of the UF value of the Bonds Series B1 and B2 when it started were exchanged.

Furthermore, as a consequence of the exchange of these bonds, the shareholders of Enersis S.A. registered as of the close of November 14, 2003 may participate in the so-called Second Preferential Offer Period of the capital increase of the Company, having the right to subscribe 0.1196427367 shares of a new issue for each share registered in their names as of the date indicated above.

Prepayment of syndicated loans

In a meeting held on Tuesday, November 25, the Board of Directors of the Company agreed to report the following:

1. Enersis S.A. has prepaid the entire syndicated loan it had with BBVA S.A., Dresdner Kleinwort Wasserstein, Salomon Smith Barney, Inc. and Santander Central Hispano Investment Securities together with a further 27 institutions which was granted on May 15, 2003 for approximately US\$ 1,587 million. This last prepayment implied for the Company the liberation of security established in favor of those creditor banks, i.e., the lien on the shares owned by Enersis S.A. and issued by its subsidiary, Chilectra S.A. as well as the lien on inter-company loans granted by Enersis S.A. in favor of Chilectra S.A.
2. This last prepayment was made principally with funds from a credit for US\$ 500 million signed on November 14, 2003 with the Banco Bilbao Vizcaya Argentaria, The Bank of Tokio-Mitsubishi Ltd., Caja Madrid (Agency), Deutsche Bank Securities Inc. and San Paolo IMI S.p.A., from the issue and placement of bonds on the United States market (Yankee Bonds) on November 24, 2003 for US\$ 350 million and from other sources. The Yankee Bonds were issued at a term of ten years and with a bullet payment, under Rule 144A at a rate of 7.375% per annum.

3. The refinancing mentioned falls within the Financial Strengthening Plan adopted by the Company on October 4, 2002.

Capital increase is concluded

At a meeting held on last December 18, the Board of Directors informed you by means of an Essential Fact letter of the conclusion of the Second Preferential Subscription Period of the capital increase of Enersis S.A. agreed by the Extraordinary General Meeting of Shareholders on March 31, 2003.

As is public knowledge, this capital increase contemplated three phases; two periods of preferential subscription and one period to redeem local bonds payable in new issue shares.

The First Preferential Subscription Period commenced on May 31, 2003 and concluded on June 30, 2003. The Second Preferential Subscription Period ran from November 20, 2003 to December 20, 2003.

Furthermore, as also reported at the time to that Superintendency and to the general public, between last November 1 and 15, there was an "Offer to Voluntarily Redeem Bonds N° 269, Series B1 and B2", the result of which was informed to you by means of an Essential Fact letter dated last November 17. This process gave all the bearers of these local bonds issued by Enersis S.A. the option to exchange them for first issue payment shares in the Company.

On concluding the Second Preferential Subscription Period of the capital increase mentioned, we report that a total of 24,360,123,331 shares were subscribed, corresponding to Ch\$ 1,471,843,528,820. This sum implies that 99.9% of the capital increase approved by an Extraordinary General Meeting of Shareholders of Enersis S.A. on March 31 is fully subscribed and paid in as of this date. (The part of the capital increase not subscribed and paid in will mature on December 30, 2003, leaving the capital of Enersis S.A. reduced to that actually subscribed and paid in).

The effects this capital increase will have on the results of Enersis S.A., in accordance with Circular N° 988 of that Superintendency cannot be reasonably quantified as of this date.

Notwithstanding the above, we must bear in mind that this capital increase significantly strengthens the equity structure of the company.

Elesur shares

On December 22, 2003 Enersis S.A. was informed that its shareholder Elesur S.A. had sold and transferred to Endesa Internacional S.A., both 100% subsidiaries of the Endesa Spain Group, 1,778,826,237 shares in Enersis S.A., representing 5.448475% of the registered capital of Enersis S.A., at a price equivalent to Ch\$ 84.50 per share.

This transfer does not mean any change in the control that this Group has over the Company and we have been advised that this operation was done as part of the process of rationalization and simplification of the corporate structure of the Endesa Group in Spain.

Chilectra S.A.

Policy on dividends, investments and financing 2003

The policy on dividends with which the Board of Directors of Chilectra S.A. hopes to comply with a charge to the 2003 period is the following:

Distribute in May, August and November, 2003 and in February, 2004 provisional dividends charged to the profits of 2003. In each of these months 85% of the profits derived from the normal operations of the Company during the quarters ending in March, June, September and December of that period. For the purposes of calculating the above, from 85% of the accumulated profit as of the quarter will be deducted the provisional dividends corresponding to the 2003 period already distributed as of the date of the payment.

It will be understood that the results deriving from the normal operation, are those profits that the Company makes during the 2003 period, without considering those received from the following events:

- The effects of accounting produced as a result of the revaluation adjustments made to the contributions to subsidiaries.
- The effects of accounting produced by the registration of the over-price when the subsidiaries place their own shares.
- By the profits generated, directly or indirectly by the investments in affiliates established both in the country and abroad.
- By the profits generated by overseas subsidiaries or by subsidiaries in which the Company's direct or indirect participation is less than 60% of their equity and by the profits derived from the sale of assets.
- By the registration of the positive or negative goodwill of those investments.

In the event that the total contribution from these events should be negative, this will be taken into consideration in the calculation of the profit to be distributed.

Consequently, the Board of Directors will not distribute dividends against a charge to the profits deriving from these events and the Ordinary General Meeting of Shareholders will have to decide on that issue when approving the definite dividend. The above is the intention of the Board of Directors of the Company but its compliance will be conditioned to the profits that are effectively obtained and also to the results projected periodically by the Company or the existence of determined conditions.

With respect to policy on definite dividends, it is the Board of Directors' resolve that the total dividends to be distributed and charged to the period be at least for the amount of the provisional dividends already distributed or the same as those established in the Law of Quoted Companies, whichever of the two is the greater.

2. Policy on Investments and Financing Year 2003

The Board of Directors agreed to establish the following Policy on Investments and Financing for the year 2003:

1. Investments

The Company will make investments as approved in the by-laws, in areas related to works to expand the capacity of supply related to the demand for electric power, in contributions to its subsidiaries or related companies and in contributions for investments in or the foundations of subsidiary or related companies whose corporate purpose is similar, related or linked to energy in any of its forms, to the supply of public services or that have energy as their principal raw material.

Investments related to the expansion of the Company will be necessary in order to adequately satisfy demand for electricity in the area under concession. Investments in its related public service companies will be required to enable these subsidiaries or related companies to comply with their corporate purpose and with their functions as concessionaires. These investments will be made in projects to maximize the value of the Company, considering the level of risk associated with these investments and in line with the by-laws of the Company.

For the purposes of controlling investments and in accordance with the Company's corporate purpose, a proposal shall be submitted at the General Meeting of Shareholders of the subsidiaries and related companies to designate directors to represent the Company and these should preferably be members of the Board or senior executives, both of the company and of other related companies. In addition, policies on investments, financing and business will be established within the subsidiaries as well as on accounting criteria with which these must abide and the performance of the subsidiary and related companies will be supervised.

2. Financing

The resources required for the local and international expansion process of the Company and the resources generated by the company's operations are obtained in accordance with special plans for their financing. Alternatives considered amongst these are, according to the needs, share issues, supplier credit, bank finance and syndicated loans, multinational credit agencies, simple and convertible bonds and others. Furthermore, the resources may be obtained from local and international and other investors.

Shareholders' Meetings

At the Ordinary General Meeting of Shareholders held on March 26, 2003 the following agreements were reached:

1. Approval of the Annual Report, Balance Sheet, Financial Statements and Report from the External Auditors corresponding to the period ended on December 31, 2002.
2. Approval and distribution of profits and information on the Policy on Dividends for the 2003 period.
3. Complete renewal of the Board of Directors.
4. Setting the remunerations of the Board of Directors.
5. Setting of the remunerations of the Committee of Directors and its budget.
6. Designation of the External Auditors.

Accounting adjustments

At an Extraordinary Meeting held on January 15, 2003 the Board of Directors of Chilectra S.A. unanimously agreed to be informed on certain accounting adjustments in the results of the financial statements of Chilectra S.A. as of December 31, 2002 deriving from the investments in its subsidiaries in Argentina and Brazil for an amount in local currency to US\$ 145 million.

These adjustments will not have an impact on the cash flows of the Company and are reflected in the financial statements of Chilectra S.A. corresponding to the year 2002.

The adjustments are broken down as follows (the figures shown correspond to the impact on the financial statements of Chilectra S.A.):

	Millions of US\$
Argentina	14
Brazil	131
Total	145

Furthermore, as a result of these adjustments, the Board of Directors of Chilectra S.A. agreed to cancel the payment of the dividend in February 2003 agreed to in the Ordinary Meeting of the Board N° 13/2002 held on December 19, 2002 with the amount to have been decided in the Board Meeting in January, 2003. The above indicates a change in the Policy on Dividends declared at the Ordinary general Meeting of Shareholders held on April 10, 2002.

Definite dividend

On March 26, 2003 the Ordinary General Meeting of Shareholders agreed to distribute a definite dividend, to be charged to retained earnings from previous years, of Ch\$ 38,837,417,504 and to assign this amount to the dividends paid to the shareholders during the year 2002 that totaled the same amount.

Renewal of the Board of Directors and the Committee of Directors

During the Ordinary General Meeting of Shareholders held on March 26, 2003 the following were elected Directors of the Company:

Jorge Rosenblut
 José Manuel Fernández
 Hernán Felipe Errázuriz
 Pedro Buttazoni
 Alvaro Quiralte
 Alberto Martín Rivals
 Marcelo Llévanes

In addition, in the Extraordinary Meeting N° 5/2003 of the Board of Directors held on March 26, following on from the Ordinary General Meeting of Shareholders, Jorge Rosenblut was appointed Chairman of the Board and José Manuel Fernández as Vice-Chairman. During the same meeting and in accordance with Circular N° 1,526 of the Superintendency of Securities and Insurance, the following were appointed members of the Committee of Directors of Chilectra S.A.: Jorge Rosenblut, Hernan Felipe Errázuriz and Alberto Martín Rivals.

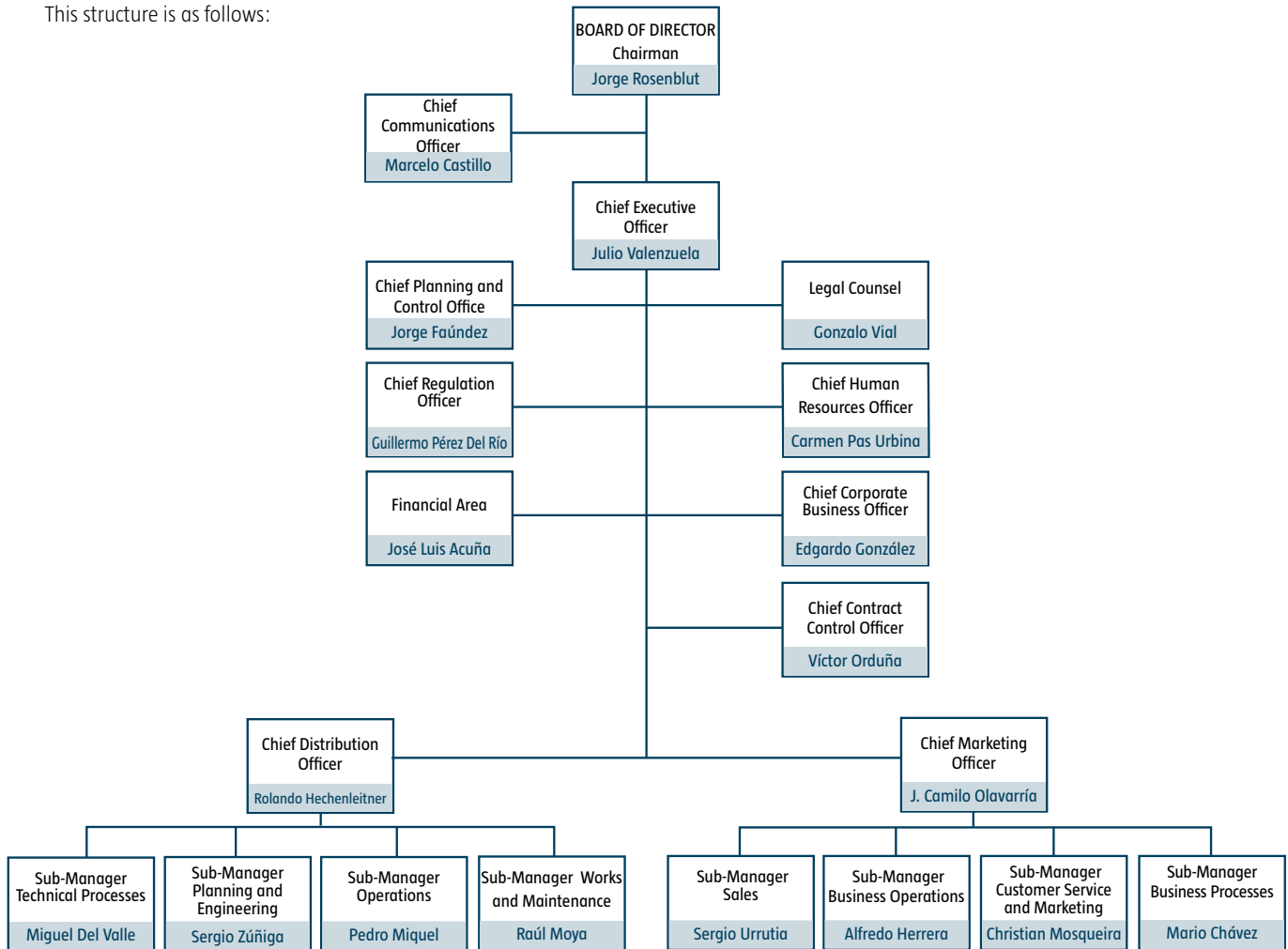
Bond issue

At Meeting N° 13/2003 held on August 18, 2003, the Board of Directors of Chilectra agreed to carry out a Bond Issue in order to prepay debts, by means of the inscription with the Superintendency of Securities and Insurance of two lines of titles for up to a total equivalent amount in Chilean Pesos of UF 8.2 million.

Organizational Structure

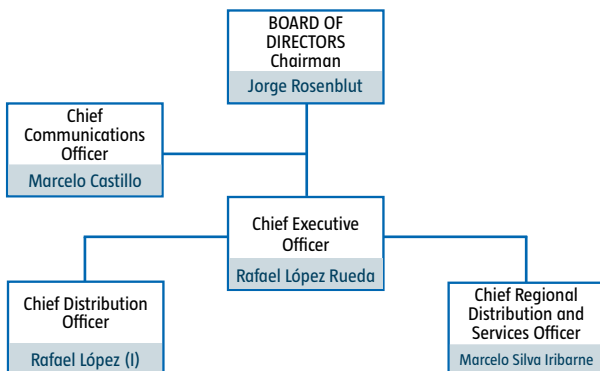
1. On Ordinary session number 6, 2004, celebrated on March 27, 2003, Chilectra's Board of Directors approved the new organizational structure for the Company.

This structure is as follows:



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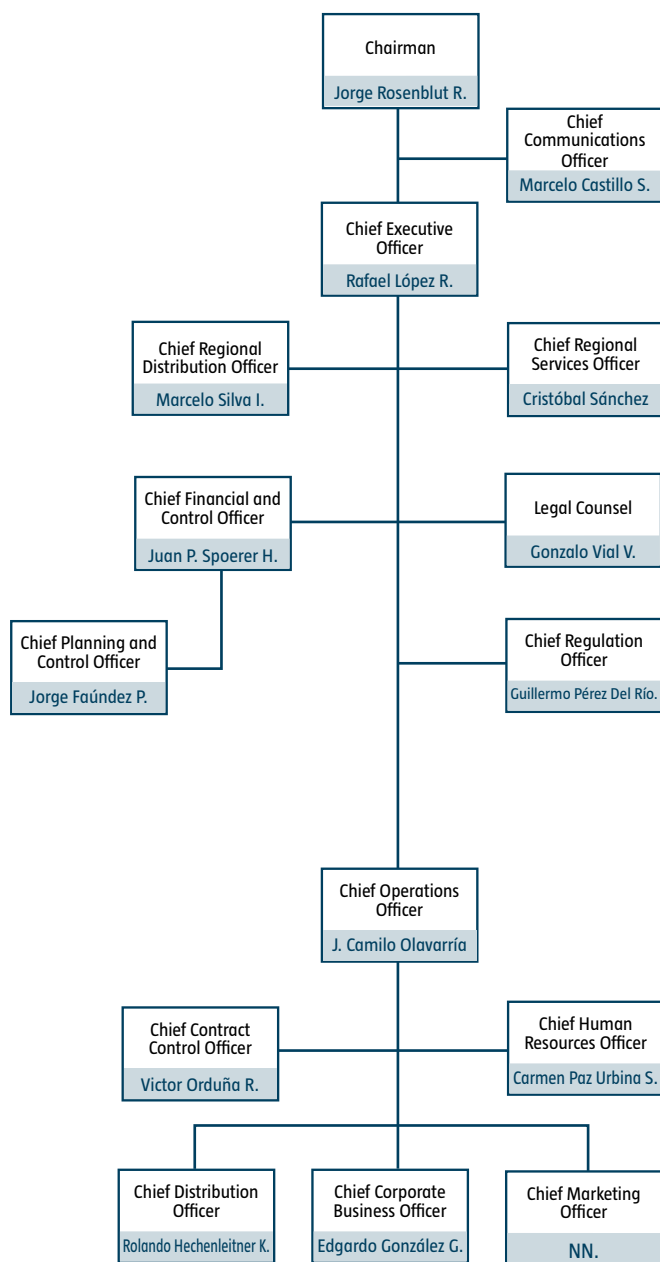
2. In Extraordinary Meeting Nº 11/2003 held on June 30, 2003 the Board of Directors of Chilectra S.A. approved a new organization structure which was established as follows:



As a consequence of the above, the resignation of Julio Valenzuela as Chief Executive Officer was accepted and Rafael López was named Chief Executive Officer in his place. At the same time, a new position of Chief Executive Officer Distribution Chile was created, reporting to the Chief Executive Officer, and this post will be held on an interim basis by Rafael López and a new Chief Regional Distribution and Services Officer position was created and will be occupied by Marcelo Silva.

3. In Ordinary Meeting Nº 12/2003 held on July 29, 2003 the Board of Directors of Chilectra S.A. named Rafael López as Chief Executive Officer of Distribution Chile and created the Financial and Control Management to be headed by Juan Pablo Spoerer. We would mention that up until last July 29, Rafael López occupied the position of Chief Executive Officer of Distribution Chile on an interim basis.

4. In Extraordinary Meeting N° 18/2003 held on December 18, 2003 the Board of Directors of Chilectra S.A. approved a new organization structure of the Company which was established as follows:



Amongst the most important changes, we highlight the elimination of the position of Chief Distribution Chile Officer and the creation of its replacement, Chief Operations Officer occupied by Juan Camilo Olavarría. Also, the current Chief Regional Distribution and Services Officer position has been split into the Chief Regional Distribution Officer occupied by Marcelo Silva and the Chief Regional Services Officer occupied by Cristóbal Sánchez.

Endesa S.A. (Parent Company)

- On March 11, 2003 we reported as an Essential Fact that the Board of Directors, at its meeting held on February 27, 2003 agreed to advise as an Essential Fact, when it would occur, that an agreement had been reached with the banks listed below, to proceed with a process of refinancing part of the bank borrowings of Empresa Nacional de Electricidad S.A. (Endesa).

On this matter, we would point out that today, Endesa reached an agreement with BBVA S.A., Salomon Smith Barney Inc., Dresdner Kleinwort Wasserstein and Santander Central Hispano Investment Securities to initiate the process of refinancing part of the bank debts of the company for a total amount of approximately US\$ 0.7 million. The banks mentioned represent approximately 45% of the figure mentioned above.

The terms of the operation that consider certain additional security compatible with the limits permitted by the contracts that cover the rest of the current debt of Endesa, have already been agreed by the Board of Directors of Endesa and by the four mentioned banks and will shortly be presented to the rest of the banks for their consideration and approval.

The refinancing proposed has a new term up to 2008 with half-yearly amortizations commencing 30 months from the initiation of the operation. Furthermore, the clause that permitted a pre-payment in the event of a deterioration of the credit rating given by the risk rating agencies will be replaced by a series of new financial covenants and commitments that will match the business plan of the company.

This process of refinancing the company falls within the Financial Strengthening Plan adopted recently by the company with the main object of reducing the company's debts.

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- On March 27, 2003 we informed as an Essential Fact that at a meeting held today, the Board of Directors agreed to inform as an Essential Fact that the Board of Directors of the Company agreed to approve the offer to acquire the assets of the Canutillar Plant for an amount of US\$ 174,000,000 submitted by Hidroeléctrica Guardia Vieja S.A., payable in cash upon the signature of the respective sale contracts, all within the tender process of those generating assets led by the Dresdner Kleinwort Wasserstein Bank, as the advisor to Endesa in this private tender process. This award on the part of the Board of Directors is subject to the authorization of the Extraordinary General Meeting of Shareholders of Endesa to be held on March 31 of this year to divest the Plant in question, in accordance with Article 28 Letter f) of the by-laws of the company and the dispositions of the Policy on Investments and Financing of the company.

The Board of Directors further agreed, also subject to the conditions indicated above, to provide the corresponding powers of attorney in order that all the necessary acts, contracts and agreements related to the sale of all the properties, assets, rights and concessions involved in the sale of the mentioned Plant be signed.

The divestment of the Canutillar Plant falls within the Financial Strengthening Plan approved by the Board of Directors in October, 2002 that contemplates, amongst other main steps to be taken, the divestment of those assets announced at the time to the market. The funds received from these sales will be utilized to reduce the debt of the Company.

- Ordinary and Extraordinary General Meetings of Shareholders were held on March 31, 2003 with the object of deciding over the following matters:

ORDINARY GENERAL MEETING

1. Approval of the Annual Report, Balance Sheet, Financial Statements, Report from the External Auditors and Inspectors of Accounts corresponding to the period ended on December 31, 2002; and registration of the result for the period in the capital and reserves accounts;
2. Explanation on the Policy on Dividends of the company and information on the procedures to be followed on the distribution of dividends;
3. Policy on Investments and Financing proposed by the Board of Directors;
4. Election of the Board of Directors of the Company;
5. Setting the remunerations of the members of the Board of Directors.
6. Setting of the remunerations of the Committee of Directors and its budget.
7. Report from the Committee of Directors;
8. Designation of the External Auditors.
9. Election of two principal Inspectors of Accounts and two deputies and the setting of their remunerations;
10. Other matters of interest to the company and responsibility of the Shareholders Meeting and information on the operations referred to in Article N° 44 of Law N° 18,046.

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EXTRAORDINARY GENERAL MEETING

1. In accordance with Article 28 Letter f) of the by-laws of the company and the indications in the Policy on Investments and Financing of the Company, request the authorization of the Extraordinary General Meeting of Shareholders to divest the Canutillar Hydroelectricity Plant;
2. Adopt all the agreements required to comply with and carry out adequately the above approval.

In accordance with the indications in Point 4 of the Ordinary General Meeting of Shareholders a new Board of Directors was appointed for the Company which is comprised as follows:

Jaime Bauzá
Ignacio Blanco
José María Hidalgo
Antonio Pareja
Luis Rivera
Andrés Regue
Carlos Torres
Antonio Tuset
Leonidas Vial

At an Extraordinary Meeting of the Board of Directors held on the same date, the Board Of Directors designated Luis Rivera as Chairman of the Board and Antonio Pareja as Vice Chairman.

At the same meeting, the Board agreed to designate Luis Rivera, Jaime Bauzá and Antonio Tuset as members of the Committee of Directors.

- On April 1, 2003 we reported by means of an Essential Fact letter that at the Extraordinary General Meeting of Shareholders of Empresa Nacional de Electricidad S.A. held yesterday, approval was granted with the unanimous vote of the shareholders present, to sell the Canutillar Hydroelectricity Plant owned by Endesa.

In virtue of this, the condition established by the Board of Directors of awarding the Plant mentioned to Hidroeléctrica Guardia Vieja S.A. at a price of US\$ 174,000,000 has been met, as agreed by the Board of Directors of the Company in the Board Meeting held on March 27 of this year and communicated in an Essential Fact letter on that same date.

- On April 7, 2003 we reported by means of an Essential Fact letter that on April 4, 2003 we complied with the conditions established to continue with the process of selling to HQI Transelec, the transmission assets owned by our subsidiary Compañía Eléctrica Tarapacá S.A. (Celta) and by our related company Gasatagama Generación Ltda. in the Northern Interconnected System (SING).

In effect, with the selling and buying companies having ratified the terms and conditions of the sale of the transmission lines and sub-stations included in the operation, the conditions established at the time in order to go ahead with this commitment to sell the assets, have been met.

With regard to our subsidiary Celta, the operation includes the sale of 285 Kms. of 220 KV. tension circuit lines. In the case of our related company, Gasatagama Generación Ltda., in which Endesa has a 50% interest, the transfer includes 673 Kms. of circuit lines with the same tension. In both cases, the operations contemplate the transfer of certain sub-stations owned by the two companies.

The total assets to be sold represent nearly 20% of the transmission assets of the SING.

The price received by our subsidiary Celta is approximately US\$ 32 million and with respect to our related company, Gasatagama Generación Ltda., the amount is approximately US\$ 78 million.

The estimated date of the signature of the transfer contracts is May 30 of this year.

With respect to Endesa, the sale of the transmission assets falls within the Financial Strengthening Plan approved by the Board of Directors in October 2002 that contemplates, amongst other main steps to be taken, the divestment of those assets announced at the time to the market.

- On April 30, 2003 we reported by means of an Essential Fact letter that today we closed the operation involving the divestment of the Canutillar Hydroelectric Plant to CENELCA S.A., a subsidiary of Minera Valparaíso S.A. for a sum of US\$ 174,000,000, having signed the respective transfer contracts

In this way, we have concluded the process of divestment of the Plant mentioned that has an installed capacity of 172 MW and is located in the X Region of the country. The award to the purchasing group was communicated in our Essential Fact letter dated April 1, 2003.

This divestment falls within the Financial Strengthening Plan approved by the Board of Directors of the company which has been progressing as planned.

As of March 31, 2003, the Company established provisions for ThCh\$ 5,032,803 corresponding to the estimated loss on this operation.

- On May 12, 2003 we reported by means of an Essential Fact letter that today Empresa Nacional de Electricidad S.A. and a group of 24 banks led by BBVA S.A., Salomon Smith Barney Inc., Dresdner Kleinwort Wasserstein and Santander Central Hispano Investment Securities, signed a syndicated loan to refinance the bank borrowings of the Company for US\$ 743 million. The preliminary agreement with the lead banks on this financial operation was advised to the market by means of our Essential Fact letter dated March 11 of this year.

The conclusion of this refinancing operation is subject to the compliance with several conditions precedent that must be completed on Thursday, May 15.

As a result of this refinancing, Endesa's obligations that originally matured this year and next, are deferred until the year 2008, with amortizations of capital commencing in the year 2005.

The syndicated loan that covers the refinancing eliminates the event of an accelerated repayment of the obligations due to a deterioration in the risk rating of the Company to levels below the investment grade.

The increase in the average financial costs of the debt associated to this operation will be compensated by the effects that we expect to reach with the compliance of all the financial operations and the divestments considered in the Financial Strengthening Plan of the Company.

This refinancing covers most of Endesa's bank borrowings and represents a significant ingredient of the Financial Strengthening Plan approved by the Board of Directors of the Company in October 2002 and which has been complied with as expected.

- On May 15, 2003 we reported by means of an Essential Fact letter that, complementing our Essential Fact letters of March 11 and May 12, 2003, both with reference to the process initiated by the Company to sign a syndicated loan to refinance the Company's bank borrowings for US\$ 743 million with 24 banks led by BBVA S.A., Salomon Smith Barney Inc., Dresdner Kleinwort Wasserstein and Santander Central Hispano Investment Securities, we advise that as of this date, we have complied with all the conditions precedent required in this syndicated loan and this operation has been definitely closed.

Endesa's obligations under this syndicated loan are secured by personal guarantees and co-debtor responsibilities provided by its subsidiaries Empresa Eléctrica Peheunche S.A., Empresa Eléctrica Pangué S.A., Compañía Eléctrica Tarapacá S.A. and Endesa Chile Internacional.

A fundamental effect of the refinancing signed is that the obligations of the Company that originally matured in 2003 and 2004, now have a term that expires in 2008 with half-yearly amortizations of capital commencing 30 months after the date of signature. This implies that the amortizations of capital will start on November 15, 2005. During this period of 30 months, the Company will only pay interest accrued on the new credits which, all told, will permit Endesa a harmony between an adequate service of the current debt and its generation of cash flows.

The annual rate for the duration of these credits will be Libor + 300 bases points.

The clause that allowed for a demand for an anticipated acceleration of the repayment in the potential case of a loss of the investment grade by

Standard & Poor's due to a deterioration in the risk rating granted by the risk rating agencies and the clause that linked the interest of the credit to the risk rating of the Companies have been eliminated and were replaced by a series of new covenants and financial commitments in line with the business plans of the companies.

Furthermore, and as we pointed out in our last Essential Fact letter dated May 12 of this year, the increase in the financial cost of the debt associated to this financial operation will be compensated by the effect we hope to attain from the compliance with all the financial and divestment operations considered in the Financial Strengthening Plan of the Company.

This refinancing process concluded today is a significant aspect within the Financial Strengthening Plan being carried out by the company.

- On June 23, 2003 we reported by means of an Essential Fact letter that today we proceeded to close the process of the sale of the entire stock participation that Empresa Nacional de Electricidad S.A. maintained directly in Infraestructura Dos Mil S.A., Inecsa Dos Mil S.A., Sociedad Concesionaria Autopista del Sol S.A. and in Sociedad Concesionaria Autopista Los Libertadores S.A. to the Spanish company, OHL Concesiones S.L., a subsidiary of the Spanish company, Obrascón Huarte Lain S.A. for a total sum of UF 2,305,507, having signed all the respective transfer contracts.
- On July 23, 2003 we reported by means of an Essential Fact letter that, in accordance with the indications of Articles 9 and 10, Point 2 of Law N° 18,045 and the conditions of Circular N° 1072 of the Superintendency of Securities and Insurance, Empresa Nacional de Electricidad S.A., through its Agency overseas, has today proceeded to issue, in line with Rule N° 144-A of the Securities Act of 1933 of the United States of America, two series of bonds on the international markets for a total amount of US\$ 600,000,000.

The purpose of these bond issues is to provide the Company with financial resources to refinance the maturity of the three-year bonds, known as European Floating Rate Notes (FRN's), issued by the subsidiary Endesa Chile Internacional, for an amount of Euros 400 million expected to mature on July 24, 2003. In order to cover the payment of the FRN's, the company signed a Euro/US\$ swap contract resulting in the net obligation to pay US\$ 381 million for the FRN's at maturity.

The remaining funds coming from the bond issue will be utilized fundamentally to prepay bank borrowings of the Company.

The operation is structured in two stages:

- US\$ 400 million in unsecured bonds to mature in 2013 at a rate of 8.35%.
- US\$ 200 million in unsecured bonds to mature in 2015 at a rate of 8.625%
- On August 1, 2003 we reported by means of an Essential Fact letter that, in accordance with the indications of Articles 9 and 10, Point 2 of Law N° 18,045 and the conditions of Circular N° 1072 of the Superintendency of Securities and Insurance, we complemented our communication by means of an Essential Fact letter dated July 23 of this year in which we reported that on that same date Empresa Nacional de Electricidad S.A., through its Agency overseas, had proceeded to issue, in line with Rule N° 144-A of the Securities Act of 1933 of the United States of America, two series of bonds on the international markets for a total amount of US\$ 600,000,000.

Adding to this information, we advise that yesterday the aforementioned issue was registered before the Securities and Exchange Commission.

- On October 6, 2003 we reported by means of an Important Fact letter that, during the night of last Friday, October 3 the operations of 9 of the 10 turbines in the hydroelectricity plant of our subsidiary in Brazil, Cachoeira Dourada S.A. were paralyzed by order of the Goiás Federal State Environmental Agency. As a result, of the 658 MW capacity of the Plant, for technical reasons only 1 with a capacity of 17MW is operating.

The reason alluded for this measure was apparently the lack of the corresponding environmental license authorizing Cachoeira Dourada S.A. to operate the electricity plant. The requirement to have an environmental license was imposed by law in Brazil in 1996.

We would point out that Endesa acquired the ownership of Cachoeira Dourada S.A. during the process of privatization organized by the State of Goiás and by the Federal Union in the year 1997. As of the date of privatization, Cachoeira Dourada S.A. did not possess an environmental license to operate the plant, just as none of the hydroelectricity generating stations operating in the State of Goiás had one then or have one now.

During the year 1998, Cachoeira Dourada S.A. initiated the process required to obtain the mentioned license before the Federal Environmental Authority (IBAMA) that claimed the authority to issue the environmental licenses to all the Hydroelectricity Generating Stations that make use of federal rivers, which is the case of our subsidiary, Cachoeira Dourada S.A.

Currently, the process to obtain an environmental license continues its normal administrative procedure before the federal environmental authority and we would mention that Cachoeira Dourada S.A. is the company most advanced in this administrative process in respect of the other electricity plants in the State of Goiás.

From the above, it is clear that the measure taken by the Environmental Agency of the State of Goiás, without precedent in the Federal Republic of Brazil, is clearly arbitrary and discriminatory as we feel that it should have been lifted in the short term as it reveals the existence of a conflict of authority, the solution of which should not be delayed.

Notwithstanding the above, the subsidiary, Cachoeira Dourada S.A., will appeal to all the administrative and judicial levels with the same purpose.

We would point out that, according to the information contained in our last consolidated financial statements, Cachoeira Dourada S.A. has only one client, that being the state distribution company of the State of Goiás, CELG that is in litigation with our subsidiary, having obtained a judicial resolution to provisionally suspend the payment of its invoices as of the month of April of this year with respect to the contract for energy. At this moment and following a new judicial decision, the Goiás State distribution company must pay 50% of the contract.

- On October 10, 2003 we reported by means of an Important Fact letter that, with respect to the paralyzation of 9 of the 10 turbines in our subsidiary, Cachoeira Dourada S.A. in the State of Goiás in Brazil, today the competent tribunal in that State accepted a limiting measure submitted yesterday by our subsidiary, Cachoeira Dourada S.A., in order to suspend the measure decreed by the agency of the State of Goiás that ordered the paralyzation in question.

Notwithstanding the above and also on this date, the Environmental Agency of the State of Goiás proceeded to suspend the order to paralyze

the turbines decreed by that agency, in compliance with the Agreement signed yesterday in the city of Brasilia between Cachoeira Dourada S.A. and the State Environmental Agency mentioned, by virtue of which the latter promised to leave without effect the administrative order it had decreed.

As a result of the above-mentioned judicial resolution and the administrative act issued by the Environmental Agency of the State of Goiás, the Plant belonging to Cachoeira Dourada S.A. proceeded on that same day to reinstate the normal operations with all its turbines.

- On October 24, 2003 we reported that Empresa Nacional de Electricidad S.A. placed a bond issue on the local market for the sum of UF 8,000,000.

This placement was made in two series, each one for UF 4,000,000, the first at a term of seven years at a rate of 5.65% and the second at a term of twenty-five years at a rate of 6.76%.

The resources obtained from this operation, which forms part of the Financial Strengthening Plan, will go towards refinancing the company's debts.

Pehuenche

- An Ordinary General Meeting of Shareholders was held on March 31, 2003 with the object of discussing and approving the following matters:

ORDINARY GENERAL MEETING

1. Approval of the Annual Report, Balance Sheet, Financial Statements and the Report from the External Auditors corresponding to the period ended on December 31, 2002;
2. Distribution of Profits and payment of dividends;
3. Explanation on the Policy on Dividends of the company and information on the procedures to be followed on the distribution of dividends;
4. Setting of the remunerations of the Committee of Directors and its budget.
5. Report from the Committee of Directors;
6. Designation of the External Auditors.
7. Other matters of interest to the company and responsibility of the Shareholders Meeting and information on the operations referred to in Article Nº 44 of Law Nº 18,046.

EXTRAORDINARY GENERAL MEETING

1. Modify Article Nº 4 of the by-laws by adding to the corporate purpose the granting by the company of personal guarantees and tangible security in favor of third parties;
2. The granting by the Company in favor of its parent company, Empresa Nacional de Electricidad S.A., of a personal guarantee and a co-debtor condition for up to US\$ 268 million to secure the credit obligations of Empresa Nacional de Electricidad S.A. in the terms and conditions agreed by the Extraordinary General Meeting of Shareholders;

3. Adopt all the agreements necessary to comply with and carry out the decisions made in regard to the above points;
 - On March 28, 2003, we reported that the Ordinary General Meeting of the Shareholders of the Company held on March 27, 2003 October 24, 2003 approved the payment of a definite dividend of Ch\$ 13.155865 per share. This dividend will be paid as of April 8, 2003.
 - On May 16, 2003 we reported by means of an Important Fact letter that by public deed dated May 15 of this year, granted before Notary Public Patricio Zaldívar, Empresa Eléctrica Pehuenche S.A. became a guarantor for up to US\$ 185 million in the terms indicated under Title Thirty Six of Book IV of the Civil Code of the Republic of Chile, assuming its obligation as co-debtor in the terms stated in Title Nine of Book IV of the same Code with respect to the integral and prompt compliance of all and each one of the obligations in favor of the creditors and that were assumed by Empresa Nacional de Electricidad S.A., acting through its agency abroad, emanating from the Loan Agreement on the credit that, on May 12 of this year, a series of financial institutions led by Banco Bilbao Vizcaya Argentaria, Dresdner Bank A.G., Banco Santander Central Hispano S.A. and Citibank N.A. granted to Empresa Nacional de Electricidad S.A., acting through its Agency overseas. The credit amounts to US\$ 742,857,142.86.
4. Setting the remunerations of the members of the Board of Directors.
5. Designation of the External Auditors.
6. Other matters of interest to the company and responsibility of the Shareholders Meeting and information on the operations referred to in Article N° 44 of Law N° 18,046.
 - On March 28, 2003 we reported that the Ordinary General Meeting of Shareholders held on March 27, 2003 approved the payment of a definite dividend of Ch\$ 11.335754 per share. This dividend will be paid as of April 23, 2003.
 - On April 11, 2003 Empresa Eléctrica Pangué S.A. reported that the Extraordinary General Meeting of Shareholders held on April 10, 2003 authorized the company to grant a personal guarantee and to act as a co-debtor for an amount up to US\$ 743 million to secure the credit obligations of Empresa Nacional de Electricidad S.A.

We would point out that the personal guarantee and the co-debtor condition granted by Empresa Eléctrica Pehuenche S.A. was approved at the Extraordinary General Meeting of the Shareholders of the Company held on March 27 of this year.

- On June 27, 2003 we reported that at a meeting held on June 26, 2003 the Board of Directors agreed to pay a provisional dividend amounting to Ch\$ 11.617344 per share on July 25, 2003. This provisional dividend is in accordance with the policy advised to the Ordinary General Meeting of Shareholders.
- In a meeting held on September 30, 2003 the Board of Directors agreed to pay a provisional dividend in accordance with the policy advised to the Ordinary General Meeting of Shareholders. This provisional dividend will amount to Ch\$ 15.346562 per share and will be paid on October 27, 2003.
- In a meeting held on December 29, 2003 the Board of Directors agreed to pay a provisional dividend in accordance with the policy advised to the Ordinary General Meeting of Shareholders. This provisional dividend will amount to Ch\$ 19.006468 per share and will be paid on January 28, 2004.

Pangué

- An Ordinary General Meeting of Shareholders was held on March 27, 2003 with the object of debating over and approving the following matters:

ORDINARY GENERAL MEETING

1. Approval of the Annual Report, Balance Sheet, Financial Statements and the Report from the External Auditors corresponding to the period ended on December 31, 2002;
2. Distribution of Profits and payment of dividends;
3. Explanation on the Policy on Dividends of the company and information on the procedures to be followed on the distribution of dividends;

The meeting left on record that, in accordance with Point 4 of Article N° 69 of Law N° 18,046, this approval by the Extraordinary General Meeting of Shareholders on the subject covered by the paragraph above, grants the right to any dissident shareholder to withdraw from the company after paying the value of his shares.

A dissident shareholders is considered one that at the Extraordinary General Meeting of Shareholders opposed the agreement, giving him the right to withdraw, or that, not having attended the Meeting, expressed his opposition in writing to the company within the term established in the following paragraph.

The right to withdraw, according to Article N° 70 of the Law quoted, must be exercised within a term of 30 days from the date of the Extraordinary General Meeting of Shareholders in question, i.e. between April 10 and May 9, 2003, both dates inclusive.

The right to withdraw covers only the shares that the dissident shareholder had inscribed in his name in the register of shareholders of the company as of the date that determined his right to participate in the Extraordinary General Meeting of Shareholders that adopted the respective agreement which was April 3, 2003.

The price to be paid per share for the right to withdraw will be the book value of the share as of March 31, 2003 which was Ch\$ 258.57 per share.

- On May 16, 2003 we reported by means of an Essential Fact letter that by public deed dated May 15 of this year, granted before Notary Public Patricio Zaldívar, Empresa Eléctrica Pangué S.A. became a guarantor for an initial period of 364 days taken from the aforementioned date, in the terms indicated under Title Thirty Six of Book IV of the Civil Code of the Republic of Chile, assuming its obligation as co-debtor in the terms stated in Title Nine of Book IV of the same Code with respect to the integral and prompt compliance of all and each one of the obligations in favor of the creditors and that were assumed by Empresa Nacional de Electricidad S.A., acting through its agency abroad, emanating from the Loan Agreement on the credit that, on May 12 of this year, a series of financial institutions led by Banco Bilbao Vizcaya Argentaria, Dresdner Bank A.G., Banco Santander Central Hispano S.A. and Citibank N.A. granted to Empresa Nacional de Electricidad S.A., acting through its Agency overseas. The total amount of the credit is US\$ 742,857,142.86.

We would point out that the personal guarantee and the co-debtor condition granted by Empresa Eléctrica Pangué S.A. was approved at the Extraordinary General Meeting of the Shareholders of the Company held on April 10 of this year.

- On June 27, 2003 we reported that at a meeting held on June 26, 2003 the Board of Directors agreed to pay a provisional dividend amounting to Ch\$ 19.716808 per share on July 25, 2003. This provisional dividend is in accordance with the policy on dividends advised to the Ordinary General Meeting of Shareholders held on March 27, 2003.
- On July 4, 2003 we reported that at a meeting held on June 26, 2003 the Board of Directors of the Company agreed to call for an Extraordinary General Meeting of Shareholders for July 29, 2003.

The purpose of the Extraordinary Meeting is to debate and decide on the following matters:

1. Request the Superintendency of Securities and Insurance to strike off the inscription of Empresa Eléctrica Pangué S.A. from the Securities Register.
 2. Modify Articles 10, 18, 23 and 30 from the by-laws of the Company in order to adapt them to the regulations applicable to unquoted corporations.
 3. Insert a modified text into the Company's Bylaws.
 4. Adopt all the agreements required to comply with and carry out adequately the decisions in relation to the above points.
- On July 30, 2003 we reported that in view of the contents of Article 69 a) of the Law on Stock Companies and General Norm N° 30 of the Superintendency of Securities and Insurance, I hereby inform you that the Extraordinary General Meeting of Shareholders of the company held on July 29, 2003 agreed to request the elimination of the Company from the Register of Securities of the Superintendency of Securities and Insurance.

The meeting left on record that, in accordance with Point 4 of Article N° 69 of Law N° 18,046, this approval by the Extraordinary General Meeting of Shareholders on the subject covered by the paragraph above, grants the right to any dissident shareholder to withdraw from the company after paying the value of his shares.

A dissident shareholders is considered one that at the Extraordinary General Meeting of Shareholders opposed the agreement, giving him the right to withdraw, or that, not having attended the Meeting, expressed his opposition in writing to the company within the term established in the following paragraph.

The right to withdraw, according to Article N° 70 of the Law quoted, must be exercised within a term of 30 days from the date of the Extraordinary General Meeting of Shareholders in question, i.e. between July 29 and August 27, 2003, both dates inclusive.

The right to withdraw covers only the shares that the dissident shareholder had inscribed in his name in the register of shareholders of the company as of the date that determined his right to participate in the Extraordinary General Meeting of Shareholders that adopted the respective agreement which was July 22, 2003.

The price to be paid per share for the right to withdraw will be the book value of the share as of June 30, 2003 which was Ch\$ 286.461711 per share.

- On September 26, 2003 we reported that, in compliance with the subject approved by the Extraordinary General Meeting of Shareholders of Empresa Eléctrica Pangué S.A. held on July 29, 2003 we request the cancellation of the inscription dated August 10, 1992 corresponding to Empresa Eléctrica Pangué S.A. in the Register of Securities of the Superintendency of Securities and Insurance shown as N° 419.
- On November 26, 2003, the Superintendency of Securities and Insurance, by means of Exempt Resolution N° 440 struck off, at the request of the interested party, the inscription in the Register of Securities N° 419 corresponding to Empresa Eléctrica Pangué S.A.

ratio analysis of the consolidated financial statements

for the period ended on December 31, 2003

economic-financial summary

The net result as of December 31, 2003 was a profit of Ch\$ 12,468 million, which compares favorably with the loss of Ch\$ 225,985 million registered in December, 2002. In this respect, we must remember the this loss was fundamentally the result of the acceleration of the amortization of the balances of the positive and negative goodwill accounts related to the investments made by the Company in Argentina and Brazil.

Operating Revenues amounted to Ch\$ 531,098 million for the period ended on December 31, 2003, a slight decrease of Ch\$ 6,873 million, or 1.3%, with respect to the same period of the year 2002. In order to compare these on an equal basis, it is important to mention that this decrease is principally due to the effects of the divestment and consequently of the deconsolidation of the subsidiaries, Río Maipo and Infraestructura Dos Mil S.A. as, leaving aside this effect, the operating result would have risen by 2.2%.

At the same time, we must point out the strong impact that the important appreciation of the Chilean Peso versus the US Dollar had on the operating result (17.4%), falling from a rate of Ch\$ 718.61 to Ch\$ 593.8 in December, 2003. This is an important consideration as, if we isolate this effect, the operating result would have grown by 12.4%.

In this consideration, the increase in the operating results of the subsidiaries Codensa, Cerj, Edesur and the service and engineering companies Synapsis and CAM have compensated the fall in the results obtained in the subsidiaries Endesa Chile, Edelnor, Coelce and Inmobiliaria Manso de Velasco.

Still on the operations area, the basis of the Company's business, we must highlight the increase of 4.2% in physical sales in the distribution business that rose from 47,679 GWh to 49,677 GWh, which is consistent with the pace of the economic recovery of most of the countries in which the Enersis Group has operations. On the other hand, sales of power in the generation area also rose from 48,629 GWh to 51,053 GWh, a growth of 5.0%.

Physical sales of distribution, when compared to last year, showed the following behavior:

Chilectra	5.7%
Edesur	4.1%
Edelnor	2.6%
Cerj	3.5%
Coelce	6.1%
Codensa	2.7%

Physical sales of generation, by country, grew as follows:

Chile	1.8%
Argentina	17.2%
Peru	6.8%
Colombia	1.8%
Brazil	4.9%

These partial increases permit us to confirm what we have been saying with respect to the recovery in consumption of electricity after two years and a half in which physical sales grew at rates slightly over 1%.

This greater volume of physical sales, added to the greater generation of electricity, is also a reflection of the recovery in consumption, confirming what we said in the preceding paragraph. These two elements are of great importance in the evaluation of our principal business, its projections and its expectations.

Furthermore, in the operating area, we should highlight the rise of 5.1% in the number of clients that went from 9,978 thousand to 10,482 thousand, representing an increase of 504 thousand clients or the equivalent to incorporating, in one year, a company one and a half times the size of Río Maipo. This growth, added to the recovery in demand mentioned above, permits us to presuppose a sustained improvement in the level of sales in the year 2004.

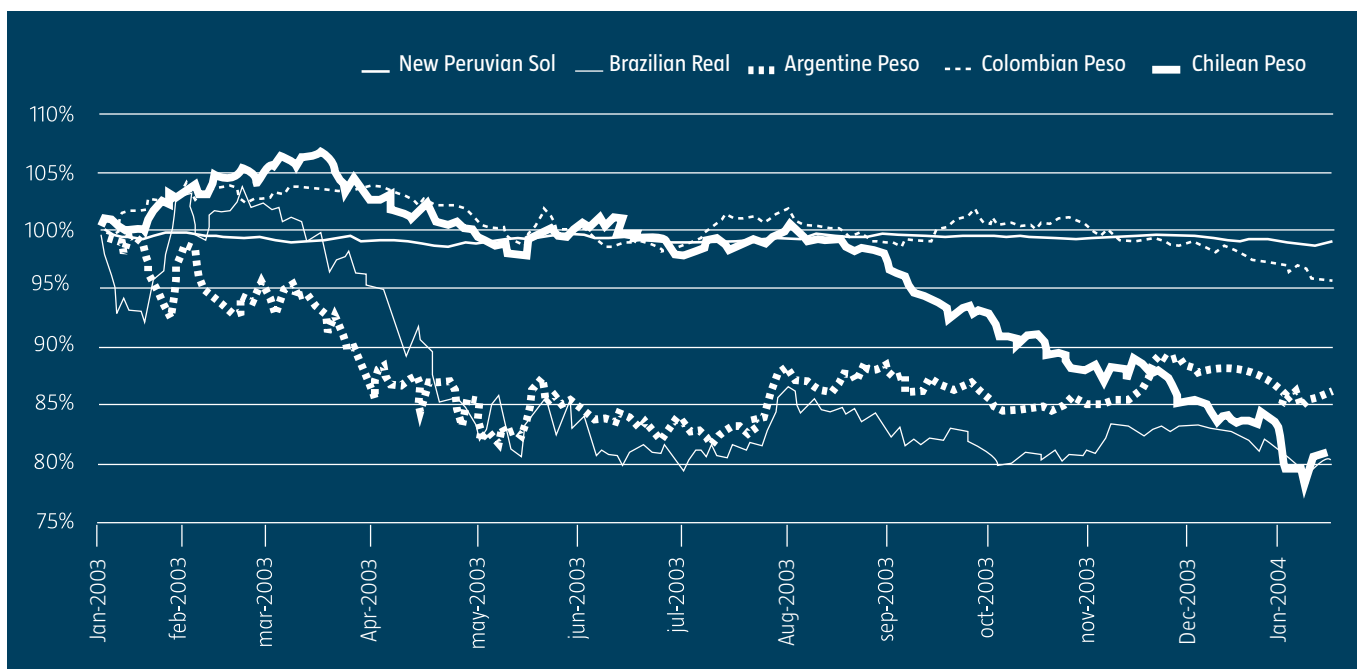
Another important element in the field of operations, labor productivity improved by 5.1%, rising from 1,367 clients per employee to 1,436 clients per employee, confirming the positive tendency experienced throughout the last four years.

Losses of energy (aggregate of all the companies), another variable in the distribution business, grew from 11.9% to 12.2%. This variation is explained principally by the increase experienced by Edesur, Cerj and Coelce, negative effects that were not able to be compensated by the fall in loss of energy registered by Edelnor and Codensa.

The Ch\$ 158,399 million fall in Operating Revenues, equivalent to 6.3%, were partially compensated by an important reduction of 5.5% in Operating Costs which fell by Ch\$ 95,619 million and by the important reduction of 24.8% in Administrative and Selling Expenses, confirming the great effort made by this area.

The company managed to improve its Net Financial Result by Ch\$ 9,996 million, an increase of 2.8% with respect to the close of the year 2002. This was principally due to a the strong reduction in debt carried out during the year 2003 and to the benefits of lower interest rates. This allowed Enersis to reach levels of borrowings compatible with those of international companies, qualified suppliers of electric services classified as A or higher.

With regard to Net Results from Investments, these rose by 109.9% from a profit of Ch\$ 8,347 million to a profit of Ch\$ 17,517 million, as a consequence of a greater profit on the investments in related companies and of a smaller loss from same, explained in the detail shown in the following pages.



Furthermore, the high volatility of the local currencies against the US Dollar, in this case, the appreciation since January of this year, as can be noted from the above graph, has implied registering accounting losses of Ch\$ 67,511 million in the year 2003 as a result of the adjustments on conversion to Chilean norms, as a consequence of the application of Technical Bulletin N° 64. This, net of minority interests, amounts to a loss of Ch\$ 40,786 million. This is closely related to the appreciations of the Brazilian Real and the Argentine Peso and their impact with respect to the structure of the monetary assets and liabilities.

With respect to the financial area, the year 2003 will be remembered as one of intense activity due to the multiple and successful operations carried out in order to strengthen the financial and equity situation of Enersis.

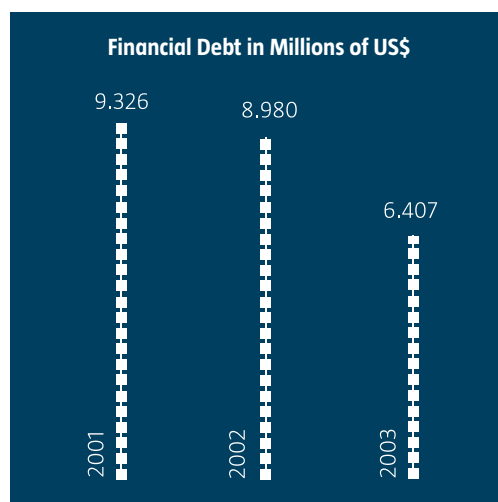
Firstly, we must highlight that throughout the year, the Enersis Group carried out multiple operations for approximately US\$ 7,000 million, as part of the Financial Strengthening Plan launched by the Company in the month of October, 2002.

These operations can be summarized in three large stages:

Refinancing Operations	US\$ 4,018 million
Selective Divestment of Assets	US\$ 757 million
Capital Increase	US\$ 2,104 million
Total	US\$ 6,879 million

The refinancing stage was undertaken through various instruments such as syndicated loans, bond issues on local and overseas markets, prepayment of the Jumbo II credit and other less important operations. The moment to undertake this restructuring was also the most appropriate considering that interest rates were at a historic low whilst at the same time the improved perception of risk of the Enersis Group allowed for a prize on risk which was a lower spread on the new debt. Many of these operations took place during the year 2003, the last of these being the payment of US\$ 149 million corresponding to the put undertaken by the holders of the 2026 Yankee Bonds.

All these operations permitted not only a greater flexibility in the maturity of Enersis' debt, resulting in a payment schedule more in accord with the Group's generation of Cash flows, but also a reduction of the debt by US\$ 2,573 million, significantly strengthening the financial situation of Enersis.



The divestment of assets achieved the best expectations as the prices offered for the assets on sale were in the top level of those expected. With regard to the "replacement" of those assets divested, we would point out that the 172 MW of installed capacity corresponding to the Canutillar Plant that was sold will be easily surpassed by the 570 MW of installed capacity of the new Ralco plant coming on stream during the year 2004. This does not consider the 311 MW installed capacity of the new thermoelectricity plant in Ceará (CGTF), in the northeast of Brazil, in operation since January 2004, 49% owned by Enersis. These divestments also produced an effect on the comparative analysis of the results as of December 2002 versus December 2003, an important aspect to bear in mind.

Divestments	Cash	Debt Discounted	Total
Río Maipo	170	33	203
Canutillar	174	-	174
Infraestructura 2000	50	220	270
Transm. Lines	110	-	110
Total	504	253	757

With regard to the capital increase, this exceeded even the most optimistic expectations. In this respect, we must recall that when we launched this operation for US\$ 2,000 million, the stock markets were still fairly depressed and some sectors were very skeptical about our possibilities of obtaining the participation of the shareholders in the largest capital increase in recent times in Latin America.

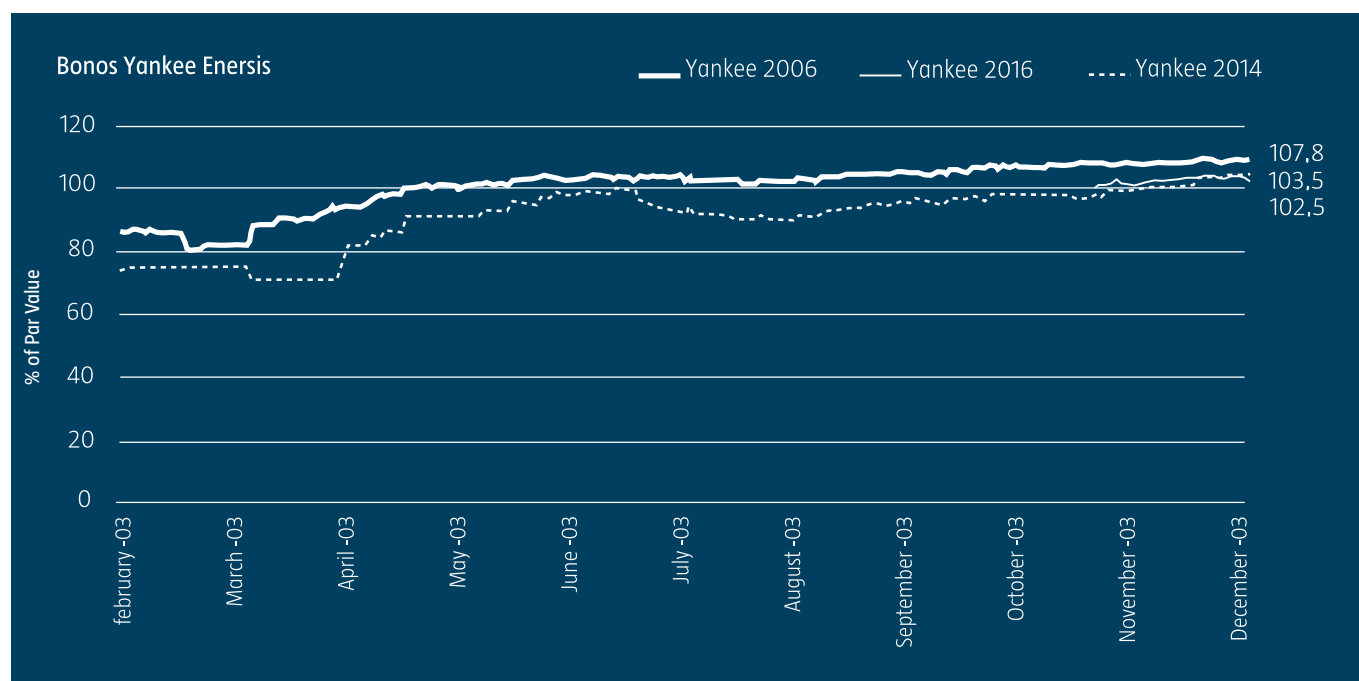
In fact, the capital increase, conceived in three stages, permitted the Company to increase its equity base by more than US\$ 2,104 million, a significant part of which corresponded to the capitalization of debts of US\$ 1,219 million made by the controlling shareholder.

Total Shares Authorized		24,382,994,488		
1st Period	Nº of Shares	ThUS\$	% Total	
Shares subscribed by ELE	14,406,840,511	1,218,967	59.09%	
Shares subscribed by 3rd parties	7,706,423,549	663,034	31.61%	
Total shares subscribed	22,113,264,060	1,882,001	90.69%	

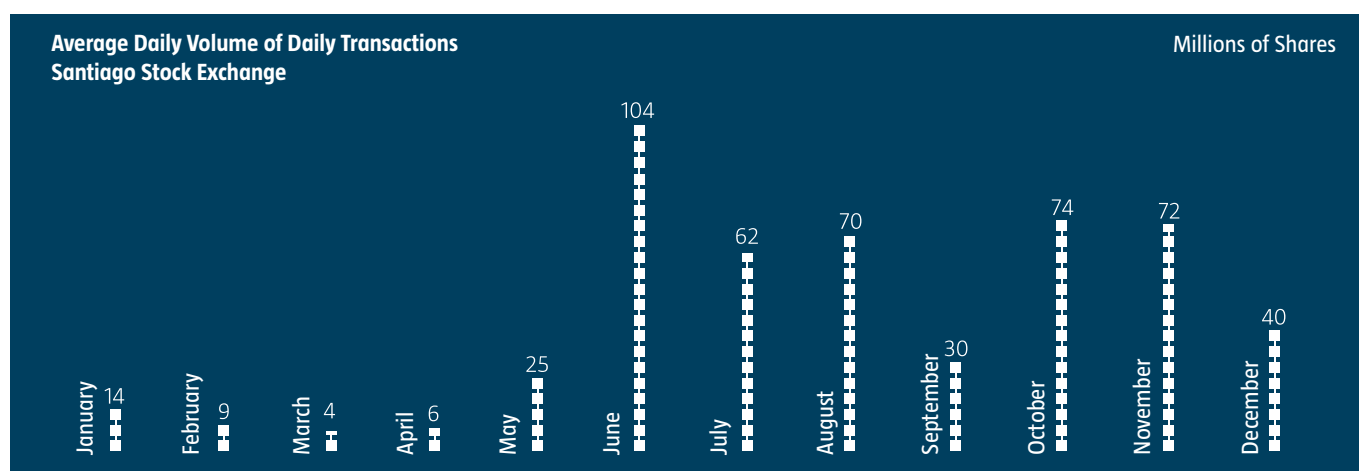
Exchange Local Bonds	Nº of Shares	ThUS\$	% Total
Exchange Bonds B1 and B2	893,612,466	86,474	3.66%

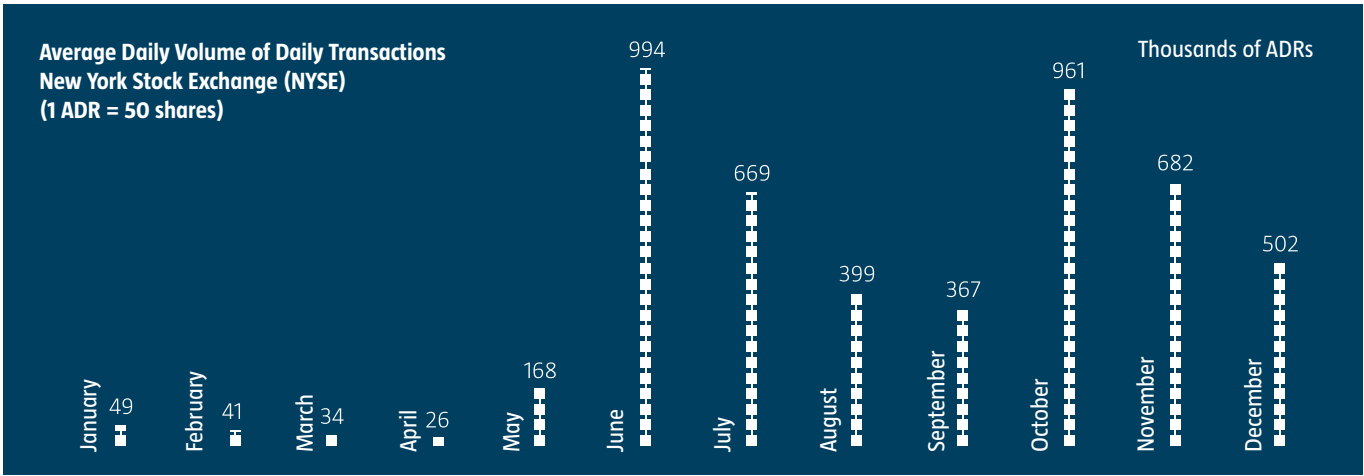
2nd Period	Nº of Shares	ThUS\$	% Total
Shares subscribed by 3rd parties	1,353,269,839	135,552	5.55%
Total shares subscribed	24,360,146,365	2,104,027	99.91%

Aside from any internal considerations with respect to the success of the strengthening process carried out is the perception that the markets had of this corporate effort. In this sense, in the following graph, it is possible to appreciate how and by how much the risk perception of Enersis improved by way of the spread or prize on risk required from our debt instruments.

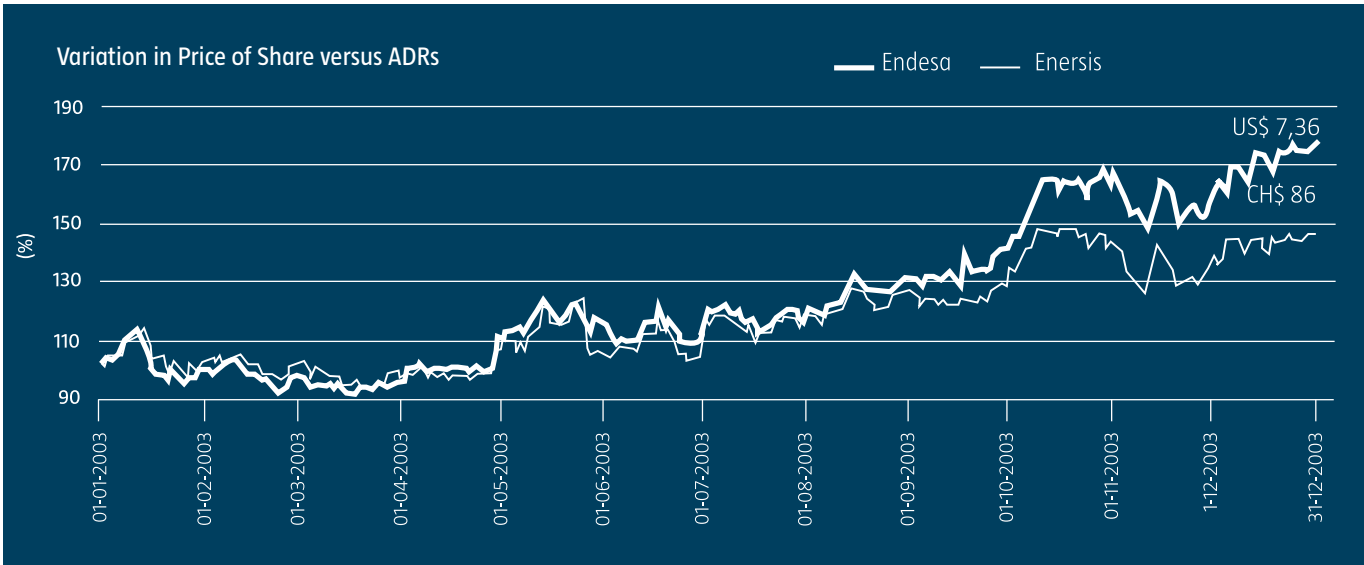


Furthermore, the improved risk perception, together with the recovery in demand for electricity in the majority of the areas under concession, is reflected in a sustained growth in the liquidity of Enersis' shares, both on the local market and on the NYSE through the ADRs. The above is easily appreciated from the following graph.





The improved risk perception, together with the strong liquidity of its paper, also provoked a sustained rise in the level of the prices of the shares and of the ADRs throughout the year 2003, particularly from the beginning of the month of May, date on which the strengthening process started to consolidate.



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The financial elements described, i.e., the recovery in demand and the strengthening of the currencies, as is known, are essential factors required to obtain a better return on the investments in our sector of activities. The detail of the variations of the income accounts and the balance sheet described above, together with a greater analysis of the evolution of the main businesses are in the following pages, in the Comparative Analysis of the Financial Statements, of the different entries in the Income Statement, of the Balance Sheet and the Principal Cash Flows, compared to the information corresponding to December 31, 2002.

Consequently, and even when the figures for the year 2003 did not manage to register all the positive events described, it is necessary to highlight them considering the impact that these will have, not only on the results for 2004 and subsequent years, but also on the financial strength of the Group as a whole, in the medium and long term.

market in which the company participates

The business activities of Enersis are performed through subsidiaries that operate in different businesses in the countries in which it they have a presence. The most important business activities for Enersis are Distribution and Generation of electricity.

The following tables illustrate the key statistics in the different countries.

Distribution Business

Company	Sales of Energy (GWh) (*)		Loss of Energy (%)		Clients (thousands)		Clients / Employee	
	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03
Chilectra	9,952	10,518	5.6%	5.6%	1,319	1,341	1,812	1,800
Edesur	12,138	12,638	11.6%	11.8%	2,090	2,117	924	938
Edelnor	3,872	3,972	8.5%	8.4%	871	892	1,434	1,610
Cerj	7,145	7,398	22.6%	23.6%	1,778	1,905	1,215	1,256
Coelce	5,558	5,897	12.9%	13.5%	2,009	2,255	1,517	1,640
Codensa	9,014	9,254	10.3%	10.2%	1,911	1,972	2,278	2,315
Total	47,679	49,677	11.9%	12.2%	9,978	10,482	1,367	1,436

(*) These include sales to end consumers, tolls and inter-company sales.

Generation Business

Country	Markets in which it participates	Sales of Energy (GWh)		Market Share	
		Dec-2002	Dec-2003	Dec-2002	Dec-2003
Chile	SIC and SING	18,344	18,681	46.1%	43.9%
Argentina	SIN	7,897	9,259	9.5%	11.9%
Peru	SICN	4,158	4,443	22.8%	21.5%
Colombia	SIN	14,639	14,900	23.6%	21.6%
Brazil	SICN	3,591	3,770	1.0%	1.0%
Total		48,629	51,053		

1. analysis of the income statement

The result achieved by the company as of December 31, 2003 is a profit of Ch\$ 12,468 million, representing an increase of Ch\$ 238,453 million with respect to the year before when the company made a loss of Ch\$ 225,985 million.

The variations in each item of the income statement are shown in the following table.

Income Statement (Millions of CH\$)	Dec-02	Dec-03	Variation Dec 03-02	% Variation Dec 03-02
Operating Revenues	2,510,732	2,352,333	(158,399)	(6.3%)
Operating Expenses	(1,747,351)	(1,651,732)	95,619	5.5%
Operating Margin	763,381	700,601	(62,780)	(8.2%)
Selling and Administrative Expenses	(225,410)	(169,503)	55,907	24.8%
Operating Income	537,971	531,098	(6,873)	(1.3%)
Profit (Loss) in Related Companies	8,347	17,517	9,170	109.9%
Net Others Non Operating Income	73,017	(50,448)	(123,465)	(169.1%)
Net Financial Margin	(363,194)	(353,198)	9,996	2.8%
Positive Goodwill Amortization	(511,408)	(53,228)	458,180	89.6%
Monetary	5,014	(4,499)	(9,513)	(189.7%)
Exchange Differences	(16,271)	(6,054)	10,217	62.8%
Non Operating Income	(804,495)	(449,910)	354,585	44.1%
Income Tax	(66,677)	(41,571)	25,106	37.7%
Extraordinary Items	(22,599)		22,599	
Minority Interests	16,445	(78,325)	(94,770)	(576.3%)
Negative Goodwill Amortization	113,370	51,176	(62,194)	(54.9%)
Net Income	(225,985)	12,468	238,453	105.5%
Ebitda (*)	1,090,707	1,010,295	80,412	(7.4%)
Earnings per Share	(27.26)	0.41	27.67	101.5%

(*) Earnings Before Income Tax, Interest, Depreciation and Amortization of Extraordinary Items

a. Net Operating Income:

The Net Operating Income amounted to Ch\$ 531,098 million for the period ended on December 31, 2003, reflecting a slight decrease of Ch\$ 6,873 million, or 1.3%, with respect to the same period of the year 2002. This decrease is principally due to the effects of the sales and subsequent deconsolidation of the subsidiaries, Río Maipo and Infraestructura Dos Mil S.A. as, leaving aside this effect, the operating result would have risen by 2.2%.

Furthermore, what occurred with the Chilean Peso this year, which appreciated 17.4%, moving from a rate of Ch\$ 718.61 in December 2002 to Ch\$ 593.8 in December 2003, had an important impact on the net operating income as, if we isolate this effect, the operating result would have grown by 12.4%.

On the other hand, the net operating income of the subsidiaries CODENSA, CERJ, EDESUR and the service and engineering companies SYNOPSIS and CAM have compensated the fall in the results obtained in the subsidiaries ENDESA, EDELNOR, COELCE and Inmobiliaria Manso de Velasco.

In the Generating business, Endesa Chile presented a net operating income of Ch\$ 338,510 million as of December 2003, 3.2% lower than that obtained in the year 2002. This decrease in the net operating income that

is mainly due to the results of the subsidiaries in Peru and Brazil, was partly compensated by the good performance in Argentina and Colombia. We should also point out the positive effect on the sales of energy in the region as a consequence of the large growth in demand for energy, the abundance of water in Argentina and the improved prices in Colombia. Furthermore, we should mention the reduction of 14.5% in the administrative and selling expenses to Ch\$ 31,324 million in 2003, Ch\$ 5,328 million less than in the same period of the year 2002. During 2003 sales amounted to 51,053 GWh, an increase of 5% over those of the same period of 2002.

In Chile, the net operating income for the year 2003 amounted to Ch\$ 155,260 million, falling by 10.0% with respect to the result for the year 2002. Nevertheless, if we compare this with the year 2002, excluding the effects of the deconsolidation following the divestment of Infraestructura Dos Mil S.A., the operating result in Chile would have risen by 3.2%. On the other hand, revenues from sales of energy grew by 5.0% despite the sale of the Canutillar Plant at the end of April 2003, compensated in part by higher costs of energy, greater costs of fuel due to an increase in the generation of thermoelectricity and by higher toll costs.

In Colombia, the net operating income rose by 12.9% to Ch\$ 85,984 million. This increase is due to the higher prices on the spot market as a result of the fall in the availability of water that has affected that country, to a better sales mix, to a slight increase in physical sales and to larger revenues from capacity during the period.

In Argentina, the net operating income for the year 2003 increased by 154% with respect to the year 2002, amounting to Ch\$ 32,313 million. This increase in the operating result is due to the good performance of the subsidiaries El Chacón and Central Cordillera whose operating results rose by Ch\$ 12,568 and Ch\$ 7,021 million, respectively. In El Chacón, the improved result is due to a greater production of energy during the year 2003 as a result of larger water supplies, added to better average sales prices on the spot market. In the case of Central Costanera, the increase in the result is explained principally by larger revenues in payment of power from contracts on the second interconnection line with Brazil that started being registered as of May, 2002.

On the other hand, in Peru, the net operating income for the year 2003 fell by 13.9% with respect to the year 2002, amounting to Ch\$ 61,296 million. The income from sales of energy decreased despite the increase in the physical sales of energy due to the effects of the appreciation of the Chilean Peso against the US Dollar during the period as well as to a higher cost of purchases of energy and transport resulting from the rise in physical sales.

In Brazil, the net operating income of Cachoeira Dourada S.A. decreased by 78.7% to Ch\$ 3,657 million principally as a result of the lower revenues on sales of energy due to lower average prices on the spot market and to the 10% reduction in the original contract with the distributor Celg as of September 2002 and an additional 10% reduction as of September, 2003.

We point out that during the year 2003, the contract signed between our related company CIEN and Copel for the second interconnection line between Argentina and Brazil was successfully renegotiated. The definite agreement, with the approval of ANEEL, in combination with the negotiations undertaken on the contracts with the Argentine suppliers that support this contract, meant an equilibrium in the margins similar to the previous ones for CIEN, providing in addition the advantage of a smaller exposure to risk by diversifying in a better manner both the sales and the purchases of the associated energy. Furthermore, the subsequent modifications made in Argentina have only had a reduced effect on Costanera whose main participation in the business of exporting to Brazil is in the first interconnection line and not in the second, which was the subject of the modifications. Even so, in the contracts associated with the second interconnection line, Costanera maintains a power close to 200 MW in the short term that grows to 300 MW in the long term, to price levels and conditions that represent to it a very convenient alternative with respect to the internal Argentine market.

The Distribution Business in Latin America continues showing important increases in physical sales and in the number of clients during the current year in respect of the previous one. Consolidated physical sales grew by 4.2% to 49,677 GWh, which is the equivalent to an increase of 1,998 GWh in sales in the period. The number of clients rose by 504 thousand, an increase of 5.1% to reach 10.5 million clients.

In Chile, Chilectra presented a net operating income practically the same as last year, amounting to Ch\$ 88,051 million as of December 2003. This is principally due to the increase of Ch\$ 24,907 million in operating income related to the 5.7% rise in physical sales, compensated by higher operating expenses of Ch\$ 22,822 million, the result of a greater purchase of physical energy and of an increase in administrative and selling expenses by Ch\$ 2,226 million, owing to the increase in operating, maintenance and remunerations expenses.

In Brazil, the subsidiaries Cerj and Coelce obtained net operating results amounting to Ch\$ 24,513 and Ch\$ 19,684 million, respectively. In the case of Cerj, this represents an improvement of Ch\$ 3,904 million with respect to the previous year and for Coelce, a reduction of Ch\$ 4,548 million compared to the same period of the year 2002. We point out that both companies registered a regulatory asset for an approximate amount of US\$ 45 million (Cerj US\$ 25 million and Coelce US\$ 20 million) corresponding to the period between January 1 and March 1, 2002 with the object of recovering the economic-financial equilibrium of the concession contracts, to recover the losses of consumption observed during the period of rationing of energy that lasted from the year 2001 to March 1, 2002. Sales of energy rose by 253 GWh in Cerj and 339 GWh in Coelce, 3.5% and 6.1%, respectively.

In Colombia, Codensa showed an increase of Ch\$ 9,035 million in the net operating income that amounted to Ch\$ 30,617 million which is explained principally by a higher unit value, the increase of 2.7% in physical sales and less administrative and selling expenses, mainly in operating and personnel expenses.

In Peru, the subsidiary, Edelnor reduced its operating result by Ch\$ 6,687 million provoked basically by a reduction in the unit sale margin due to the fall in tariffs and a lower sale of power. Physical sales of energy grew by 100 GWh going from 3,872 GWh to 3,972 GWh as of December 2003, and the losses of energy fell from 8.5% to 8.4% during this period.

In Argentina, Edesur showed an improvement in the net operating income of Ch\$ 7,618 million, going from a loss of Ch\$ 12,865 million in 2002 to a lower loss of Ch\$ 5,247 million during the year 2003. This is principally the result of an improvement in demand for energy observed in the country that has provoked an increase in physical sales of 4.1% rising from 12,138 GWh in the year 2002 to 12,638 GWh in 2003. This meager result, despite the improvement, is principally due to the economic instability the country went through and that provoked a reduction in income for the service company due mainly to the freezing of the tariffs, to losses from the devaluation of the Argentine Peso and the increase in losses of energy through theft, rising from 11.6% in December 2002 and 11.8% in December 2003.

The operating income and expenditure and the administrative and selling expenses of the subsidiaries of the Enersis Group for the periods ended in December 2003 and 2002 are shown below:

Companies	December 2002				December 2003			
	Operating Income	Operating Expenses	Admin. and Selling Expenses	Net Operating Income	Operating Income	Operating Expenses	Admin. and Selling Expenses	Net Operating Income
Endesa S.A.	947,480	(561,142)	(36,652)	349,686	920,281	(550,447)	(31,324)	338,521
Chilectra S.A.	401,916	(281,512)	(32,212)	88,192	426,823	(304,334)	(34,438)	88,051
Rio Maipo S.A.	57,237	(42,852)	(4,009)	10,376	-	-	-	-
Edesur S.A.	201,473	(183,447)	(30,891)	(12,865)	183,942	(161,166)	(28,023)	(5,247)
Edelnor S.A.	205,670	(152,721)	(19,729)	33,220	175,947	(132,315)	(17,099)	26,533
Cerj	348,613	(306,380)	(21,624)	20,609	317,593	(282,155)	(10,925)	24,513
Coelce	230,002	(164,954)	(40,816)	24,232	207,387	(158,070)	(29,633)	19,684
Codensa S.A.	334,820	(280,417)	(32,821)	21,582	292,155	(244,654)	(16,884)	30,617
Cam Ltda.	94,885	(74,422)	(7,994)	12,469	91,718	(71,828)	(6,151)	13,739
Inmob. Manso de Velasco Ltda	11,492	(6,037)	(1,641)	3,814	11,334	(10,501)	(1,691)	(858)
Synapsis Soluc. y Servicio Ltda	50,028	(37,603)	(6,178)	6,247	45,283	(30,331)	(6,214)	8,738
Enersis Parent and Invest. Co.	4,325	(1,097)	(22,070)	(18,842)	4,332	(1,130)	(17,018)	(13,816)
Adjustment on Consolidation	(377,209)	345,233	31,227	(749)	(324,462)	295,199	29,897	634
Total on Consolidation	2,510,732	(1,747,351)	(225,410)	537,971	2,352,333	(1,651,732)	(169,503)	531,098

Net Operating Income by Line of Business

In the following table we show the operating income and expenditure by line of product for the period ended on December 31, 2003 and 2002:

Negocio	Generation		Distribution		Engineering & Real Estate Services		Parent Company and Other Services		Eliminations		Totals	
	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03
Operating Revenues	906,504	896,228	1,779,732	1,603,848	52,468	35,387	149,237	141,333	(377,209)	(324,463)	2,510,732	2,352,333
Operating Costs	(532,134)	(529,762)	(1,412,284)	(1,282,694)	(35,045)	(31,186)	(113,122)	(103,289)	345,234	295,199	(1,747,351)	(1,651,732)
Net Operating Income	374,370	366,466	367,448	321,154	17,423	4,201	36,115	38,044	(31,975)	(29,264)	763,381	700,601
Administrative and Selling Expenses	(34,382)	(30,261)	(182,118)	(137,003)	(3,910)	(2,753)	(36,227)	(29,383)	31,227	29,897	(225,410)	(169,503)
Net Operating Income	339,988	336,205	185,330	184,151	13,513	1,448	(112)	8,661	(748)	633	537,971	531,098

b. Non Operating Income:

The non operating income of the company rose by Ch\$ 354,585 million, or 44.1%, from a loss of Ch\$ 804,495 million in the year 2002 to a loss of Ch\$ 449,910 in the year 2003.

This is explained principally by the reduction in the amortization of the negative goodwill of the investments, after the write-offs in December 2002 of the entire negative goodwill of the investments in the companies in Argentina and Brazil; by the improved results obtained from the investments in related companies, specifically CIEN and by lower financial costs due to the reduction in the financial debt. This was partially compensated by the registration in 2003 of the losses from the conversion in accordance with Technical Bulletin N° 64 of the subsidiaries in Argentina and Brazil, caused by the appreciation of the Brazilian Real against the US Dollar.

Financial costs net of financial income show a reduction of Ch\$ 9,996 million, falling from net costs of Ch\$ 363,194 million as of December 2002 to net costs of Ch\$ 353,198 million this year, a reduction of 2.8%. The decrease in these costs is the result of the reduction in debt and to the lower interest rates on the international markets with respect to the previous period. The decrease would have been much greater (13.5%) had there not been an acceleration in the amortization of the fees of Ch\$ 39,095 million paid in relation to the loans that were cancelled in advance with resources obtained from the capital increase or were refinanced during the year 2003.

The profits from investments in related companies increased by Ch\$ 9,170 million or 109.9% rising from a profit of Ch\$ 8.347 million in December, 2002 to a profit of Ch\$ 17,517 million as of December, 2003. This was fundamentally due to the results of the related companies, particularly CIEN and GASATACAMA Generación Ltda. whose registered profits rose by Ch\$ 3,839 million and Ch\$ 4,843 million, respectively.

The amortization of the negative goodwill on investments decreased by Ch\$ 458,180 million, equivalent to a reduction of 89.6% with respect to the year 2002, amounting to Ch\$ 53,228 million. The larger amortization in the previous year was the result of the deterioration of the negative goodwill of the investments in Argentina and Brazil which signified an accelerated amortization, in December 2002, of the entire negative goodwill held in the companies in those countries.

The other non operating income and expenses reflect a negative variation of Ch\$ 123,465 million, declining from a profit in 2002 of Ch\$ 73,017 million to a loss of Ch\$ 50,448 million as of December 2003. The main reasons that explain this variation in the results are detailed below:

- An increase in losses of Ch\$ 249,358 million deriving from the conversion adjustment to Chilean Norms, as a result of the application of Technical Bulletin N° 64, principally of the subsidiaries in Brazil and Argentina. This is mainly the product of the appreciation of the Brazilian Real and the Argentine Peso against the US Dollar and its impact on the structure of the monetary assets and liabilities.
- Increase in expenses on provisions for obsolescence and write-offs of assets of Ch\$ 8,339 million.
- Increase in expenses on pension plans and UFIR taxes in Brazil by Ch\$ 21,818 million.
- Losses on sale of materials and fixed assets of Ch\$ 7,689 million.
- Ch\$ 4,863 less profit on forward operations.
- Ch\$ 6,551 million less in dividends from related companies.

The above was partially compensated by:

- Profit before tax of Ch\$ 89,285 million on sale of Río Maipo and Infraestructura 2000.
- Ch\$ 68,171 million less in provisions on real estate and works projects in progress.
- Ch\$ 8,117 million less in Tax Fines.
- Ch\$ 4,812 less on losses on recalculation of Power on SIC.

The price-level restatement and exchange differences reflect a net positive variation of Ch\$ 704 million with respect to the previous year, rising from a loss of Ch\$ 11,257 million as of December 31, 2002 to a loss of Ch\$ 10,553 million in the year 2003. The above is principally due to the effects of the nominal appreciation of the Chilean Peso of 17.4% against the US Dollar as of December 31, 2003 in comparison with the nominal devaluation of 9.7% existing as of the same date of the previous year. These effects were compensated to a large extent by exchange insurance held by the company.

Income and deferred tax expenses fell by Ch\$ 25,106 million in comparison to last year, decreasing from Ch\$ 66,677 million as of December 2002 to Ch\$ 41,571 million this year. This is explained mainly by an increase of Ch\$ 24,913 million in income tax expenses and a positive effect of Ch\$ 50,019 million from deferred taxes. The larger income tax expense reflects the tax effect of Ch\$ 16,285 million on the profit on the sale of Río Maipo, compensated by the reduced taxes for Cerj and Coelce.

Extraordinary items show a reduction in the loss of Ch\$ 22,599 million that corresponds to the tax for preserving democratic security imposed in the year 2002 by the Government of Colombia on all corporations established in Colombia.

Amortizations of the positive goodwill of investments shows a decrease in the amortization of Ch\$ 62,194 million reflecting the accelerated amortization carried out in December 2002 of the positive goodwill held in the companies established in Argentina and Brazil, partially compensated by the amortization of the positive goodwill generated by the investments made through the capitalization of the loan undertaken in the month of January 2003 in Cerj for Ch\$ 34,517 million.

Interest Rate Risk

On a consolidated basis, as of September 30, 2003 12% of the total debt was expressed in variable terms whilst 88% was at fixed rates and secure.

As of the close of December 31, 2003 the debt linked to variable rates represented 1% of the total debt whilst 99% was at fixed rates and secure.

The company manages its interest rate risks by concentrating its debt structure on the long term with a suitable combination of debt at fixed rates and at variable rates.

In the specific case of Argentina, most of the debts are tied to Libor interest rates. In the context of historic continuous falls in this rate, it was decided to maintain a high percentage of variable debt having taken advantage of this situation to arrange a significant reduction in financial costs. In Brazil, given that the tariffs are updated on the basis of a price index that is linked to the evolution of the local interest rate, it was decided to maintain the greater portion of the debt at variable interest rates.

Exchange Risk

The Company's exposure to an exchange risk is derived from the assets and liabilities denominated in foreign currency, most of which in US Dollars.

On a consolidated basis, as of the close of September 30, 2003 Enersis had 80% of its total debt expressed in US Dollars. Bearing in mind the US\$/Ch\$ forward position, the weight of this debt in US\$ was reduced to 79%.

As of December 31, 2003, 73% of the debt was expressed in US Dollars. Considering the US\$/Ch\$ hedging policy mentioned below, the percentage of the debt expressed in US Dollars is 76%.

The reason behind the largest part of our debt being denominated in US Dollars is the fact that an important proportion of our revenues is directly or indirectly related to the US Dollar. Thus, the tariffs of the majority of the countries in which we have operations are tied to a significant extent to the evolution of the US Dollar, particularly in Chile and Peru. In countries where the indexation to the US Dollar is lower, companies borrow a greater proportion of their loans in local currency.

With respect to the operating revenues in our Generating subsidiaries, in the case of Central Costanera in Argentina, a large portion of its income comes from exports to Brazil and these contracts are indexed to the US Dollar. On the other hand, El Chocón's contracts, though expressed in US Dollars, are currently being paid in Argentine Pesos. In Brazil, Cachoeira Dourada does not have tariffs indexed to the US Dollar and its revenues are in local currency, indexed to fluctuations in inflation. In Colombia the contracts are at spot and at short term that mainly follow the variations of the US Dollar exchange rate. In Chile and Peru, the tariff process and the contracts are indexed to changes in the US Dollar rate.

In Argentina, Costanera has benefited from the contracts expressed in US Dollars for the exports through its related company, CIEN, which minimize the risks of further devaluations in that country. On the other hand, in Brazil, given that both the income and the expenses are expressed in local currency, with no indexation to foreign currencies, and that the company has no significant debt denominated in US Dollars (which would produce financial costs in US Dollars), there is no important risk with respect to the exchange rate. In Chile, operating costs have hardly been affected by the variations in the rate of exchange in view of the high volume of hydroelectricity generation in these last two years. With respect to our overseas subsidiaries, the same thing occurs, as they are principally hydroelectricity generating plants. Although Costanera in Argentina is a thermoelectricity generator, the supplies of natural gas are currently invoiced in pesos.

In the case of the Distribution companies, in Argentina the tariffs for the companies that distribute electric power under a federal concession, amongst them Edesur, are contractually established in US Dollars and indexed to the inflation rate in the United States. However, the Emergency Law promulgated in January 2002 established the tariffs in Pesos and these have been kept frozen. For this reason, the companies have had to absorb, without any form of compensation whatsoever, the effects of devaluation and inflation. Within the process of renegotiation underway between the government and the companies, conditions have to be established under which the tariffs will be ruled in future. In Brazil, tariffs are indexed to the General Market Price Index. In Colombia, the Added Distribution Value (ADV) is readjusted in accordance with the Producer Price Index every time that there is a variation of more than 3% in any of its components. For further information, we show below operating revenues and expenses grouped by country.

Net Operating Income by Country Periods ended as of December 31, 2002 and 2003 (In millions of Chilean Pesos)

Country	Chile		Argentina		Brazil		Perú		Colombia		Totals	
	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03	Dec-02	Dec-03
Operating Income	807,457	854,422	300,610	292,342	630,533	550,604	295,351	249,728	476,781	405,236	2,510,732	2,352,332
% consolidated / r	32%	36%	12%	12%	25%	23%	12%	11%	19%	17%		
Operating Expenses	(484,752)	(544,413)	(265,048)	(231,198)	(504,235)	(464,369)	(162,042)	(142,505)	(331,273)	(269,247)	(1,747,351)	(1,651,732)
% consolidated / r	28%	33%	15%	14%	29%	28%	9%	9%	19%	16%		
Operating Income	322,705	310,009	35,562	61,144	126,297	86,235	133,309	107,223	145,508	135,989	763,381	700,600
% consolidated / r	42%	44%	5%	9%	17%	12%	17%	15%	19%	19%		
Administrative and Selling Expenses	(68,754)	(59,953)	(32,734)	(30,000)	(60,706)	(38,645)	(22,711)	(20,400)	(40,514)	(19,917)	(225,410)	(168,915)
% consolidated / r	30%	35%	15%	18%	27%	23%	10%	12%	18%	12%		
Net Operating Income	253,960	250,056	2,828	31,144	65,591	47,590	110,598	86,823	104,994	116,072	537,971	531,685

The exchange risk exposure is currently handled on a consolidated basis, taking into consideration the portion of this risk that our Chilean subsidiaries have not covered. The Company's policy is to hedge between 70% and 85% of the booked exposure to exchange risks.

For the specific case of Chile, the exchange risk exposure depends on the fluctuation of the exchange rates at which the Company's assets and liabilities are maintained. For accounting purposes, our results are also affected considering the contents of Technical Bulletin N° 64. In accordance with this Chilean accounting regulation, debts in foreign currency that were utilized to finance investments in countries with an "unstable currency" are matched to their corresponding investment and the variations in the US\$/Chilean Peso rate on those matched debts are not reflected by entries in the Income Statement.

The existing Ch\$/US\$ exchange exposure is controlled by means of the use of financial derivatives, basically US Dollar/Ch\$ Forwards, with which the exchange risk is covered.

On a consolidated basis, as of the close of December 31, 2003 the Company had US\$/Ch\$ forward contracts for US\$ 166 million in sale contracts whilst as of September 30, 2003 the total was US\$ 31 million in purchase contracts. This decrease in the purchase position is due to a smaller exposure to the variations in the US Dollar on the debts expressed in that currency.

In Argentina, the generating subsidiaries have their debts expressed in US Dollars, given that their operating cash flows are largely related to that currency. Edesur has most of its debts in US Dollars because before the emergency law, its tariffs were indexed to that currency. Since then, the restrictions imposed and the volatility of the local financial market have prevented any form of hedging of the exchange risk. Thus, to date, the exposure to the US Dollar remains. On the other hand, in Brazil, our generating subsidiary is not exposed to the US Dollar as it has a very small debt and this is expressed in Brazilian Reales. In the distribution subsidiaries, the companies originally borrowed from third parties in local currency. Only Cerj received inter-company financing in US Dollars.

Others

As is customary in most bank credit contracts and on capital markets, a substantial proportion of the financial debt of Enersis S.A. is subject to cross-default conditions. Some defaults on the part of Endesa Chile or its subsidiary, if not cured in time (in those specific conditions that permit some time to resolve the problem), could result in a cross-default for Endesa-Chile and for Enersis S.A.

Enersis

Effect on Parent Company

1. Debt Default > = US\$MM 30 (1)
2. Bankruptcy o Suspension of Payments
3. Substantially Unfavorable Sentences
4. Government Action (2)

US\$ 500 million

The grounds noted only have an effect on the Parent Company if they occur in a so-called Relevant Subsidiary. Defaults in other Subsidiaries have no effect on the Parent Company. The Relevant Subsidiaries are classified on the basis of the financial statements for the latest tax year under U.S. GAAP rules. On the basis of the financial statements as of December 31, 2002, the Relevant Subsidiaries of ENERSIS are; Endesa Chile, CERJ, CONO SUR, CHILECTRA, C.H. Betania S.A.

Endesa

Effect on Parent Company

1. Debt Default > = US\$MM 30 (1)
2. Bankruptcy o Suspension of Payments
3. Substantially Unfavorable Sentences
4. Government Action (2)

US\$ 284 million

The grounds noted only have an effect on the Parent Company if they occur in a so-called Relevant Subsidiary. Defaults in other Subsidiaries have no effect on the Parent Company. The Relevant Subsidiaries are classified on the basis of the financial statements for the latest tax year under U.S. GAAP rules. On the basis of the financial statements as of December 31, 2002, the Relevant Subsidiaries of ENDESA are; C. E. Cono Sur, Endesa Chile Internacional, Betania S.A., Pehuenche S.A., Pangué S.A., C.E. Tarapacá, Edegel S.A.A., Centrais Eléctricas Cachoeira Dourada S.A., EMGESA, Lajas Inversora.

(1) On individual debts

(2) Nationalization, expropriation, dissolution, etc.

We give below a detail of the defaults by Enersis or its subsidiaries that, if not rectified in time, could result in a cross-default for Enersis and/or its subsidiaries:

- Failure to pay capital and interest on the corresponding debt.
- Failure by ENERSIS, Endesa-Chile or by one of their respective subsidiaries to pay a single debt of US\$ 30 million or more (debt considered individually, not jointly) on the date the corresponding payment should be made (be it on the maturity date or by acceleration).
- Bankruptcy or suspension of payments by ENERSIS, Endesa-Chile or one of their respective subsidiaries.
- Judicial sentences against ENERSIS S.A., Endesa-Chile or one of their respective subsidiaries that imply an obligation for a joint amount equal or superior to US\$ 30 million and judicial resolutions whose contents are different to the payment of a monetary obligation against ENERSIS S.A., Endesa-Chile or any of their respective subsidiaries that could have a substantial adverse effect on the consolidated accounts of ENERSIS S.A. or Endesa-Chile, whichever the case.
- Governmental action by virtue of which all or a substantial part of the property or assets of ENERSIS S.A., Endesa-Chile or one of their subsidiaries are nationalized, embargoed or expropriated or government action that could impede the continuity of operations or an important part of them, of ENERSIS S.A., Endesa-Chile or one of their respective subsidiaries.
- Default on the corresponding contract clauses and that are not corrected within the grace period established, such as commitments to maintain determined debt ratios and coverage of interest payments.

In most credits - and in general terms - the expression subsidiary refers to those relevant ones both in Chile and abroad.

Borrowings that may be called in with respect to each default and the respective creditor subsidiary are detailed as follows:

Bank Borrowings

Amounts in millions of US Dollars as of December 31, 2003

	Syndicated	Total
Enersis	500	500
Endesa	284	264
Total	784	784

Events of potentially active default in subsidiaries that could generate a cross default by the Parent Company

International Yankee Bonds

Amounts in millions of US Dollars as of December 31, 2003

	Yankee Bonds
Enersis	901
Endesa Chile	2,016
Total	2,917

Events of potentially active default in subsidiaries that could generate a cross default by the Parent Company

Enersis

1. Debt Default > = US\$MM 30 (1)	Default on a debt of Enersis or of a Subsidiary. The Subsidiaries of Enersis with debts with third parties of over US\$ 30 million are: CERJ, Endesa, Betania, Celta, Central Costanera, Coelce, Edegel, Emgesa, Endesa Chile Internacional and Pehuenche.
2. Initiation of Bankruptcy Proceedings	In Enersis or in any Significant Subsidiary of Enersis. On the basis of the financial statements as of December 31, 2002, the Significant Subsidiaries of Enersis are; CERJ, Endesa and Investluz.

Endesa

1. Debt Default > = US\$MM 30 (1)	Default on a debt of Endesa or of a Subsidiary. The Subsidiaries of Endesa with debts with third parties of over US\$ 30 million are: Betania, Celta, Central Costanera, Coelce, Edegel, Emgesa, Endesa Chile Internacional, Pehuenche and San Isidro.
2. Initiation of Bankruptcy Proceedings	In Endesa or in any Significant Subsidiary of Endesa. On the basis of the financial statements as of December 31, 2002, the Significant Subsidiaries of Endesa are; Betania, Cachoeira Dourada, CESA, Cono Sur, Edegel, Emgesa, Endesa Argentina, Endesa Chile Internacional, Hidroinvest, Lajas Inversora, Pangué and Pehuenche .

(1) Only on individual debts of Issuer or of a Subsidiary

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Local Bonds

Amounts in millions of US Dollars as of December 31, 2003

	Local Bonds
Enersis	57
Endesa Chile	467
Total	524

The ENERSIS bonds have a cross default only with its own debt that exceeds 3% of the assets.

Events of Potentially Active Default in Subsidiaries (would cause a cross default in the Parent Company)

	Relevant Subsidiaries	Subsidiaries
	Cono Sur	Rest of Subsidiaries
Endesa Chile	((in brackets amounts affected US\$MM)	
1. Insolvency or unable to pay its debts	Yes (\$434)	Yes (\$34)
2. Debt Default > = UFMM 2	no	no
3. Initiation of Bankruptcy Proceedings	Yes (\$434)	no

2. analysis of the balance sheet

The Total Assets of the Company show a decrease of Ch\$ 2,005,113 million with respect to the same period of the year before. This is principally due to the following:

Assets (Millions of Ch\$)	Dec-02	Dec-03	Variation	% Variation
Current Assets	1,226,686	1,146,004	(80,682)	(6.6%)
Fixed Assets	9,978,253	8,096,360	(1,881,893)	(18.9%)
Other Assets	1,532,921	1,490,383	(42,538)	(2.8%)
Total Assets	12,737,860	10,732,747	(2,005,113)	(15.7%)

- Decrease of Ch\$ 1,881,893 million in Fixed Assets, equivalent to a fall of 18.8%, as a result of the sale of the Canutillar Plant for Ch\$ 121,191 million, the sale of transmission lines for Ch\$ 30,702 million, the deconsolidation following the sale of Río Maipo for Ch\$ 40,479 million and of Infraestructura 2000 for Ch\$ 251,118 million. These were also affected by the effect of the exchange rates on the fixed assets of the foreign companies as a result of the application of the methodology of taking the non-monetary assets in historic US Dollars in the subsidiaries located in unstable countries, in accordance with Technical Bulletin N° 64.
- Current Assets decreased by Ch\$ 80,682 million due principally to the fall by Ch\$ 180,293 million in short-term accounts receivable from related companies explained basically by the transfer to long-term of the loan to Atacama Finance for Ch\$ 128,185 million, a reduction of Ch\$ 59,413 million in other current assets, principally due to a reduction of Ch\$ 62,605 million in Investment Forwards compensated by a larger volume of purchases of financial instruments with a resale agreement, for Ch\$ 35,484. These reductions were partially compensated by the increase of Ch\$ 109,171 million in term deposits, by the increase of Ch\$ 30,790 million in sundry debtors and Ch\$ 26,501 million in deferred taxes.
- Other long term assets present a reduction of Ch\$ 42,538 million explained principally by a reduction of Ch\$ 58,701 million in the net negative and positive goodwill of investments as a result of the amortization for the period, the decrease in investments in related companies and in other companies of Ch\$ 15,894 and Ch\$ 27,601 million respectively, mainly due to the effect of the exchange rate in Chile and the reduction of Others by Ch\$ 60,532 million. The above was partially compensated by the increase in long-term accounts receivable from related companies following the transfer of the loan of Ch\$ 128,185 million to Atacama Finance.

The total liabilities of the Company show a decrease of Ch\$ 2,005,113 million with respect to the same period of the year before. This is mainly due to:

Liabilities (Millions of Ch\$)	Dec-02	Dec-03	Variation Dec-03-02	% Variation Dec 03-02
Current Liabilities	2,172,887	1,127,151	(1,045,736)	(48.1%)
Long-Term Liabilities	5,458,228	3,707,922	(1,750,306)	(32.1%)
Minority Interests	4,091,109	3,349,282	(741,827)	(18.1%)
Equity	1,015,636	2,548,392	1,532,756	150.9%
Total Liabilities	12,737,860	10,732,747	(2,005,113)	(15.7%)

Current liabilities decreased by Ch\$ 1,045,736 million or 48.1% explained principally by the decrease of Ch\$ 445,619 million in the short term portion of the long term obligations with banks, as a result of the advanced payments of loans and the refinancing of the debt with banks that was concluded during this year 2003, a reduction of Ch\$117,143 million in the short term obligations with banks and a decrease of Ch\$ 432,541 million in obligations with the public (bonds).

Long term liabilities fell by Ch\$1,750,306 million, or 32.1%, mainly as a result of the reduction of Ch\$ 998,090 million in accounts payable to related companies following the capitalization of the debt with Elesur, a reduction of Ch\$ 874,357 million in obligations with banks and Ch\$ 52,458 million in accounts payable and a reduction of Ch\$ 41,822 million in other long term liabilities, partially compensated by an increase of Ch\$ 180,471 in obligations with the public and a rise of Ch\$ 62,931 million in provisions.

Minority interests fell by Ch\$ 741,827 million as a result of the increase in the participation in Cerj and Costanera, to the deconsolidation of Infraestructura 2000 and to the reduction of the net worth of the overseas subsidiaries controlled in US Dollars as per Technical Bulletin N° 64.

With regard to equity, we should point out that this rise by \$1,532,756 million with respect to December 2002. This variation is explained principally by the subscription of shares for a value of \$1,468,991 million during the year 2003 in relation to the capital increase and the increase of Ch\$ 125,620 million in the overprice for the capitalization of the debt of Elesur and the B1 and B2 series bonds. It also increased by Ch\$ 12,468 million due to the booking of the profit for the period.

Ratio		Unit	Dec-02	Dec-03	Variation Dec-03-02	% Variation Dec 03-02
Liquidity	Current Liquidity	Times	0.56	1.02	0.46	82.1%
	Acid Test (1)	Ch\$MM	0.56	0.96	0.40	71.4%
	Working Capital	Times	(946,201)	18,853	965,054	(102.0%)
Debt	Debt Ratio	Times	1.49	0.82	(0.67)	(45.0%)
	Short-Term Debt	%	0.28	0.23	(0.05)	(17.9%)
	Long-Term Debt	%	0.72	0.77	0.05	6.9%
	Financial Expenses Coverage (2)	Times	2.43	2.40	(0.03)	(1.2%)
Return	Return on Equity	%	-22.25%	0.49%	0.23	(102.2%)
	Return on Assets	%	-1.77%	0.12%	0.02	(106.8%)

(1) Current Assets net of Stocks and Pre-paid Expenses

(2) We utilized EBITDA divided by Financial Expenses

The liquidity ratio as of December 2003 was 1.02 that reflects an improvement of 82.1% with respect to the same date of the previous year. This improvement is the result of the cash flows collected from the capital increase of US\$ 920 million, the sale of Río Maipo for US\$170 million and the sale of Canutillar for US\$174 million that permitted the anticipated payment of short-term obligations with banks as of December 2002 as well as the transfer to long term of the obligations with banks that were in the short term following the first refinancing in the month of May 2003.

The debt ratio as of December 31, 2003 was 0.82 times. When compared to the same period of the year 2002, there is a decrease of 0.67 points. The reduction is due principally to the capitalization of the debt from Elesur, to the capital increase on the part of the minority shareholders and to the effect of the exchange rate, given that a large part of the debt is indexed to the US Dollar.

On the other hand, the return on equity closed at 0.49%. As of the same date of the previous year, this was -22.25%. This improvement in the return is due to the increase in the profit for the period with respect to the loss in the previous year.

The return on assets rose from -1.77% as of December 2002 to 0.12% as of December 2003. This was basically the result of the rise in the profit for the period and to the decrease in total assets.

Operating activities generated a positive cash flow of Ch\$ 574,477 million, Ch\$ 59,583 million less than during the same period of last year. This cash flow is comprised mainly of the profit of Ch\$ 12,467million for the period, plus the net charges to results of Ch\$ 676,678 million that do not represent cash

flow, that correspond principally to the Depreciation of Ch\$ 396,416 million for the period, write-offs and provisions of Ch\$ 54,402 million, amortization of Ch\$ 53,228 million on the negative and positive goodwill on investments and Ch\$ 153,256 million for other charges that do not represent cash flow, the main item of this being Ch\$ 68,424 million for the effect of the conversion to Technical Bulletin N° 64, increased by the rise in liabilities that affect the cash flow by Ch\$ 43,011 million. The above was partially compensated by the increase of Ch\$ 54,665 million in assets that affect operating cash flows, principally due to the increase in sales debtors in Argentina and Brazil, to Ch\$ 51,176 in amortizations of positive goodwill and of Ch\$ 29,777 million in other credits that do not represent cash flow, of which Ch\$ 8,377 million correspond to the positive effect of the conversion of the overseas subsidiaries.

Financing activities produced a negative cash flow of Ch\$ 435,757 million, explained basically by loan repayments of Ch\$ 2,128,072 million, dividend payments for Ch\$ 80,795 million, payments of obligations with the public for Ch\$ 487,071 million and other disbursements on investments for Ch\$ 116,031 million. The above is partially compensated by the issue of shares for Ch\$ 546,465 million, loans granted for Ch\$ 1,022, 599 million and the placement of bonds for Ch\$ 828,121 million.

Investment activities generated a net positive cash flow of Ch\$ 88,375 million that corresponds principally to the sale of Fixed Assets, Canutillar and Transmission Lines for Ch\$ 160,760 million, to the sale of investments for Ch\$ 121,827 million in Río Maipo and to other income from investments for Ch\$ 49,788 million, partially compensated by the incorporation of fixed assets for Ch\$ 258,786 million, with the most important being the investment Endesa is making in the Ralco Plant that for this period amounts to Ch\$ 131,140 million and other disbursements for Ch\$ 6,888 million.

3. principal cash flows

During the period, the company generated a net cash flow of Ch\$ 227,095 million, which is comprised of the following items:

Cash Flow (Millions of Ch\$)	Dec-02	Dec-03	Variation Dic-03-02	%Variation Dic 03-02
From Operations	634,060	574,477	(59,583)	(9.4%)
From Financing	(287,890)	(435,757)	(147,867)	51.4%
From Investments	(340,248)	88,375	428,623	(126.0%)
Net Cash Flow for the Period	5,922	227,095	221,173	3,734.8%

Information on Fixed Assets by Company (Millions of Ch\$)

Company	Disbursements on Acquisition of Assets		Depreciation Fixed Assets	
	Dec-02	Dec-03	Dec-02	Dec-03
Endesa S.A.	136,207	131,140	197,818	179,489
Chilectra S.A.	19,948	24,977	12,810	12,758
Río Maipo S.A.	6,128	-	1,908	-
Edesur S.A.	21,624	25,026	66,540	52,409
Edelnor S.A.	23,857	18,840	17,495	15,705
Cerj	34,746	23,084	55,521	45,062
Coelce	48,622	19,157	42,505	37,169
Codensa S.A.	28,753	15,844	60,673	50,414
Cam Ltda	317	528	1,094	1,152
Inmobiliaria Manso de Velasco Ltda.	445	-	222	228
Synapsis Soluciones y Servicios Ltda.	447	190	1,380	944
Enersis Parent Company	-	-	1,051	1,085
Consolidated Total	321,094	258,786	459,016	396,415

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4. book value and market value of the assets

With regard to the more important assets, we mention the following:

The value of the items in fixed assets have been adjusted in accordance with the accounting criteria established by the Chilean Superintendency of Securities and Insurance in its Circulars N° 550 and 556 issued in 1985. In the case of the foreign company, Inversiones Distrilima S.A., the value of the fixed assets were adjusted in accordance with the exception criteria indicated in Technical Bulletin N° 45 issued by the Chilean College of Accountants, the norm in force at the time the investment was made and which was not modified by Technical Bulletin N° 51 that replaced it.

Depreciation is calculated on the updated value of the goods in accordance with the years of useful life remaining for each item.

Investments in related companies are valued at their proportional equity value. In the case of foreign companies, this methodology has been applied on the basis of the financial statements prepared in accordance with the norms established in Technical Bulletin N° 64 of the Chilean College of Accountants and intangible values have been adjusted by price-level restatement and are amortized according to the norms indicated in Technical Bulletin N° 55 of the Chilean College of Accountants.

In accordance with Official Circular N° 150 dated January 31, 2003

and issued by the Superintendency of Securities and Insurance, as of the close of the financial statements for the 2002 period, the company has evaluated the recoverability of the assets related to its investments, applying the accounting principles generally accepted in Chile which are Technical Bulletins N° 33 for fixed assets and in accordance with the indications of Technical Bulletin N° 56, the company has applied NIC 36 for the positive or negative goodwill values of those investments.

Assets expressed in foreign currency are shown at the exchange rate as of the close of the period.

Investments in financial instruments with repurchase/resale agreements are shown at their purchase value plus the proportion of the interest calculated on the implicit rate of each operation.

Accounts and bills receivable from related companies are classified according to their short and long-term maturities. The operations are adjusted to equal conditions similar to those that are normally applied in the market.

In summary, assets are valued according to generally accepted accounting principles and norms and to instructions issued on this matter by the Superintendency of Securities and Insurance explained in Note 2 of the Financial Statements.

unconsolidated financial statements

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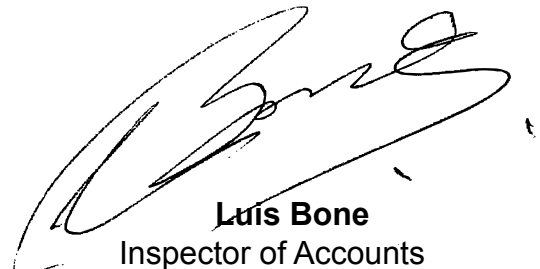
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RATIO ANALYSIS OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

REPORT FROM THE INSPECTORS OF ACCOUNT

In accordance with the stipulations of Law N° 18,046 on Limited Liability Stock Companies and in compliance with the mandate conferred by the Ordinary General Meeting of Shareholders held on March 31 2003, we have proceeded to examine the Financial Statements of Enersis S.A. for the period between January 1 and December 31 of the year 2003.

Our task was centered on the verification, on a selective basis, of the match between the amounts included in the financial statements and the official registers of the Company and for this purpose we compared the figures presented in the general ledger against the grouping and classification spreadsheets, in order to subsequently verify that these amounts, which represent the totals of the accounts under one item, coincided with those included in the financial statements. We have no observations on this review.


Marcelo Villaseca
Inspector of Accounts


Luis Bone
Inspector of Accounts

Santiago, January 26, 2004



Deloitte & Touche
Sociedad de Auditores y Consultores Ltda.
RUT: 80.276.200-3
Av. Providencia 1760
Pisos 6, 7, 8 y 9
Providencia, Santiago
Chile
Fono: (56-2) 270 3000
Fax: (56-2) 374 9177
e-mail: deloittechile@deloitte.com
www.deloitte.cl

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Enersis S.A.

We have audited the accompanying balance sheets of Enersis S.A. (the "Company") as of December 31, 2002 and 2003, and the related statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements at December 31, 2002 and 2003 of Empresa Nacional de Electricidad S.A. and Subsidiaries in Peru, and the financial statements at December 31, 2003 of Chilectra S.A. and Subsidiaries in Chile, or the 2002 financial statements of the Argentinean subsidiary Empresa Distribuidora Sur S.A. – Edesur S.A.. These financial statements reflect total assets constituting 29.35% and 34.44%, respectively, of consolidated total assets at December 31, 2002 and 2003 and total revenues constituting 30.40% and 41.86%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose reports have been provided to us and our opinion, insofar as it relates to the amounts included for these companies, is based solely on the reports of such other auditors.

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

The abovementioned financial statements have been prepared to reflect the individual financial position of Enersis S.A. on the basis of the criteria set forth in Note 2, prior to consolidating the financial statements of the subsidiaries detailed in Note 8. Therefore, these individual financial statements, in order to be properly understood, should be read and analyzed together with the consolidated financial statements of Enersis S.A. and subsidiaries, which are required by accounting principles generally accepted in Chile.

In our opinion, based on our audits and the reports of the other auditors, such financial statements present fairly, in all material respects, the financial position of Enersis S.A. as of December 31, 2002 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with the criteria set forth in Note 2.

Santiago, Chile
January 24, 2004

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, 2003)

ASSETS	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
CURRENT ASSETS:		
Cash	424,171	332,918
Time deposits	4,645,095	1,152,306
Notes receivable, net	744	737
Other accounts receivable, net	4,770,740	1,730,919
Amounts due from related companies	189,818,602	125,426,886
Income taxes recoverable	9,344,985	14,481,845
Prepaid expenses	24,185	54,080
Deferred income taxes	13,840,925	27,820,558
Other current assets	5,053,069	16,881,389
Total current assets	227,922,516	187,881,638
PROPERTY, PLANT AND EQUIPMENT:		
Buildings and infrastructure	20,798,254	20,798,233
Machinery and equipment	2,260,279	2,301,896
Other assets	785,804	798,232
Technical appraisal	33,182	33,176
Accumulated depreciation	(10,781,577)	(11,628,486)
Total property, plant and equipment, net	13,095,942	12,303,051
OTHER ASSETS:		
Investments in related companies	2,316,302,919	2,172,567,483
Goodwill, net	795,599,874	734,738,083
Negative goodwill, net	(760,544)	(606,765)
Long-term receivables	480,134	475,380
Amounts due from related companies	505,640,490	440,541,432
Intangibles	1,437,928	1,437,928
Accumulated amortization	(351,586)	(423,618)
Other assets	53,141,309	26,726,999
Total other assets	3,671,490,524	3,375,456,922
TOTAL ASSETS	3,912,508,982	3,575,641,611

The accompanying notes are an integral part of these financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
CURRENT LIABILITIES:		
Current portion of long-term debt due to banks and financial institutions	269,236,251	789,754
Current portion of bonds payable	11,087,782	4,071,574
Dividends payable	212,195	111,612
Accounts payable	354,521	173,004
Miscellaneous payables	227,515	241,059
Amounts payable to related companies	35,693,493	33,960,434
Accrued expenses	5,553,310	21,642,293
Withholdings	203,922	133,370
Income taxes payable	16,842	16,284,563
Unearned income	200,478	135,718
Other current liabilities	4,099,460	8,468,298
Total current liabilities	326,885,769	86,011,679
LONG -TERM LIABILITIES:		
Due to banks and financial institutions	834,665,515	296,900,000
Bonds payable	672,442,019	627,728,756
Amounts payable to related companies	1,018,223,736	-
Accrued expenses	2,014,151	2,502,841
Deferred income taxes	4,240,426	4,700,566
Other long-term liabilities	38,401,268	9,405,879
Total long-term liabilities	2,569,987,115	941,238,042
SHAREHOLDERS' EQUITY:		
Paid-in capital, no par value shares	758,720,279	2,227,711,340
Additional paid-in capital	33,703,758	159,323,362
Other reserves	47,348,383	(25,671,685)
Retained earnings	406,835,727	176,016,726
Net income (loss) for the year	(225,985,568)	12,467,863
Deficit of subsidiaries in development stage	(4,986,481)	(1,455,716)
Total shareholders' equity	1,015,636,098	2,548,391,890
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,912,508,982	3,575,641,611

unconsolidated income statement

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003)

	Years ended December 31,	
	2002	2003
	ThCh\$	ThCh\$
OPERATING INCOME:		
Sales	4,324,336	4,332,016
Cost of Sales	(1,096,812)	(1,130,291)
GROSS PROFIT	3,227,524	3,201,725
Administrative and selling expenses	(22,047,860)	(17,018,287)
OPERATING LOSS	(18,820,336)	(13,816,562)
NON-OPERATING INCOME :		
Interest income	57,665,112	39,627,790
Equity in income of related companies	72,606,599	113,734,272
Other non-operating income	22,602,401	99,732,781
Equity in losses of related companies	(81,134,551)	(71,649,236)
Amortization of goodwill	(108,967,612)	(49,863,556)
Interest expense	(145,596,315)	(142,566,879)
Other non-operating expenses	(18,249,143)	(23,109,000)
Price-level restatements, net	1,596,506	(4,426,198)
Exchange difference, net	(18,323,195)	30,533,147
NON-OPERATING RESULT	(217,800,198)	(7,986,879)
LOSS BEFORE INCOME TAXES	(236,620,534)	(21,803,441)
Income taxes	9,581,493	12,635,903
LOSS BEFORE AMORTIZATION OF NEGATIVE GOODWILL	(227,039,041)	(9,167,538)
Amortization of negative goodwill	1,053,473	21,635,401
NET INCOME (LOSS) FOR THE YEAR	(225,985,568)	12,467,863

unconsolidated statements of changes in shareholders' equity

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

	Paid-in capital	Additional paid-in capital	Other reserves	Retained earnings	Deficit of subsidiaries in development stage	Net income (loss) for the year	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
As of January 1, 2002	729,328,347	32,398,114	25,517,158	350,149,143	867,381	40,926,246	1,179,186,389
Transfer of prior year income to retained earnings	-	-	-	40,926,246	-	(40,926,246)	-
Changes in equity of affiliates	-	-	-	-	-	-	-
Deficit of subsidiaries in the development stage	-	-	-	-	(5,830,512)	-	(5,830,512)
Cumulative translation adjustment	-	-	20,596,914	-	-	-	20,596,914
Price-level restatement of capital	21,879,850	971,943	765,515	11,732,261	26,021	-	35,375,590
Net loss for the year	-	-	-	-	-	(223,748,087)	(223,748,087)
As of December 31, 2002	751,208,197	33,370,057	46,879,587	402,807,650	(4,937,110)	(223,748,087)	1,005,580,294
As of December 31, 2002 (1)	1,509,928,476	67,073,815	94,227,970	809,643,377	(9,923,591)	(449,733,655)	2,021,216,392
As of January 1, 2003	751,208,197	33,370,057	46,879,587	402,807,650	(4,937,110)	(223,748,087)	1,005,580,294
Capital increase	1,471,844,920	125,881,577	-	-	-	-	1,597,726,497
Transfer of prior year loss to retained earnings	-	-	-	(228,581,520)	4,833,433	223,748,087	-
Changes in equity of affiliates	-	-	(11,432,599)	-	-	-	(11,432,599)
Deficit of subsidiaries in the development stage	-	-	-	-	(1,302,667)	-	(1,302,667)
Cumulative translation adjustment	-	-	(61,587,469)	-	-	-	(61,587,469)
Price-level restatement of capital	4,658,223	71,728	468,796	1,790,596	(49,372)	-	6,939,971
Net income for the year	-	-	-	-	-	12,467,863	12,467,863
As of December 31, 2003	2,227,711,340	159,323,362	(25,671,685)	176,016,726	(1,455,716)	12,467,863	2,548,391,890

(1) Restated in thousands of constant Chilean pesos as of December 31, 2003.
The accompanying notes are an integral part of these consolidated financial statements

statements of unconsolidated cash flows

(Restated for general price-level changes and expressed in thousands of constant Chilean pesos as of December 31, 2003.)

	Years ended December 31,	
	2002	2003
	ThCh\$	ThCh\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the year	(225,985,568)	12,467,863
GAIN (LOSSES) FROM SALES OF ASSETS:		
Gain on sales of investments	-	(87,827,096)
CHANGES (CREDITS) TO INCOME WHICH DO NOT REPRESENT CASH FLOWS:		
Depreciation	1,051,655	1,084,945
Amortization of intangibles	72,032	72,032
Equity in income of related companies	(72,606,599)	(113,734,272)
Equity in losses of related companies	81,134,551	71,649,236
Amortization of goodwill	108,967,612	49,863,556
Amortization of negative goodwill	(1,053,473)	(21,635,401)
Price-level restatement, net	(1,596,506)	4,426,198
Exchange difference, net	18,323,195	(30,533,147)
Other credits to income which do not represent cash flows	(14,088,548)	(292,285)
Other changes to income which do not represent cash flows	21,319,737	53,184,071
CHANGES IN ASSETS WHICH AFFECT CASH FLOWS (INCREASE) DECREASE:		
Trade receivables	419,149	(443,759)
Other assets	30,664,160	17,781,809
CHANGES IN LIABILITIES WHICH AFFECT CASH FLOWS:		
Increase (decrease) in accounts payable associated with operating results	1,119,595	(5,769,787)
Increase in interest payable	42,271,931	(27,408,737)
Decrease in income tax payable	(9,581,494)	(12,635,903)
Increase in other accounts payable associated with non-operating results	9,869,159	1,507,622
Net decrease in value added tax and other similar taxes payable	(681,995)	4,714
Negative net cash flows used in operating activities	(10,381,407)	(88,238,341)

	Years ended December 31,	
	2002	2003
	ThCh\$	ThCh\$
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares	-	546,464,851
Loans obtained	66,700,429	367,500,129
Proceeds from bond issuances	-	219,384,315
Loans obtained from related companies	56,916,083	-
Other sources of financing	-	17,710,486
Dividends paid	(137,362)	(70,757)
Payment of loans	(77,459,982)	(1,054,710,719)
Payment of bonds	(7,120,809)	(85,430,527)
Payment of loans granted by related companies	(99,900,769)	(4,467,535)
Payment of other loans obtained from related companies	(22,394,079)	(60,430,647)
Payment of bond issuance costs	-	(10,831,654)
Other disbursements for financing	-	(60,304,504)
Negative net cash used in financing activities	(83,396,489)	(125,186,562)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of long-term investments	1,142	161,428,334
Proceeds from loans obtained from related companies	257,502,017	53,071,377
Long-term investments	(16,899,455)	-
Loans granted to related companies	(164,491,518)	(5,788,156)
Other receipts from investments	29,776,143	1,635,460
Other loans granted to related companies	(1,592,098)	-
Other investment disbursements	(9,151,081)	-
Net cash provided by investing activities	95,145,150	210,347,015
NET CASH FLOW FOR THE YEAR	1,367,254	(3,077,888)
EFFECT OF PRICE-LEVEL RESTATEMENT ON CASH AND CASH EQUIVALENTS	(231,430)	(506,154)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,135,824	(3,584,042)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,933,442	5,069,266
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5,069,266	1,485,224

notes to the financial statements

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

1. description of business

Enersis S.A. (the "Company") is registered in the Securities Register under N°0175 and is regulated by the Chilean Superintendence of Securities and Insurance (the "SVS"). The Company issued American Depositary

Receipts in 1993 and 1996 and is also subject to the regulation of the Securities and Exchange Commission (SEC) of the United States.

2. summary of significant accounting policies

a. Periods covered

These financial statements cover the years ended December 31, 2002 and 2003.

b. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Chile and the regulations established by the SVS (collectively "Chilean GAAP"), except for the investment in subsidiaries, which is shown in one line of the balance sheet under the equity method and, therefore, have not been consolidated line by line. This treatment does not affect the net income of the year or shareholders' equity.

These financial statements have been prepared order an individual analysis of the Company and they should be read along with the consolidated financial statements required by accounting principles accepted in Chile.

These financial statements include assets, liabilities and result of the agency established in 1996 by Enersis S.A. in Cayman Islands.

c. Basis of presentation

The 2002 financial statements and its corresponding notes are presented updated and restated by 1.0% to facilitate comparison. This percentage corresponds to the Consumer Price Index variation within the last twelve months, with a one-month lag.

d. Price-level restatement

The financial statements have been price-level restated in accordance with generally accepted accounting principles, to reflect the effects of the changes in the purchasing power of the Chilean peso for the years ended December 31, 2003 and 2002. The effects of these off-the-books restatements are shown in Note 19.

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	2002	2003
		Ch\$	Ch\$
United States dollar (Observed)	US\$	718.61	593.80
Euro	€	752.55	744.95
Unidad de Fomento (UF)	UF	16,744.12	16,920.00

Convenience translation to U.S. dollars

The financial statements are stated in Chilean pesos. The translations of Chilean pesos into US dollars are included solely for the convenience of the reader, using the observed exchange rate reported by the Chilean Central Bank as of December 31, 2003 of Ch\$593.80 to US\$1.00. The convenience translations should not be construed as representations that the Chilean peso amounts have been, could have been, or could in the future be, converted into US dollars at this or any other rate of exchange.

f. Time deposits

Time deposits are presented at original placement plus accrued interest and UF 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.

The Company has evaluated the recoverability of the book value of its property, plant and equipment in accordance with Technical Bulletin N°33 of the Chilean Accounting Association. As a result of this evaluation no adjustments have been determined that affect the book values of these assets.

h. Depreciation

Depreciation expense is calculated on the revalued balances using the straight-line method over the estimated useful lives of the assets. Depreciation expense was ThCh\$1,051,655 and ThCh\$1,084,945 in 2002 and 2003, respectively.

i. Intangibles

Intangibles are mainly easements, and amortized in accordance with Technical Bulletin N°55 of the Chilean Association of Accountants.

j. Investments in related companies

Investments in related companies are presented under the equity method of accounting, on the basis of the corresponding financial statements of the invested.

Investments in foreign affiliates are recorded in accordance with Technical Bulletins No.42 and 64 of the Chilean Association of Accountants.

The Company has evaluated at December 31, 2002 and 2003, the recoverability of the book value of its investments abroad in accordance with Technical Bulletins N°33 and N° 42 of the Chilean Accounting Association. As a result of this evaluation no adjustments have been determined that affect the book values of these assets.

k. Goodwill and negative goodwill

Goodwill and negative goodwill are determined according to Circular N°368 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, 2002 and 2003, the recoverability of its goodwill and negative goodwill arising on investments abroad, and in virtue of Technical Bulletin N°56 of the Chilean Association of Accountants, it has resorted to IAS 36 "Impairment of Assets Value". As a result of this evaluation, in 2003 no adjustments have been determined that affect the book values of these assets. In 2002, was write-off amounted to ThCh\$53,647,938 for this concept.

l. 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.

m. Income tax and deferred income taxes

At December 31, 2003 and 2002, 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.

n. Severance indemnity

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

o. 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.

p. 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 9.5%.

q. 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.

r. Financial derivative contracts

As of December 31, 2003 the Company has forward contracts, currency swaps, and interest swaps and collars with several financial institutions, defined as cover, which are recorded according to Technical Bulletin N°57 of the Chilean Association of Accountants.

s. Software

Software has acquired by the Company and its subsidiaries as computing packages and is amortized over a 3-year term.

t. Research and development costs

During 2002 and 2003 there have been no expenses under this caption which require footnote disclosure as required by Circular No. 981 of SVS dated December 28, 1990.

u. Statements of cash flows

Investments considered as cash equivalents, as indicated in point 6.2 of Technical Bulletin N°50 issued by the Chilean Association of Accountants, include cash and time deposits.

For classification purposes, cash flows from operations include collections and payments to related companies for services and dividends paid.

v. Cost of share issue

Costs incurred to date associated with issuing and placing shares are recorded according to the provisions of Circular No. 1370 of 1998 of the Superintendence of Securities and Insurance. The amounts under these items are deducted from the premium account. Breakdown of the costs is shown in Note 22.

w. Reclassification

Do not reclassification was made at December 31, 2002.

3. change in accounting principles

There were no changes in accounting principles during 2003 that would affect comparison with the prior year financial statements.

4. transactions with related companies

Balances of accounts receivable and payable are as follows at December 31, 2002 and 2003:

a. Notes and accounts receivable:

Company	As of December 31,			
	Short-term		Long-term	
	2002	2003	2002	2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilectra S.A.	147,194,952	69,051,205	-	93,226,443
Synapsis, Soluciones y Servicios IT Ltda.	36,143	51,997	-	-
Inmobiliaria Manso de Velasco Ltda.	37,180	34,188	-	-
Cía. Americana de Multiservicios Ltda.	4,619,430	388,704	-	-
Compañía Eléctrica del Río Maipo S.A.	3,890,208	-	-	-
Enersis Internacional	2,223,214	1,749,367	45,401,901	-
Chilectra S.A. (Cayman Islands Agency)	9,727	9,295	359,057,882	311,609,667
Enersis de Argentina S.A.	1,246	-	-	-
Edelnor S.A.	69,814	57,118	-	-
Companhia de Eletricidade do Río de Janeiro	21,759	17,803	-	-
Luz de Bogotá S.A.	25,193	20,612	-	-
Edesur S.A.	64,694	52,928	-	-
Luz de Rio Ltda.	17,391	14,228	41,442,944	35,705,322
Cerj Overseas	1,134,225	4,588,969	36,289,805	-
Codensa S.A.	14,845	12,145	-	-
Empresa Eléctrica de Colina Ltda.	742	304	-	-
Endesa S.A. (Chile)	29,612,065	48,703,885	-	-
Elesur S.A.	21,305	21,433	-	-
Inversiones Distrilima S.A.	493	488	-	-
Ingendesa S.A.	59,801	1,627	-	-
Infraestructura 2000 S.A.	43,018	-	-	-
Túnel el Melón S.A.	80,615	81,017	-	-
Smartcom S.A.	344	341	-	-
Compañía Eléctrica Tarapacá S.A. (Celta)	32,194	28,724	-	-
Autopista Los Libertadores S.A.	2,551	-	-	-
Endesa S.A. (España)	325,343	509,546	-	-
Pehuenche S.A.	-	683	-	-
Autopista del Sol S.A.	3,397	-	-	-
Chispa Uno S.A.	282	279	-	-
Agencia Endesa Chile S.A.	244,395	-	23,447,958	-
Luz Andes Ltda.	53	-	-	-
Empresa Eléctrica Pangué S.A.	53	-	-	-
Empresa Eléctrica Pehuenche S.A.	31,877	-	-	-
Aguas Santiago Poniente S.A.	-	30,000	-	-
Compañía Eléctrica San Isidro S.A.	53	-	-	-
Total	189,818,602	125,426,886	505,640,490	440,541,432

b. Notes and accounts payable:

Company	As of December 31 ,			
	Short-term		Long-term	
	2002	2003	2002	2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilectra S.A.	2,253,613	673,377	13,395,831	-
Synapsis, Soluciones y Servicios IT Ltda.	6,270,335	5,150,703	-	-
Inmobiliaria Manso de Velasco Ltda.	6,175,519	18,111,851	2,337,984	-
Cía. Americana de Multiservicios Ltda.	245,994	8,455,637	-	-
Compañía Eléctrica del Río Maipo S.A.	7,255,154	-	5,245,144	-
Energis Internacional	1,617,152	1,327,436	-	-
Endesa S.A. (Chile)	67,256	74,172	-	-
Edelnor S.A.	17,035	13,936	-	-
Energis de Argentina S.A.	39,261	-	-	-
Edesur S.A.	25,050	13,264	-	-
Elesur S.A.	11,580,351	-	997,244,777	-
Smartcom S.A.	19,591	19,397	-	-
Infraestructura 2000 S.A.	414	-	-	-
Túnel el Melón S.A.	62	61	-	-
Ingendesa S.A.	380	376	-	-
Chilectra Internacional	49	41	-	-
Chilectra S.A. (Cayman Islands Agency)	37,121	30,370	-	-
Endesa Inversiones Generales S.A.	89,156	89,813	-	-
Total	35,693,493	33,960,434	1,018,223,736	-

c. Effects in income (expense) in each year are as follows:

Company	Nature of Transaction	Income (expense)	
		2002	2003
		ThCh\$	ThCh\$
Chilectra S.A.	Loans	13,112,158	10,163,758
	Property rental	4,324,335	4,332,016
	Services	4,033,984	4,675,198
Inmobiliaria Manso de Velasco Ltda.	Loans	138,562	(577,288)
	Property rental	(376,861)	(379,254)
Compañía Americana de Multiservicios Ltda.	Loans	348,957	(175,559)
	Services	129,723	192,849
	Materials	(18,235)	(12,720)
	Property maintenance	(418,486)	(342,850)
Synapsis, Soluciones y Servicios IT Ltda.	Loans	(451,135)	(374,729)
	Services	(559,645)	(596,661)
Compañía Eléctrica del Río Maipo S.A.	Loans	(285,749)	-
	Services	519,776	-
Empresa Distribuidora Sur S.A.	Services	1,790,327	3,168,666
Endesa S.A. (España)	Services	325,343	-
Elesur S.A.	Loans	(43,842,919)	(9,267,916)
Endesa S.A. (Chile)	Loans	2,857,101	1,739,648
	Services	721,753	722,024
Endesa Inversiones Generales S.A.	Property rental	(685,204)	(929,205)
By agency intermediation:			
Chilectra S.A. (Cayman Islands Agency)	Loans	24,788,831	23,020,412
Luz de Río	Loans	2,441,563	1,799,353
Enerjis Internacional	Loans	1,502,421	2,886
Endesa Chile Internacional	Loans	438,826	-
Cerj Overseas	Loans	2,848,973	498,550
Endesa Agencia	Loans	283,349	371,226
Total		13,967,748	38,030,404

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.

Conditions of the long-term receivables and payables are as follows:

Company	Type	Due Date	Currency	Capital	Interest Rate
Chiletra S.A.	Account receivable	2005	US\$	156,999,734.86	7.56%
Chiletra S.A.(Cayman Islands Agency)	Account receivable	2007	US\$	524,722,090.72	7.01%
Luz de Rio Ltda.	Account receivable	2007	US\$	46,919,950.58	6.21%

5. deferred income taxes

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Credits for absorbed profits	9,213,787	14,336,947
PPM, donations, training expense	131,198	144,898
Total income taxes recoverable	9,344,985	14,481,845
Tax for sale of investments	-	16,284,563
Income tax prior year	16,842	-
Total income tax payable	16,842	16,284,563

b. The Company has tax losses of ThCh\$112,077,596 and ThCh\$201,568,234 for the years ended December 31, 2002 and 2003, respectively.

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

Year	As of December 31,	
	Loss	Credit
	ThCh\$	ThCh\$
2002	-	-
2003	199,692,930	-

- d. In accordance with BTs N°60 and 69 of the Chilean Association of Accountants, and Circular N°1,466 of the SVS, the Company has recorded deferred income taxes as of December 31, 2002 and 2003 as follows:

	As of December 31, 2002				As of December 31, 2003			
	Asset		Liability		Asset		Liability	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Unearned income	34,081	-	-	-	23,072	-	-	-
Vacation accrual	99,160	-	-	-	71,560	-	-	-
Depreciation	-	-	-	1,849,339	-	-	58,798	1,735,726
Severance indemnities	-	-	-	104,716	-	-	-	40,694
Other events	73,558	95,025	-	-	85,073	94,017	-	-
Provisions	391,189	-	5,549	6,953	376,238	-	5,721	1,219
Bond discount	-	-	156,053	1,497,310	-	-	109,977	1,178,615
Deferred charges	-	-	567,430	1,045,799	-	-	1,110,662	1,991,081
Differences between the financial and tax value of Rio Maipo S.A.	-	-	1,489,974	-	-	-	-	-
Tax losses	15,458,979	-	-	-	28,548,291	-	-	-
Complementary account, net	-	-	(2,964)	(168,666)	-	-	(1,482)	(152,752)
Total	16,056,967	95,025	2,216,042	4,335,451	29,104,234	94,017	1,283,676	4,794,583

- e. Income tax expense for the years ended December 31, 2002 and 2003 is as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Income tax provision	-	(16,284,564)
Effect on deferred tax assets or liabilities for the year	-	387,873
Benefits for tax losses	9,579,046	28,548,291
Amortization of complementary accounts	2,447	(15,697)
Total	9,581,493	12,635,903

6. other current assets

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Forward contracts	11,900	8,420,565
Deferred costs-loans	818,952	1,967,742
Post-retirement benefits	34,681	34,674
Deferred expense Collar contracts	2,727,484	4,646,734
Bond discount	975,334	666,529
Fair value - derivative contracts	-	149,153
Unrealized loss derivative contracts	353,026	809,537
Other	131,692	186,455
Total	5,053,069	16,881,389

(*) See Note 10.

7. property, plant and equipment

La composición del saldo del activo fijo al cierre de cada período es la siguiente:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Buildings and infraestructure	20,798,254	20,798,233
Machinery and equipment	2,260,279	2,301,896
Other assets transit	785,804	798,232
Technical appraisal of buildings and infraestructure	33,182	33,176
Total fixed assets	23,877,519	23,931,537
Accumulated depreciation at beginnig of year		
Buildings and infraestructure	(8,958,214)	(9,427,976)
Machinery and equipment	(716,603)	(858,322)
Other assets in transit	(33,492)	(234,441)
Total accumulated depretiation at beginning of year	(9,708,309)	(10,520,739)
Accumulated depreciation at beginning of year- technical appraisal of buildings and infraestructure	(21,613)	(22,802)
Technical appraisal	(21,613)	(22,802)
Depreciation of the year	(1,051,655)	(1,084,945)
Total accumulated depreciation at end of year	(10,781,577)	(11,628,486)
Total property, plant and equipment, net	13,095,942	12,303,051

8. investment in related companies

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

Related Companies	Number of shares	Percentage owned		Shareholder's equity of investee		Net income of investees	
		2002	2003	2002	2003	2002	2003
		%	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Empresa Nacional de Electricidad S.A.	4,919,488,794	59.98%	59.98%	1,444,941,674	1,492,669,037	(9,412,247)	78,130,908
Chilectra S.A.	359,602,436	98.24%	98.24%	425,908,659	426,495,495	(31,311,681)	51,469,555
Eneris Internacional	-	100.00%	100.00%	352,192,877	295,713,345	39,332,609	(36,689,385)
Luz de Bogotá S.A.	15,529,421,297,372	25.71%	25.71%	606,535,104	487,492,327	(4,557,123)	4,206,442
Companhia de Eletricidade do Rio de Janeiro	766,367,324,842	20.38%	26.47%	585,356,719	446,403,953	(9,102,554)	(98,773,475)
Empresa Distribuidora Sur S.A.	143,996,758	16.02%	16.02%	737,116,149	575,959,954	8,287,192	(27,101,386)
Investluz S.A.	15,681,945,734	15.61%	15.61%	361,127,824	286,769,700	(200,235,743)	(8,682,013)
Distrilec Inversora S.A.	101,684,374	20.43%	20.43%	415,421,881	324,606,610	4,663,076	(15,265,033)
Inmobiliaria Manso de Velasco Ltda.	29,462,253	99.99%	100.00%	40,590,431	41,841,947	(10,035,583)	1,306,753
Inversiones Distrilima S.A.	95,363,337	15.93%	15.93%	174,521,754	132,003,816	13,202,015	8,857,512
Compañía Eléctrica del Río Maipo S.A.	-	98.74%	0.00%	22,849,917	-	11,844,565	-
Central Geradora Termeléctrica Fortaleza S.A. (*)	20,246,908	48.82%	48.82%	44,134,413	33,459,443	-	-
Compañía Americana de Multiservicios Ltda.	-	99.99%	99.99%	25,283,631	35,091,832	8,061,728	6,856,001
Synapsis, Soluciones y Servicios IT Ltda.	-	99.99%	99.99%	8,847,200	10,221,225	4,439,999	5,652,106
Endesa Market Place	210	15.00%	15.00%	3,231,944	-	(1,893,847)	-
Eneris Energía de Colombia S.A.	-	99.99%	0.00%	218,464	-	(106,692)	-
Eneris de Argentina S.A.	-	99.99%	0.00%	79,898	-	(19,097)	-
Synapsis Colombia S.A.	1	0.10%	0.10%	829,875	813,133	579,366	670,021
Luz de Río Ltda.	-	43.24%	0.00%	3,666,178	-	22,557,357	-
Constructora El Gobernador Ltda.	-	-	0.00%	21,296,187	22,255,006	269,895	376,991
Codensa S.A.	1	-	0.00%	1,019,559,638	827,256,794	(6,722,511)	18,020,379

Total

(*) These subsidiaries were in the development stage for the years shown and accordingly, were not consolidated under Chilean GAAP

b. In accordance with Technical Bulletin N°64 of the Chilean Association of Accountants, at December 31, 2002 and 2003, 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, 2003 the corresponding amounts are as follows:

Company	Country of origin	Investment	Reporting currency	Liability
Edesur S.A.	Argentina	158,628,263	US\$	65,944,546
Companhia de Eletricidade do Rio de Janeiro	Brasil	118,149,493	US\$	184,321,716
Luz de Bogotá S.A. (Codensa S.A.)	Colombia	128,145,242	US\$	192,073,884
Investluz S.A. (Coelce)	Brasil	44,764,304	US\$	80,914,406
Total		449,687,302		523,254,552

c. Investments

The investments made by Eneris S.A. during the year ended December 31, 2003, are detailed as follows:

Acquisitions	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Central Termeléctrica Fortaleza S.A.	15,635,180	-
Luz de Río Ltda.	62,084	-
Inversiones Distrilima S.A.	1,202,192	-
Total	16,899,456	-

d. Capital increase in Cerj

On November 15, 2002, at an Extraordinary Meeting N°16, the Board of Directors of Eneris approved a capital increase in its subsidiary Cerj in Brazil. Such increase will be done in a direct and indirect way through its subsidiaries Chilectra and Luz de Río in order to maintain its participation percentage in Cerj.

Equity in income		Share of equity		Unrealized income		Investment book value	
2002	2003	2002	2003	2002	2003	2002	2003
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
(5,645,553)	46,863,646	866,689,475	895,316,792			866,689,475	895,316,792
(30,760,547)	50,563,611	418,412,009	418,988,515			418,412,009	418,988,515
38,878,108	(36,689,385)	352,192,877	295,713,343			352,192,877	295,713,343
(1,171,831)	1,081,657	155,966,178	125,355,171			155,966,178	125,355,171
(1,854,687)	(26,142,322)	119,269,128	118,149,493			119,269,128	118,149,493
1,328,009	(4,342,952)	118,121,638	92,296,626			118,121,638	92,296,626
(31,256,488)	(1,355,249)	56,371,492	44,764,304			56,371,492	44,764,304
952,874	(3,119,328)	84,889,255	66,331,637			84,889,255	66,331,637
(10,035,579)	1,306,753	40,590,417	41,841,933			40,590,417	41,841,933
2,103,081	1,411,002	27,801,316	21,028,208			27,801,316	21,028,208
11,695,613	-	22,562,567	-			22,562,567	-
-	-	21,546,421	16,334,900			21,546,421	16,334,900
4,823,694	6,855,391	25,281,382	35,088,709	(3,237,317)	(7,202,800)	22,044,065	27,885,909
3,069,892	5,651,541	8,846,315	10,220,203	(1,369,663)	(1,660,402)	7,476,652	8,559,801
(284,077)	-	484,792	-			484,792	-
(106,692)	-	218,464	-			218,464	-
(19,097)	-	79,897	-			79,897	-
580	670	830	813			830	813
9,754,748	-	1,585,409	-			1,585,409	-
-	1	32	34			32	34
-	-	5	4			5	4
(8,527,952)	42,085,036	2,320,909,899	2,181,430,685	(4,606,980)	(8,863,202)	2,316,302,919	2,172,567,483

On December 10, 2002, the Extraordinary General Shareholders' Meeting of the Company Cerj agreed to an increase in the authorized capital for an approximate total amount of MUS\$105.000.

On January 6, 2003, the companies Endesa Internacional, Endesa Internacional Energía, Chilectra S.A. have written over 100% of the rights of share subscription of the company Cerj and part of the rights of Luz de Río S.A. to Enersis.

A capital increase was made on January 10, 2003 through the issuance and the subscription of 770.833.333.333 ordinary shares, at a value of R\$0,48 by lot of thousand shares totaling the MUS\$100.000 approved by the Meeting and increasing the authorized capital of the Company to MUS\$259.085.

With this operation, the percentage of direct and indirect participation held by Enersis S.A. and branches increased from 58.1631% to 71.8148%.

e. Sale of Río Maipo

The purchasing contract between Enersis and Compañía General de Electricidad – Distribución was signed on April 30, 2003 for the entire share participation held by Enersis (356.078.645 shares) in the Company Río Maipo.

The attribution to the Company CGE Distribución was made by the Board of Directors of Enersis on March 28, 2003, with a bid of US\$170 million for the shares held by Enersis and was ratified later at an Extraordinary Shareholders Enersis' Meeting dated March 31, 2003.

The signature of the purchasing contract marked the end of the process of attribution of the Company Río Maipo, which is part of the strategic plan of Enersis approved on October 4, 2002. The effects for the sale of the shares are detailed in the Note 18a.

f. Merger of Inmobiliaria Manso de Velasco Limitada and Sociedad Agrícola El Gobernador Limitada

Partners of these companies agreed by public deed dated December 31 2003 to a merger by absorption of Inmobiliaria Manso de Velasco into Constructora el Gobernador Ltda., which, for all legal intents and purposes, became the successor, changing its name as of that date to Inmobiliaria Manso de Velasco Limitada. As a result of this merger, Inmobiliaria Manso de Velasco Ltda. was dissolved, and its partners received rights in the continuing corporation.

g. Dissolution of investment vehicles.

During 2003, the companies Enersis Energía de Colombia S.A. and Enersis de Argentina S.A. were dissolved.

9. goodwill and negative goodwill

a. In accordance with current standards, recognition has been given to the excess of purchase price over the equity in net assets acquired (goodwill) in the purchase of shares as of December 31, 2002 and 2003, as follows:

Company	As of December 31,			
	2002		2003	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Empresa Nacional de Electricidad S.A.	(43,387,863)	674,318,980	(43,387,862)	630,931,117
Distrilec Inversora S.A.	(4,626,121)	-	-	-
Chilectra S.A.	(6,272,762)	107,276,026	(6,272,763)	101,003,264
Inversiones Distrilima S.A.	(1,515)	18,180	(1,239)	13,635
Compañía Eléctrica del Río Maipo S.A.	(580,158)	10,329,890	-	-
Empresa Distribuidora Sur S.A.	(4,175,834)	-	-	-
Companhia de Eletricidade do Río de Janeiro	(49,026,109)	-	-	-
Investluz S.A.	(632,903)	-	-	-
Luz de Bogotá S.A.	(264,347)	3,656,798	(201,692)	2,790,067
Total	(108,967,612)	795,599,874	(49,863,556)	734,738,083

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, 2002 and 2003 as follows:

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Company	As of December 31,			
	2002		2003	
	Amortization ThCh\$	Net balance ThCh\$	Amortization ThCh\$	Net balance ThCh\$
Companhia de Eletricidade do Río de Janeiro (*)	1,019,455	-	21,593,916	-
Inversiones Distrilima S.A.	18,550	(617,459)	26,017	(479,150)
Synapsis Soluciones y Servicios IT Ltda.	15,468	(143,085)	15,468	(127,615)
Total	1,053,473	(760,544)	21,635,401	(606,765)

(*) According to the provisions of Circular 368 of the Superintendencia of Securities and Insurance, the corporation has amortized higher quarterly installments due to the revaluation of Cerj, caused by the capital increase in January 2003.

c. Recoverability of goodwill

To carry out the analysis of the recoverability of goodwill and negative goodwill on investments abroad, as explained in Note 2 k, the Company used International Accounting Standard (IAS) N°36.

The analysis determined that at December 31, 2002, the impairment of goodwill and negative goodwill in the companies, related to investments

in Argentina and Brazil, is 100%, as, when comparing cash flows generated by the companies in said countries, such flows do not cover the recorded goodwill and negative goodwill. Thus, these balances have been fully amortized, resulting in a higher net charge to income for the period of ThCh\$53,647,938, which is included in goodwill and negative goodwill amortization in the income statement.

10. others

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Deferred commissions on foreign currency loans	545,968	7,751,524
Deferred expenses collar contracts	5,316,341	3,882,337
Post-retirement benefits	41,916	7,171
Bond discount	8,835,815	6,933,029
Fair value - derivative contracts	8,646,895	589,688
Unrealized loss derivative contracts	29,754,374	7,563,250
Total	53,141,309	26,726,999

11. due to banks and financial institutions

Financial Institution	Currency								As of December 31,	
	US\$		Other foreign		U.F.		Ch\$		2002	2003
	2002	2003	2002	2003	2002	2003	2002	2003	ThCh\$	ThCh\$
ABN Amro Bank	465,821	-	-	-	-	-	-	-	465,821	-
Dresdner Bank	83,762,158	-	-	-	-	-	-	-	83,762,158	-
Dresdner Bank (swap)	458,168	-	-	-	-	-	-	-	458,168	-
Banco Bilbao Vizcaya Argentaria S.A. (swap)	252,304	197,439	-	-	-	-	-	-	252,304	197,439
SAN PAOLO IMI S.p.A.	-	118,463	-	-	-	-	-	-	-	118,463
Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	-	118,463	-	-	-	-	-	-	-	118,463
Banco BBVA	1,461,868	-	-	-	-	-	-	-	1,461,868	-
Mizuho Corporate Bank, Ltd.	-	-	-	-	-	-	-	-	-	-
Banco HSBC	10,933,205	-	-	-	-	-	-	-	10,933,205	-
JP Morgan - Chase (swap)	253,121	-	-	-	-	-	-	-	253,121	-
Banco Santander Central Hispano	105,236,964	197,438	-	-	-	-	-	-	105,236,964	197,438
Banco Santander Central Hispano (swap)	251,225	-	-	-	-	-	-	-	251,225	-
Bank of América	29,789,185	-	-	-	-	-	-	-	29,789,185	-
Bank of Tokio - Mitsubishi	36,372,232	118,463	-	-	-	-	-	-	36,372,232	118,463
Deutsche Bank	-	39,488	-	-	-	-	-	-	-	39,488
Total	269,236,251	789,754	-	-	-	-	-	-	269,236,251	789,754

	As of December 31,	
	2002	2003
Percentage of debt in foreign currency:	100.00	100.00
Percentage of debt in local currency:	-	-
Total	100.00	100.00

12. long-term portion of debt due to banks and financial institutions

Financial Institution	Currency	Years to maturity					After 10 years		Total long-term portion	Average annual interest rate	Total long-term portion- 2002
		After 1 year but within 2 years	After 2 year but within 3 years	After 3 year but within 5 years	After 5 year but within 10 years	years	ThCh\$				
		ThCh\$	ThCh\$	ThCh\$	ThCh\$						
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	%	ThCh\$			
ABN Amro	US\$	-	-	-	-	-	-	-	-	72,579,610	
Santander Central Hispano	US\$	-	-	-	-	-	-	-	-	290,318,440	
BBVA	US\$	-	-	-	-	-	-	-	-	108,869,415	
BBVA	US\$	-	-	-	-	-	-	-	-	362,898,050	
Banco Santander Central Hispano S.A.	US\$	-	-	74,225,000	-	-	-	74,225,000	3.42%	-	
The Bank of Tokyo-Mitsubishi, Ltd., New York Branch	US\$	-	-	44,535,000	-	-	-	44,535,000	3.42%	-	
SAN PAOLO IMI S.p.A.	US\$	-	-	44,535,000	-	-	-	44,535,000	3.42%	-	
Caja de Ahorros y Monte de Piedad de Madrid, Caja Madrid	US\$	-	-	44,535,000	-	-	-	44,535,000	3.42%	-	
Deutsche Bank AG, New York Branch	US\$	-	-	14,845,000	-	-	-	14,845,000	3.42%	-	
Banco Bilbao Vizcaya Argentaria S.A.	US\$	-	-	74,225,000	-	-	-	74,225,000	3.42%	-	
Total		-	-	296,900,000	-	-	-	296,900,000		834,665,515	

13. other current liabilities

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Forward contract obligations	352,925	-
Swap Enersis bonds-rate and currency	2,293,515	-
Unrealized gain on fair value of forward contract	4,602	149,153
Fair value - derivative contracts	-	5,667,236
Swap collar rate contract	1,448,418	2,651,909
Total	4,099,460	8,468,298

14. bonds payable

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

Instrument	Series	Face value outstanding ThCh\$	Currency	Interest Rate	Maturity Date	As of December 31,	
						2002 ThCh \$	2003 ThCh \$
Yankee Bonds	1	-	US\$	6.90%	Dec-06	1,210,264	1,024,305
Yankee Bonds	2	-	US\$	7.40%	Dec-16	1,514,290	1,281,618
Yankee Bonds	3	-	US\$	6.60%	Dec-26	578,822	2,802
Yankee Bonds II	1	-	US\$	7.38%	Dec-14	-	1,532,747
Bono N° 269	B-1	-	U.F.	5.50%	Jun-09	7,677,871	152,759
Bono N° 269	B-2	-	U.F.	5.75%	Jun-22	106,535	77,343
Total						11,087,782	4,071,574

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

Instrument	Series	Face value outstanding ThCh\$	Currency	Interest Rate %	Maturity Date	As of December 31,	
						2002 ThCh\$	2003 ThCh\$
Yankee Bonds	1	300.000.000	US\$	6,90%	Dec-06	217,738,830	178,140,000
Yankee Bonds	2	350.000.000	US\$	7,40%	Dec-16	254,028,635	207,830,000
Yankee Bonds	3	150.000.000	US\$	6,60%	Dec-26	108,869,415	509,480
Yankee Bonds II	1	350.000.000	US\$	7,38%	Dec-14	-	207,830,000
Bono N° 269	B-1	40.135	U.F.	5,50%	Jun-09	49,526,236	679,076
Bono N° 269	B-2	1.935.000	U.F.	5,75%	Jun-22	42,278,903	32,740,200
Total						672,442,019	627,728,756

c. Bonds payable are comprised of the following:

i. Enersis S.A. Series B1-B2

On September 11, 2001, Enersis S.A. registered two series of bearer bonds as of June 14, 2002, as follows:

Series	Total amount In UF	N° of bonds per series
B1	1,000,000	1
B1	3,000,000	300
B2	1,000,000	1
B2	1,500,000	150

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

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

In November 2003, these series were voluntarily exchanged for shares in connection with the capital increase. The holders converted ThCh\$63,656,586 into 893,612,466 first issue shares. Underwritten amounts were determined by experts. Capitalized amounts were ThCh\$46,968,180 for the B1 series and ThCh\$7,028,064 for the B2 series.

ii. Yankee Bonds

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

Series	Total amount In US\$	Years to maturity
1	300,000,000	10
2	350,000,000	20
3	150,000,000	30

Interest is payable on a semi-annual basis and principal is due upon maturity. The Series 3 bond holders has a pre-redemption option in year seven, which was exercised by nearly all holders in November 2003 for US\$149,142,000.

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.

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, 2003 amounts to ThCh\$6,933,029 (ThCh\$8,835,815 in 2002), are included in "Other assets" and ThCh\$666,529 (ThCh\$975,334 in 2002) are included in "Other current assets".

15. accrued expenses

a. Short-term accruals:

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Negative equity of investments	-	11.142.793
Profit sharing and other employee benefits	2.301.186	2.037.818
Commission banks provision	-	1.448.873
Contracts collar expenses provision		5.732.628
Notes receivable provision	3.252.124	1.280.181
Total	5.553.310	21.642.293

(*) Provision for ownership in negative equity of Luz de Rio Limitada and Endesa Market Place for ThCh\$10,887,229 and ThCh\$225,564 respectively.

During 2002 and 2003 there were no debt write-offs.

b. Long-term accruals:

Accrued expenses included in long term liabilities as of each year-end are as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Severance indemnities	1.452.720	1.949.798
Post-retirement benefits	561.431	553.043
Total	2.014.151	2.502.841

16. severance indemnities

Include employee severance indemnities, calculated in accordance with the policy described in Note 2n, post-retirement benefits and others. An analysis of the changes in the accruals in each year is as follows:

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Opening balance as of January 1	1.254.243	1.438.337
Increase in accrual	659.792	900.050
Payments during the year	(461.315)	(388.589)
Sub-total	1.452.720	1.949.798
Post-retirement benefits	561.431	553.043
Total	2.014.151	2.502.841

17. shareholders' equity

a. Paid capital

The Extraordinary General Meeting of Shareholders of Enersis held on March 31st 2003 approved a capital increase of about US\$2,000 million. The issue was registered in the Securities Register on May 23 2003 under No. 686 for Ch\$1,473,225,403,563 pesos, divided into 24,382,994,488 shares. The operation was structured as follows:

1) First preferential underwriting period (from May 31 to June 30), in which shareholders registered in the company register at last May 26 have the option of taking up 2.9408 new shares for each old one at a price of Ch\$60.4202 per share.

2) Voluntary redemption of local bonds (from November 1 to 15), in which holders of local 269 bonds (series B1 and B2) may exchange their bonds for Enersis shares, according to the value assigned by the aforementioned independent expert and at placement price - Ch\$ 60.4202 per share.

3) Second preferential underwriting period (from November 20 to December 20), in which all Enersis shareholders registered five working days before the start of this new period, except for the controlling partner and its members, may participate.

In this phase, shareholders may take up the remaining shares that were not underwritten at the close of the preferential underwriting period and at the conclusion of the voluntary redemption of local bonds. In this period, new issue shares may only be paid in cash at the same price of Ch\$ 60.4202 per share.

Once the deadline for the capital increase has expired (December 30 2003), its final amount will be the amount actually underwritten and paid in.

At June 30 2003, end date of the first preferential underwriting period, 22,113,264,060 shares were underwritten for a sum of Ch\$1,336,087,841,061 equivalent to 90.69% of the total issue. Of total shares underwritten in this preferential period, 14,406,840,511 shares were taken up by controlling shareholder Elesur for the equivalent of Ch\$870,464,185,043 pesos and 7,706,423,549 shares by minority shareholders for the equivalent of Ch\$465,623,656,018 pesos.

Elesur underwrote and paid in its shares by capitalizing the financial credits that it held with Enersis on the date of underwriting, which, according to expert report drawn up by Mr. Eduardo Walker, which was approved by the Extraordinary Shareholders' Meeting on March 31 2003, amounts to 86.84% of its par value, with the difference being recorded as a share premium of Ch\$131,912,812,936.

The second preferential underwriting period in November 2003 involved the voluntary exchange of 269 bonds, series B1 and B2. Holders converted Ch\$63,656,586,836 into the equivalent of 893,612,466 first issues shares; the amounts underwritten were determined by experts by capitalizing Ch\$46,964,178,894 for series B1 and Ch7,028,065,024 for series B2, at Ch\$ 60.4202 per share. This operation meant recording a share premium of Ch\$6,247,821,056.

During the second preferential underwriting period, 1,244,542,758 shares equivalent to Ch\$75,195,523,918 were subscribed.

The second share underwriting period concluded on December 30, determining the capital increase, in which 99.9% of the capital authorized by the Extraordinary General Meeting of Shareholders, in other words 24,360,146,365 shares, was subscribed, leaving Enersis' capital with a total of 32,651,166,465 subscribed and paid in shares.

b. Dividends

During the years ended December 31, 2002 and 2003 the Company no paid dividends

c. Number of shares

As of December 31, 2003 and December 31, 2002, respectively the number of shares authorized, issued and outstanding was 32,651,166,465 and 8,291,020,100 all of which have voting rights.

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

	As of December 31, 2003	
	Shares	ThCh\$
As of December 31, 2002	8.291.020.100	758.720.279
Intercompany loan capitalization	14.406.840.511	868.723.257
Bonds capitalization	893.612.466	53.830.267
Subscribed shares	9.059.693.388	546.437.537
As of December 31, 2003	32.651.166.465	2.227.711.340

e. Accumulated net income (losses) of development-stage subsidiaries are as follows:

Company	As of December 31, 2003	
	Net income loss for the period	Retained earnings (accumulated deficit)
	ThCh\$	ThCh\$
Compañía Eléctrica Taltal Ltda.	-	147,835
Central Generadora Termoelectrica Fortaleza S.A.	(1,292,923)	(2,608,453)
Aguas Santiago Poniente S.A.	(55,238)	(167,940)
Infraestructura 2000 S.A.	-	355,245
Gas Atacama Generación	-	819,520
Ingendesa (Ingendesa do Brasil)	44,914	(1,855)
Enigesas (Ingendesa do Brasil)	580	(68)
Total	(1,302,667)	(1,455,716)

f. Other information

Detail of other reserves is as follows:

	ThCh\$
Reserve for transaction entities using remeasurement method	(10,243,322)
Reserve for accumulated conversion differences	(15,428,363)
Total	(25,671,685)

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Detail of changes in the reserve for accumulated conversion differences are as follows for the year ended December 31, 2003:

	Initial balance at January 1, 2003	Reserve for assets	Reserve for liabilities	Final balance at December 31, 2003
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cumulative translation adjustment	46,159,106	(253,265,921)	191,678,452	(15,428,363)
Total	46,159,106	(253,265,921)	191,678,452	(15,428,363)

The detail of the accumulated conversion difference reserve at December 31, 2003 is as follows:

	ThCh\$
Distrilec Inversora S.A.	(7,733,126)
Inversiones Distrilima S.A.	2,471,385
Cía. Peruana de Electricidad S.A.	1,302,547
Edesur S.A.	(4,503,144)
Cerj S.A.	(2,915,573)
Luz de Bogotá S.A.	(4,985,333)
Investluz S.A.	3,629,135
Central Geradora Termeléfrica Fortaleza S.A.	(2,662,889)
Synapsis de Colombia Ltda.	19,801
Endesa Market Place	367,029
Endesa Argentina S.A.	2,557,220
Compañía Eléctrica Conosur S.A.	(2,954,154)
Endesa de Colombia S.A.	68,499
Central Costanera S.A.	(79,994)
Ingendesa Do Brasil Ltda.	(9,766)
Total	(15,428,363)

18. other income and expenses

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Adjustments to investment in related companies	9,225,097	292,285
Project administration, maintenance and construction	7,719,017	8,827,460
Gain on sales of Compañía Eléctrica del Río Maipo S.A.	-	87,827,096
Gain on forward contracts	4,863,450	-
Other	794,837	2,785,940
Total	22,602,401	99,732,781

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

	As of December 31,	
	2002	2003
	ThCh\$	ThCh\$
Adjustments to investments in related companies	235,659	2,361,710
Provision of negative equity of Luz de Rio Ltda.	-	11,328,960
Provision of negative equity of Endesa Market Place	-	789,474
Loss for non-participation in Cerj capital increase (Note 8d)	17,190,230	-
Provisions	362,898	5,732,630
Other tax expenses	-	748,810
Other	460,356	2,147,416
Total	18,249,143	23,109,000

19. 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,	
		2002 ThCh\$	2003 ThCh\$
Current assets	I.P.C.	-	12,317
Property, plant and equipment	I.P.C.	433,195	141,439
Prepaid expenses	I.P.C.	-	(5,306)
Accounts receivable from subsidiaries short-term	I.P.C.	8,444,991	1,173,857
Accounts receivable from subsidiaries short-term	U.F.	176,503	158
Accounts receivable from subsidiaries long-term	I.P.C.	14,227,632	4,124,724
Investment in subsidiaries	I.P.C.	51,328,742	17,442,066
Investment in other companies	I.P.C.	15,684,376	7,211,473
Amortization of goodwill	I.P.C.	26,188,502	7,146,970
Prepaid expenses	I.P.C.	-	(22,020)
Other current assets	I.P.C.	20,090	-
	U.F.	19,353	-
Other assets	I.P.C.	1,064,987	92,558
Credit for cost and expense accounts		3,225,743	37,167
Net credit-assets		120,618,258	37,355,245
Liabilities and Shareholders' equity			
Shareholders' equity	I.P.C.	(35,729,346)	(6,939,971)
Current liabilities and long-term	I.P.C.	-	(1,326,553)
	U.F.	-	(1,342,254)
Accounts payable to subsidiaries short-term	I.P.C.	(612,395)	59,206
	U.F.	(193,074)	59,206
Accounts payable to subsidiaries long-term	U.F.	(30,728,349)	(15,652,100)
Due to banks and financial institutions short-term	I.P.C.	(31,601,117)	(2,155,830)
Due to banks and financial institutions long-term	I.P.C.	-	(11,021,767)
Bonds payable long-term	I.P.C.	(15,872,110)	(5,366,824)
Non monetary liabilities	I.P.C.	(3,042,184)	-
	U.F.	(3,039,352)	-
Charge to income accounts	I.P.C.	(1,436,251)	622,396
Net charge-liabilities and shareholders' equity		(119,021,752)	(41,781,443)
Net credits (charges) to income		1,596,506	(4,426,198)

20. exchange differences

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

Assets	Currency	As of December 31 ,		Liabilities	Currency	As of December 31 ,	
		2002	2003			2002	2003
Current assets		ThCh\$	ThCh\$	Current liabilities		ThCh\$	ThCh\$
Cash	US\$	(223,820)	99,239	Due banks and financial institutions	US\$	(321,328)	666,827
Time deposits	US\$	324,252	(16,634,718)	Bonds payable	US\$	426,150	-
Other accounts receivable, net	US\$	(576,633)	(158,602)	Amount payable to related companies	US\$	(43,448)	308,521
Other current assets	US\$	16,527,632	-	Forward	US\$	-	(10,492,599)
Amounts due from related companies	US\$	(61,652)	(153,616)	Other liabilities	US\$	-	(64,165)
Non-current assets				Long-term liabilities			
Amounts due from related companies	US\$	30,087,184	(96,951,835)	Due banks and financial institutions	US\$	(44,586,105)	64,077,725
Forward	US\$	-	21,876,845	Bonds payable	US\$	(19,901,484)	67,996,595
				Amount payable to related companies	US\$	26,057	(37,070)
Total gain (loss)		46,076,963	(91,922,687)	Total gain (loss)		(64,400,158)	122,455,834
				Exchange difference- net income (loss)		(18,323,195)	30,533,147

21. cash flow statement

On June 2 2003 Elesur S.A. capitalized the financial credits that it held with Enersis S.A. for ThCh\$1,002,376,998, which transaction did not generate a cash flow. Details of this transaction are explained in note 17a).

In November 2003 there was a voluntary exchange of bonds in connection with the capital increase of Enersis. Holders converted ThCh\$63,656,587 into 893.612.466 first issue shares; this operation did not generate any cash flow. Details of this transaction are referred to in note 17a).

In the item "other financing disbursements", in the cash flow from financing activity, the following items are included disbursements of commissions for debt refinancing in the amount of thch\$39,959,736 forward contract payments in the amount of thch\$14,740,450, collar and collateral derivative contracts premiums in the amount of thch\$5,459,187, and other disbursements in an amount of ThCh\$145,131.

22. share issuance costs

Expenses incurred at the close of these financial statements for issuing and placing the shares, outstanding at December 30 2003, were recorded as described in Note 2 v) and break down as follows:

	As of December 31	
	2002	2003
	ThCh\$	ThCh\$
Appraisal services	-	75,326
Printing costs	-	13,954
Legal cost	-	199,989
Financial adviser	-	10,377,599
DCV commissions	-	2,990
Bank commissions	-	1,448,873
Risk classification services	-	139,613
Total	-	12,258,344

23. financial derivatives

As of December 31, 2003 the Company and held the following financial derivative contracts with financial institutions with the object of decreasing exposure to interest rate and foreign currency risk, as follows:

Type	Contract	Nominal Amount	Date of Maturity	Sales/ Item	Hedged Purchase	Hedged Item	Amount	Amount Hedged item	Accounts			
									Assets / Liabilities		Income	
		US\$					ThCh\$	ThCh\$	Account	Amount	Realized	Unrealized
FR	PE	219,000,000	III-2003	Exchange rate	S	Other current assets	130,042,200	130,042,200	Other current assets	8,570,040	11,384,569	8,420,887
S	CCTE	50,000,000	I-2004	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities long-term	394,874	(1,482,082)	(227,128)
S	CCTE	50,000,000	III-2004	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities long-term	1,100,608	(747,764)	(458,817)
OE	CCTE	350,000,000	II-2006	Interest rate	P/S	Bank obligations	207,830,000	207,830,000	Other liabilities long-term	(7,483,151)	(3,303,038)	(865,941)
OE	CCTE	50,000,000	III-2005	Interest rate	P/S	Bank obligations	29,690,000	29,690,000	Other liabilities long-term	(1,057,852)	(642,231)	(111,812)
S	CI	115,000,000	II-2008	Interest rate	P/S	-	-	-	Other liabilities short-term	(165,046)	(22,460)	(165,046)
OE	CI	50,000,000	II-2004	Interest rate	P/S	-	-	-	Other liabilities short-term	(124,104)	(621,753)	(124,104)
OE	CI	275,000,000	III-2004	Interest rate	P/S	-	-	-	Other liabilities short-term	(347,332)	(4,402,289)	(347,332)
OE	CI	150,000,000	I-2006	Interest rate	P/S	-	-	-	Other liabilities short-term	(230,914)	(4,138,451)	(230,914)
OE	CI	250,000,000	III-2006	Interest rate	P/S	-	-	-	Other liabilities short-term	(120,816)	(3,481,620)	(120,816)

(1) Fr = Forward, S = Swap

Within the compass of the financial strengthening plan, approved in October 2002, Enersis and its subsidiary Endesa Chile have obtained financing during this year by placing bonds on the local market and on the US market; this has enabled them to obtain financing with a fixed rate debt and prepay obligations with banks which had a variable rate.

The above, together with prepayment of borrowings made using resources obtained from the capital increase, has reduced the variable debt by about US\$1,550 million.

As a result of the above, hedging instruments covering variable rate borrowings, which were refinanced at fixed rates or prepaid, now have no associated debt and, therefore, appear in the derivatives schedule as investments.

24. commitments and contingencies

a. Litigation and other legal actions:

i. Court : 2nd Labor Court of Santiago

Process number : 6061-2001

Cause : Complaint filed for severance pay for years of service on December 19, 2001 by Mr. Guillermo Calderón Ortega against Enersis S.A.

Process status : On 01/31/2003 appealable judgment was passed, endorsing the petition. An appeal for annulment was filed in the manner

Amounts involved: ThCh\$52,858

ii. The Ordinary Labor Trial, titled "Acevedo Bravo, Efraín and Others with Enersis S.A.", case list N°4.175-2002, heard before the 4th Labor Court for Santiago, arising from the claim for the payment of 2% monthly contribution made to finance the claimants' conventional severance indemnity.

The claim was notified on 11/06/2002, against which dilatory exceptions were opposed on 12/09/2002 and the claim was answered on a subsidiary basis. On December 18 2003, all parts

of the petition were disallowed, since the court judged that it was incompetent to try the case. Decision appealed.

Amounts involved: Indeterminate.

iii. Court : 25th Civil Court of Santiago

Process number: 3151-00

Cause: Complaint filed for compensation of damages by Mrs. Odette Legrand Halcartegaray against Enersis S.A..

Process status: On January 31 2003 the decision was handed down disallowing the petition. This decision has been appealed.

Amounts involved: ThCh\$50,000

iv. Economic protection appeal, filed before the Court of Appeals for Santiago, List N°4591-2002, for Compañía de Teléfonos Complejo Manufacturero de Equipos Telefónicos S.A.C.I., CMET, against Enersis S.A.. The appeal was filed on 08/27/02 by CMET against Enersis S.A., which seemed to be based on the fact that Enersis S.A., through various acts, facts or omissions, would have breached article 19 N°21 of the Political Constitution of the Republic, preventing CMET from developing its commercial activities.

On 09.17.02, Enersis S.A. informed the Court, as requested, carrying out all the discharges it deemed reasonable in accordance with law and, expressly rejected CMET's accusations because of their unfounded nature.

On 11.09.03, the Court ruled on this appeal, disallowing all of its parts, with costs.

CMET filed an appeal for reconsideration of this verdict, with alternative appeals, which have still not been ruled on.

Amounts involved: Undeterminable.

v. In a Meeting on March 7 2003, the Board of Directors of the Company agreed unanimously to submit the dispute with the Argentine Republic over the investments made by the Enersis

Group in that country through Enersis S.A., Empresa Nacional de Electricidad S.A., Enersis Internacional, Chilectra Internacional and Chilectra S.A., to international arbitration by the International Center for the Settlement of Differences Involving Investments between States and Nationals of other States, C.I.A.D.I. On July 22 2003, Ciadi recorded the petition for arbitration. The procedure for appointing and forming the arbitration panel is currently ongoing.

- vi. Appealable tax proceeding, that is, before the Internal Revenue Service, because of the difference of ThCh\$62,400 between First Category Income Tax and Repayment of Monthly Provisional Payments for absorbed profits from the 1998 tax year. This proceeding is at the sentencing stage.
- vii. Appealable tax proceeding, that is, before the Internal Revenue Service, because of the difference of ThCh\$1,461,400 between First Category Income Tax and Repayment of Monthly Provisional Payments for profits absorbed from the 1999 tax year. This proceeding is at the discussion stage.
- viii. Appealable tax proceeding, that is, before the Internal Revenue Service, because of the difference of ThCh\$900,000 between First Category Income Tax and Repayment of Monthly Provisional Payments for profits absorbed from the 2000 tax year. This proceeding is at the discussion stage.
- ix. Mercedes Jimenez de Arechaga con Enersis S.A., Enersis S.A. Agencia Islas Caimán, Enersis Internacional, Chilectra S.A., Chilectra S.A. Agencia Islas Caimán y Empresa Nacional de Electricidad.

On May 30, 2000 Pérez Companc S.A., today PECOM ENERGIA S.A. and PCI Power Edesur Holding Limited (together, "PECOM") commenced an action against Endesa-Chile, Chilectra and Enersis (together, "Enersis Group") before the Arbitration Court of the International Chamber of Commerce, Paris, France. PECOM has petitioned the court to either:

Recognize its alleged right to nominate both a director and an alternate director in addition to the directors whom it already has the right to nominate in Distrilec Inversora; or State that PECOM and the Enersis Group should each have an equal number of directors in Distrilec Inversora.

On August 2, 2000, Enersis Group contested PECOM's action and presented a counterclaim requesting the court to terminate several agreements among the parties. Likewise, PECOM requested to be compensated by the Enersis Group if the agreements among the parties were terminated. Based on the provisional estimates made by PECOM, the Arbitration Court determined that the amount of the suit is between US\$ 180-200 million. The parties have presented their arguments, evidence and final allegations. The Arbitration Court issued an arbitration award on September 2, 2002, ruling that Enersis Group and PECOM keep their rights to nominate equal number of board members in Distrilec Inversora S.A. and rejecting not only the Enersis Group's counterclaim, but also Epsom's claim for compensation of approximately US\$ 200 millions. Enersis Group challenged the arbitration award through an appeal for annulment, which was filed before the Uruguayan Court of Appeals. The Republic of Uruguay is the domicile established by the Arbitration Court for all legal purposes. The Uruguayan Court of Appeals has concluded the probative year and is working on the final judgment.

On June 18, 2003, Montevideo's Civil Court of Appeals, 2nd Circuit, ruled on an unappealable basis that the ruling of the Arbitration Court of the International Chamber of Commerce stands, therefore the Arbitral Award remains definitive.

In this context, on November 5 2003 notice has been served of the petition to regulate lawyers' fees arising from challenging the arbitral award as invalid, petitioning that they be set at between US\$1,270,000 and US\$15,210,000.

These amounts are based on differing circumstances.

US\$15,210,000 is calculated on the basis of the amount set for the Arbitral Award in the respective "Mission Record". This figure is a claim enforced by Petrobrás Argentina at the end of the arbitration proceeding's hearing period in the sense that, if the ruling declared the aforementioned agreements of shareholders null and void, said Groups should be indemnified with the above amount. Since the above ruling declared that the shareholders' agreements remained in force, the International Chamber of Commerce rejected this subsidiary claim.

US\$1,270,000, in contrast, is obtained based on the amount of Ur\$400 million set by the court for certain social security contributions demanded from the lawyers in Uruguay.

Since both figures are not presented as subsidiary to each other, the Company's Uruguayan lawyer understands that the most the plaintiff could aspire to is an award for the lower figure, i.e. US\$1,270,000.

Furthermore, when the remedy of invalidity was filed it stated that the matter was not susceptible to pecuniary valuation, and this was not disputed.

On November 19 2003, a plea was raised in defense against the petition to regulate the fees.

On December 10 2003, notified on December 16 2003, the appeal for reconsideration of judgment filed by the Company's side so that proceedings would move on to receiving evidence was disallowed, and the proceeding stayed in the award stage.

b. Restrictions:

- The Company's loan agreements establish an obligation to comply with the following financial ratios, on a consolidated level:
 - Enersis's ratio between debt and cash flow for four quarters and that of its Chilean subsidiaries did not exceed 8.75x;
 - The ratio of consolidated debt to EBITDA for four consolidated quarters, not exceeding 5.0x;
 - The ratio of Enersis and its Chilean subsidiaries cash flow to financial expenses for four quarters, not less than 1.25x;
 - The ratio of consolidated debt to shareholders' equity plus minority interest not exceeding 80%;
 - Assets corresponding to companies whose business is regulated, is not to be less than 50% of the total consolidated assets.
 - Minimum shareholders' equity at least equal to ThCh\$ 456,840,000 (U.F.27 million)

As of December 31, 2003 all these obligations have been met.

- As a common and habitual practice for some bank loan debts and also in capital markets, a substantial portion of Enersis S.A.'s financial indebtedness is subject to cross-failure provisions. Some failures of relevant subsidiaries, if not corrected in time (as to those specific provisions allowing a year of time to correct the problem), might result in the cross-failure at the Endesa-Chile and Enersis S.A. level, and, in this case, significant percent of Enersis S.A.'s consolidated liabilities might eventually become on demand.
- There are no longer debt covenants that specify the acceleration of maturities, if the Company's risk-rating falls below investment-grade.

At December 31, 2003 these obligations and restrictions have been fully met.

25. sureties obtained from third parties

As of December 31, 2002, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	CIA. DE TELECOMUNICACIONES DE CHILE	Third	59,190
Support contract	METROPOLIS INTERCOM S.A.	Third	59,190
Seriousness of supply	HOLLEY GROUP CO LTD	Third	28,780
Support contract	VTR GLOBAL COM	Third	25,367
Support contract	GTD TELEDUCTOS	Third	18,434
Support contract	ENTEL S.A.	Third	16,235
Support contract	MANQUEHUE NET	Third	15,221
Support contract	AGUAS ANDINA	Third	8,456
Support contract	BELLSOUTH COMUNICACIONES	Third	8,456
Support contract	GTD TELESAT	Third	8,456
Support contract	ALFREDO RUIZ CORNEJO	Third	5,073
Support contract	XEROX DE CHILE S.A.	Third	1,691
Support contract	RESGUARDO	Third	1,657
Support contract	AGUAS CORDILLERA	Third	1,015
Others			795
Total			258,016

• As of December 31, 2003, the Company has received sureties as follows:

Operation	Contractor	Relation	Amount ThCh\$
Support contract	EMPRESA NACIONAL DE COMUNICACIONES	Third	15,397
Support contract	AT & T CHILE NETWORKS S.A.	Third	16,920
Support contract	GTD TELEDUCTOS S.A.	Third	16,920
Support contract	VTR GLOBAL COM	Third	22,199
Support contract	CIA. DE TELECOMUNICACIONES DE CHILE	Third	49,914
Support contract	METROPOLIS INTERCOM	Third	52,706
Others		Third	54,026
Total			228,082

26. foreign currencies

As of December 31, 2002 and 2003, foreign currency denominated assets and liabilities are as follows:

a. Current assets

Account	Currency	As of December 31,	
		2002	2003
		ThCh\$	ThCh\$
Cash	Ch\$	280,789	179,618
	US\$	143,382	153,300
Time deposits	US\$	4,645,095	1,152,306
Notes receivables	Ch\$	744	737
Other receivables	Ch\$	4,770,740	1,730,919
Amounts due from related companies	Ch\$	38,755,996	113,433,147
	US\$	150,508,136	11,522,544
	U.F.	554,470	471,195
Income taxes recoverable	Ch\$	9,344,985	14,481,845
Prepaid expenses	Ch\$	24,185	54,080
Deferred income taxes	Ch\$	13,840,925	27,820,558
Other current asset	Ch\$	5,041,169	8,460,824
	US\$	11,900	8,420,565
Total current assets		227,922,516	187,881,638

b. Property, plant and equipment

Account	Currency	As of December 31,	
		2002	2003
		ThCh\$	ThCh\$
Buildings and infrastructure	Ch\$	20,798,254	20,798,233
Machinery and equipment	Ch\$	2,260,279	2,301,896
Other fixed assets	Ch\$	785,804	798,232
Technical appraisal	Ch\$	33,182	33,176
Depreciation	Ch\$	(10,781,577)	(11,628,486)
Total property, plant and equipment		13,095,942	12,303,051

c. Other assets

Account	Currency	As of December 31,	
		2002	2003
		ThCh\$	ThCh\$
Investment in related companies	Ch\$	1,731,634,231	1,688,307,140
	US\$	584,183,896	484,260,343
	Euro	484,792	-
Goodwill, net	Ch\$	791,924,896	731,934,381
	US\$	3,674,978	2,803,702
Negative goodwill, net	Ch\$	(143,085)	(127,615)
	US\$	(617,459)	(479,150)
Other receivables	Ch\$	480,134	475,380
Amount due from related companies			
	US\$	505,640,490	440,541,432
Intangibles	Ch\$	1,437,928	1,437,928
Less: Acculated amortization	Ch\$	(351,586)	(423,618)
Other assets	Ch\$	53,141,309	18,574,061
	US\$	-	8,152,938
Total other assets		3,671,490,524	3,375,456,922
Total activos por moneda	Ch\$	2,663,279,302	2,618,642,436
	US\$	1,248,190,418	956,527,980
	Euro	484,792	-
	U.F.	554,470	471,195
Total		3,912,508,982	3,575,641,611

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d. Current liabilities

Account	Currency	Within 90 days				91 days to 1 year			
		As of December 31, 2002		As of December 31, 2003		As of December 31, 2002		As of December 31, 2003	
		Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate
		ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$	%
Due to banks and financial institutions	US\$	4,861,699	-	-	-	264,374,552	2.69	789,754	3.35%
Bonds payable	U.F.	-	-	230,102	5.06%	7,784,405	5.50	-	-
	US\$	-	-	3,841,472	-	3,303,377	7.06	-	-
Dividends payable	Ch\$	212,195	-	111,612	-	-	-	-	-
Accounts payable	Ch\$	353,819	-	173,004	-	-	-	-	-
	US\$	703	-	-	-	-	-	-	-
Miscellaneous payables	Ch\$	227,515	-	241,059	-	-	-	-	-
Amounts payables to related companies	U.F.	11,710,592	-	-	-	-	-	2,347,868	5.16%
	Ch\$	22,247,233	5.04%	30,227,519	4.92%	-	-	-	-
	US\$	105,683	-	51,492	-	1,629,984	-	1,333,555	-
Accrued expenses	Ch\$	3,012,413	-	2,037,818	-	2,540,897	-	19,604,475	-
Withholdings	Ch\$	203,922	-	133,370	-	-	-	-	-
Income tax payable	Ch\$	16,842	-	16,284,563	-	-	-	-	-
Deferred income	Ch\$	200,478	-	135,718	-	-	-	-	-
	\$ no Reqj.	-	-	-	-	-	-	-	-
Other current liabilities	US\$	4,099,460	1.85%	8,468,298	-	-	-	-	-
Total current liabilities	U.F.	11,710,592	-	230,102	-	7,784,405	-	2,347,868	-
	Ch\$	26,474,417	-	49,344,663	-	2,540,897	-	19,604,475	-
	US\$	9,067,545	-	12,361,262	-	269,307,913	-	2,123,309	-
Total current liabilities		47,252,554		61,936,027		279,633,215		24,075,652	

e. Long-term liabilities, December 31, 2003

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate
		ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$	%
Due to banks and financial institutions	US\$	-	-	296,900,000	3.35%	-	-	-	-
Bonds payable	U.F.	930,810	5.50%	3,076,000	5.54%	8,482,869	5.63%	20,929,597	5.75%
	US\$	-	-	178,140,000	6.90%	-	-	416,169,480	7.38%
Accrued expenses	Ch\$	-	-	-	-	553,043	-	1,949,798	-
Deferred income taxes	Ch\$	4,700,566	-	-	-	-	-	-	-
	\$ no Reaj.	-	-	-	-	-	-	-	-
Other liabilities	US\$	9,405,879	-	-	-	-	-	-	-
Total long-term liabilities	U.F.	930,810	-	3,076,000	-	8,482,869	-	20,929,597	-
by currency	Ch\$	4,700,566	-	-	-	553,043	-	1,949,798	-
	US\$	9,405,879	-	475,040,000	-	-	-	416,169,480	-
Total current liabilities		15,037,255		478,116,000		9,035,912		439,048,875	

f. Long-term liabilities, December 31, 2002

Account	Currency	1 to 3 years		3 to 5 years		5 to 10 years		More than 10 years	
		Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate	Amount	Avg Rate
		ThCh\$	%	ThCh\$	%	ThCh\$	%	ThCh\$	%
Due to banks and financial institutions	US\$	834,665,515	2.64%	-	-	-	-	-	-
Bonds payable	U.F.	16,347,446	5.50%	20,752,562	5.53%	25,237,127	5.60%	29,468,004	5.75%
	US\$	-	-	233,171,630	6.90%	-	-	347,465,250	7.16%
Amounts payables to related companies	U.F.	1,018,223,736	3.33%	-	-	-	-	-	-
	Ch\$	-	-	-	-	561,431	-	1,452,720	-
	US\$	-	-	-	-	-	-	-	-
Deferred income taxes	Ch\$	4,240,426	-	-	-	-	-	-	-
Other liabilities	US\$	38,401,268	-	-	-	-	-	-	-
Total long-term liabilities	U.F.	1,034,571,182	-	20,752,562	-	25,237,127	-	29,468,004	-
by currency	Ch\$	4,240,426	-	-	-	561,431	-	1,452,720	-
	US\$	873,066,783	-	233,171,630	-	-	-	347,465,250	-
Total long-term liabilities		1,911,878,391		253,924,192		25,798,558		378,385,974	

27. sanctions

The Company and its directors has not been the subject to sanctions by the SVS nor by any other administrative authorities.

29. environment

As of December 31, 2003, the Company has not incurred in environmental expenses.

JUAN CARLO WIECZOREK C.
Contador General

28. subsequent events

No significant events that might affect these financial statements have occurred in the period from January 1 2004 to their date of issue.

MARIO VALCARCE DURAN
Gerente General

unconsolidated significant events

Capital Increase of Cerj

On December 10, 2002 the Extraordinary General Meeting of the Shareholders of the Company approved an increase in the capital of CERJ of approximately US\$M 105,000.

This increase took place on January 10, 2003 by means of an issue and subscription of 770,833,333,333 new ordinary shares valued at R\$ 0.48 per lot of one thousand shares, totaling the US\$M 100,000 approved at the Meeting and which increased the capital of the Company by US\$M 259,085.

With this operation, the direct participation held by Enersis S.A. through its agency rose from 20.38% to 40.03%.

Accounting adjustments and extraordinary charges during the 2002 period

At an extraordinary meeting held on January 15, 2003 the Board of Directors of Enersis S.A. agreed to take note of the fact that the Company was to make accounting adjustments and extraordinary charges to the Balance Sheet with respect to its investments in its subsidiaries in Chile and abroad for a total of the equivalent of US\$ 387 million in Chilean Pesos, reflecting these extraordinary adjustments in the results for the year 2002.

These adjustments and extraordinary charges will not have an impact on the cash flows of the Company and will be reflected in the financial statements of Enersis S.A. corresponding to the year 2002. The adjustments and extraordinary charges made and the provisions established as of November 30, 2002 are broken down as follows (the figures shown correspond to the impact on the financial statements of Enersis S.A.):

Country	Generation	Distribution	Services	Total
Brazil	US\$ 60 million	US\$ 255 million		US\$ 315 million
Argentina	US\$ 23 million	US\$ 26 million		US\$ 49 million
Chile			US\$ 23 million	US\$ 23 million
Totals	US\$ 83 million	US\$ 281 million	US\$ 23 million	US\$ 387 million

We should point out that of the US\$ 387 million, US\$ 329 million came from the acceleration of the amortization of the net balance of greater and lesser values of the investments in generation and distribution in Brazil and Argentina.

To the above figure should be subtracted the provisions made as of November 30, 2002, in accordance with the following breakdown:

Brazil	US\$ 81 million
Argentina	US\$ 16 million
Total Provisions	US\$ 97 million

With reference to the above, and taking into consideration the provisions established, the effects of the adjustments and extraordinary charges on the results of the company will amount to approximately the equivalent in Chilean Pesos of US\$ 290 million.

Provisional dividend

At a meeting held on February 10, 2003 the Board of Directors of Enersis S.A. unanimously agreed to pay a dividend in the month of February, 2003 as no such conditions were foreseen in the Company's Policy on Dividends.

Financial strengthening

At an extraordinary meeting held on October 4, 2002 the Board of Directors of Enersis S.A. approved a financial strengthening plan aimed at strengthening the equity by improving its credit structure to permit the Company to face the situation in the region that was affecting its investments.

For this, the same letter announced a capital increase of US\$ 1,500,000,000 (One thousand five hundred million United States Dollars), which contemplated cash contributions and / or contributions consisting of financial credits.

With respect to this capital increase, the Board of Enersis S.A., in its meeting held on February 17 of this year, has decided, with the unanimous vote of those members present, to propose to the shareholders at a General Meeting to be held, that the amount of the capital increase be for the Chilean Peso equivalent to US\$ 2,000,000,000 (Two thousand million United States Dollars), thus increasing by US\$ 500,000,000 (Five hundred million United States Dollars) the figure originally contemplated. As informed in the mentioned Essential Fact, the capital increase contemplates cash contributions and / or contributions consisting of financial credits.

Increase in capital of Enersis, debts to be capitalized

At the meeting held on March 7, 2003, the members of the Board of Enersis S.A. present, unanimously agreed the following:

- The credits eligible for capitalization in the capital increase process that the Board has decided to propose at the Extraordinary General Meeting of Shareholders to be held on March 31, 2003, are the following:
 - Credits outstanding granted to Enersis S.A. by Edesur S.A. for UF 58,701,778.99, and
 - Debts outstanding corresponding to the issue of the local B1 and B2 bonds for UF 5,874,406.15, in accordance with the contract on the bond issue established in the deeds dated June 14 and August 30, both of 2001, drawn up before Notary Public Humberto Quezada in Santiago.
- Place at the disposal of the Shareholders a specialists report on the obligations referred to in the point above, which shall be submitted for the approval of the Extraordinary General Meeting of Shareholders indicated above.

Refinancing bank debt

At a meeting held on March 11 of this year, the Board of the Company agreed the following:

1. ENERSIS S.A. (Enersis) and its subsidiary, Empresa Nacional de Electricidad S.A. (Endesa-Chile) gave mandates in order to initiate the syndication of credits for approximately US\$ 2.3 thousand million, after reaching an agreement with the four lead banks. BBVA S.A., Dresdner Kleinwort Wasserstein, Salomon Smith Barney Inc. and Santander Central Hispano Investment Securities have agreed with Enersis and Endesa Chile to put into place an operation to refinance their bank borrowings. Enersis' credit is for approximately US\$ 1.6 thousand million whilst that of Endesa Chile amounts to approximately US\$ 0.7 thousand million. The group of four entities holding the mandate account for approximately US\$ 1.1 thousand million of the debt to be refinanced by the Group on a consolidated basis.
2. The principal objective of this refinance that falls within the Financial Strengthening Plan of these companies, is to reduce consolidated borrowings by approximately US\$ 2.2 thousand million.
3. The refinancing proposed has a new term up to 2008 with half-yearly amortizations commencing 30 months from the initiation of the operation. Furthermore, the clause that permitted a pre-payment in the event of a deterioration of the credit rating given by the risk rating agencies will be replaced by a series of new financial covenants and commitments that will match their business plan.
4. Also considered is that the new operation will have certain additional guarantees, within the Enersis Group, that will be compatible with the limits permitted by the contracts that cover the rest of the current debts of Enersis and Endesa Chile.
5. The conditions of the operation have been agreed by the four banks mentioned and by the Directors of Enersis and Endesa Chile and will be presented shortly to the rest of the banks for their consideration and approval.

Río Maipo awarded

At a meeting held on March 28, 2003 the Board of Directors of ENERSIS S.A. analyzed the offers received for the entire shares that ENERSIS S.A. holds in its Chilean subsidiary, Compañía Eléctrica del Río Maipo S.A. (Río Maipo).

Furthermore, the Board has agreed to propose to the Extraordinary General Meeting of Shareholders of ENERSIS S.A. to be held on March 31, 2003 that it authorize the sale of all the shares owned by ENERSIS S.A. issued by Río Maipo (356,078,645 shares), declared as essential assets, in favor of CGE Distribución S.A., a subsidiary of Compañía General de Electricidad S.A., that has presented the best purchase offer.

The purchase price of the shares mentioned above offered by CGE Distribución S.A. amounts to US\$ 170,071,000 (One hundred and seventy million and seventy one thousand United States Dollars). The effects of this operation on the results of ENERSIS S.A. will be approximately US\$ 126 million before tax.

Increase in capital of Enersis, repurchase of Yankee Bonds

At a meeting held on March 28, 2003 the Board of Enersis S.A. agreed to propose the following operation to the senior management of its subsidiary Enersis Internacional: To purchase from the shareholders of Enersis S.A. that hold the right to participate in the second preferential option period of the capital increase to be submitted to the Extraordinary General Meeting of Shareholders to be held on March 31, 2003, the American bonds that Enersis S.A.'s agency in Cayman Islands issued in November 1966 on the international market (Yankee Bonds). This purchase will take place with a global and total limit of US\$ 50 million and in the other conditions established below or those additional terms that may be established by Enersis Internacional and will be advised to the market at the time. This acquisition will reflect a sign of support of the shareholders of Enersis S.A. who, in addition are holders of Yankee Bonds, which will motivate a greater subscription of the shares issued in this capital increase. The mechanism describer shall have the additional benefit of reducing the consolidated debt of the Company, replacing it with equity. The purchase of the Yankee Bonds will be made at the same price estimated by the expert, Eduardo Walker in his expert report dated March 6, 2003 which has been widely circulated amongst the shareholders and the market in general and, for a limited amount, considering each shareholder individually, equivalent to the amount required for the shareholder to be in a condition to subscribe the pro rata that corresponds to him in the second period of the preferential offer of the capital increase of Enersis S.A. In accordance with the terms of the contract covering the purchase of the bonds he subscribes with Enersis Internacional, the shareholder that is selling is obliged to utilize the resources he will receive from the sale of his Yankee Bonds to subscribe the shares from the new issue of the Company. If the offers for sale of Yankee Bonds exceed the total and global amount of US\$ 50 million, the purchase will be carried out, amongst all the interested parties, pro rata, in the conditions that will be determined by the Board of Enersis Internacional.

Signing of the syndicated loans

As of May 12, 2003, syndicated loans agreements have been signed by Enersis S.A. and its subsidiary Endesa Chile with 32 banks to refinance borrowings of US\$ 2,330 million. We trust this operation will be concluded at the latest May 15, 2003 as it is subject to the satisfaction of the various conditions precedent.

The US\$ 2,330 million that mature during the current year and in 2004 will have a new term expiring in 2008 with amortizations commencing in the year 2005. These syndicated loans eliminate the possibility of any accelerated repayment of the credits due to a deterioration in the degree of investment rating.

In accordance with Circular N° 988 issued by that Superintendency, we inform you that the rise in the average financial costs of the debt involved in this operation will be more than compensated by the effects of the measures considered in the Financial Strengthening Plan of the Group, amongst which is the reduction of some US\$ 2,300 million in consolidated debt.

Refinancing

Following the agreement reached by the Board of Directors of Enersis S.A. in the meeting on May 15 of this year, we report the following:

1. Enersis S.A. (Enersis) and its subsidiary Empresa Nacional de Electricidad S.A. (Endesa-Chile) as of this date, have complied with all the conditions precedent required for the syndicated loans, signed by these companies with 32 banks, amongst which are all the banks that participated in the

previous bank credits – on last May 12. Thus, the operation has been closed. The signing of these credits has already been informed to that Superintendency in our Essential Fact letter dated May 12, 2003.

2. These syndicated loans will be utilized to refinance the debts of Enersis and Endesa Chile for some US\$ 2,330 million, US\$ 1,587 million corresponding to Enersis and US\$ 743 million to Endesa-Chile.
3. The principal objective of this refinance that falls within the Financial Strengthening Plan of these companies, is to reduce consolidated borrowings by approximately US\$ 2.3 thousand million.
4. The syndicated loans consider a new term up till 2008, at fixed annual rates for the life of the credits of Libor + 350 basis points for Enersis S.A. and Libor + 300 basis points for Endesa-Chile, with half-yearly amortizations of capital to commence from November 2005. These credits contemplate a grace period of 30 months from May 15, 2003 during which interest will be paid only on the new credits. This will permit Enersis and its subsidiary Endesa-Chile a better compatibility with its respective cash flows during the initial years with an adequate service of the current debt. The clause that allowed for an acceleration of the repayment in the potential case of a loss of the investment grade by Standard & Poor's due to a deterioration in the risk rating granted by the risk rating agency and the clause that linked the interest of the credit to the risk rating of the Companies have been eliminated and were replaced by a series of new covenants and financial commitments in line with the business plans of the companies.
5. For the purposes of this refinancing, Enersis and Endesa-Chile have granted certain guarantees in favor of the 32 banks mentioned above. Enersis has given in lien all the shares it owns in Chilectra S.A. and has also given under lien the credits owed to it by Chilectra S.A. The obligations assumed by Endesa-Chile under the new credits are guaranteed by personal guarantees and co-debtor conditions granted by its subsidiaries Empresa Eléctrica Pehuenche S.A., Empresa Eléctrica Pangué S.A. and Compañía Eléctrica Tarapacá S.A.
6. The rise in the average financial costs of the aforementioned operation will be compensated by the effects of the measures considered in the Financial Strengthening Plan of the Group, amongst which is the reduction of some US\$ 2,300 million in consolidated debt.

Transfer of shares in Enersis

On August 1, 2003 this company was informed that Elesur S.A. sold to Endesa Internacional S.A., both companies 100% controlled by the Endesa Spain Group, 17,321,166,047 shares in Enersis S.A. corresponding to 56.9697% of the capital of Enersis S.A. at a price equivalent to 68.5 pesos per share.

This transfer does not mean any change in the total share participation the Endesa Group holds in Enersis S.A. nor in the control that the Group has over Enersis S.A. Furthermore, we are advised that this was done as part of the process of rationalization and simplification of the corporate structure of the Endesa Group.

Provisional dividend

At a meeting held on July 30, 2003 the Board of Directors of Enersis S.A. unanimously agreed not to pay a provisional dividend in the month of August 2003, charged to the results of the month of June, 2003 in accordance with current policy on the matter, as no such conditions are foreseen in the Company's Policy on Dividends.

Provisional dividend

At a meeting held on October 31, 2003 the Board of Directors of Enersis S.A. unanimously agreed not to pay a provisional dividend in the month of November 2003, charged to the results of the month of September 2003, in accordance with current policy on the matter, as no such conditions are foreseen in the Company's Policy on Dividends.

Voluntary redemption of local bonds

The process of "The Offer to voluntarily redeem Bonds N° 269, Series B1 and B2, initiated last November 1 was concluded on November 15, 2003. This process gave all holders of these bonds issued by Enersis S.A. the option to exchange them for first issue payment shares in the Company.

On concluding this process, we report that a total of 893,612,466 shares were subscribed, corresponding to Ch\$ 53,992,243,918. This sum implies a reduction in debt for Enersis S.A. of UF 3,666,621. With this operation, 64.84% of the UF value of the Bonds Series B1 and B2 when it started were exchanged.

Furthermore, as a consequence of the exchange of these bonds, the shareholders of Enersis S.A. registered as of the close of November 14, 2003 may participate in the so-called Second Preferential Offer Period of the capital increase of the Company, having the right to subscribe 0.1196427367 shares of a new issue for each share registered in their names as of the date indicated above.

Prepayment of syndicated loans

In a meeting held on Tuesday, November 25, the Board of Directors of the Company agreed to report the following:

1. Enersis S.A. has prepaid the entire syndicated loan it had with BBVA S.A., Dresdner Kleinwort Wasserstein, Salomon Smith Barney, Inc. and Santander Central Hispano Investment Securities together with a further 27 institutions which was granted on May 15, 2003 for approximately US\$ 1,587 million. This last prepayment implied for the Company the liberation of security established in favor of those creditor banks, i.e., the lien on the shares owned by Enersis S.A. and issued by its subsidiary, Chilectra S.A. as well as the lien on inter-company loans granted by Enersis S.A. in favor of Chilectra S.A.
2. This last prepayment was made principally with funds from a credit for US\$ 500 million signed on November 14, 2003 with the Banco Bilbao Vizcaya Argentaria, The Bank of Tokio-Mitsubishi Ltd., Caja Madrid (Agency), Deutsche Bank Securities Inc. and San Paolo IMI S.p.A., from the issue and placement of bonds on the United States market (Yankee Bonds) on November 24, 2003 for US\$ 350 million and from other sources. The Yankee Bonds were issued at a term of ten years and with a bullet payment, under Rule 144A at a rate of 7.375% per annum.
3. The refinancing mentioned falls within the Financial Strengthening Plan adopted by the Company on October 4, 2002.

Capital increase is concluded

At a meeting held on last December 18, the Board of Directors informed you by means of an Essential Fact letter of the conclusion of the Second Preferential Subscription Period of the capital increase of Enersis S.A. agreed by the Extraordinary General Meeting of Shareholders on March 31, 2003.

As is public knowledge, this capital increase contemplated three phases; two periods of preferential subscription and one period to redeem local bonds payable in new issue shares.

The First Preferential Subscription Period commenced on May 31, 2003 and concluded on June 30, 2003. The Second Preferential Subscription Period ran from November 20, 2003 to December 20, 2003.

Furthermore, as also reported at the time to that Superintendency and to the general public, between last November 1 and 15, there was an "Offer to Voluntarily Redeem Bonds N° 269, Series B1 and B2", the result of which was informed to you by means of an Essential Fact letter dated last November 17. This process gave all the bearers of these local bonds issued by Enersis S.A. the option to exchange them for first issue payment shares in the Company.

On concluding the Second Preferential Subscription Period of the capital increase mentioned, we report that a total of 24,360,123,331 shares were subscribed, corresponding to Ch\$ 1,471,843,528,820. This sum implies that a 99.9% capital increase approved by an Extraordinary General Meeting of Shareholders of Enersis S.A. on March 31 is fully subscribed and paid in as of this date. (The part of the capital increase not subscribed and paid in will mature on December 30, 2003, leaving the capital of Enersis S.A. reduced to that actually subscribed and paid in).

The effects this capital increase will have on the results of Enersis S.A., in accordance with Circular N° 988 of that Superintendency cannot be reasonably quantified as of this date.

Notwithstanding the above, we must bear in mind that this capital increase significantly strengthens the equity structure of the company.

Elesur shares

On December 22, 2003 Enersis S.A. was informed that its shareholder Elesur S.A. had sold and transferred to Endesa Internacional S.A., both 100% subsidiaries of the Endesa Spain Group, 1,778,826,237 shares in Enersis S.A., representing 5.448475% of the registered capital of Enersis S.A., at a price equivalent to Ch\$ 84.50 per share.

This transfer does not mean any change in the control that this Group has over the Company and we have been advised that this operation was done as part of the process of rationalization and simplification of the corporate structure of the Endesa Group in Spain.

I. ratio analysis of the unconsolidated financial statements

1. analysis of the income statement

The result achieved by the company as of December 31, 2003 is a profit of Ch\$ 12,468 million, representing an increase of Ch\$ 238,453 million with respect to the year before when the company made a loss of Ch\$ 225,985 million.

The variations in each item of the income statement are shown in the following table.

Income Statement (Millions of CH\$)	Dec-02	Dec-03	Variation	% Variation
Operating Revenues	4,325	4,332	7	0.2%
Operating Expenses	(1,097)	(1,130)	(33)	(3.0%)
Operating Margin	3,228	3,202	(26)	(0.8%)
Selling and Administrative Expenses	(22,048)	(17,018)	5,030	22.8%
Operating Income	(18,820)	(13,816)	5,004	(26.6%)
Profit (Loss) in Related Companies	(8,528)	42,085	50,613	593.5%
Net Others Non Operating Income	4,353	76,624	72,271	1,660.3%
Net Financial Margin	(87,931)	(102,939)	(15,008)	(17.1%)
Positive Goodwill Amortization	(108,968)	(49,864)	59,104	54.2%
Monetary	1,597	(4,426)	(6,023)	(377.1%)
Exchange Differences	(18,323)	30,533	48,856	266.6%
Non Operating Income	(217,800)	(7,987)	209,813	96.3%
Income Tax	9,581	12,636	3,055	31.9%
Negative Goodwill Amortization	1,053	21,635	20,582	1954.6%
Net Income	(225,986)	12,468	238,454	105.5%
Ebitda (*)	14,713	95,161	80,448	546.8%
Earnings per Share	(27.26)	0.38	27.64	101.4%

(*) Earnings Before Income Tax, Interest, Depreciation and Amortization of Extraordinary Items

- a. **Net Operating Income** had a positive variation of Ch\$ 5,004 million that is explained by lower costs of personnel and general services.
- b. **The Net Non Operating Income** of the Company rose by Ch\$ 209,813 million or 96.3% from a loss of Ch\$ 217,800 million in the year 2002 to a loss of Ch\$ 7,987 million in 2003.

This is explained by the following variations:

The net financial margin suffered a negative variation of Ch\$ 15,008 million with respect to the same period of the previous year. This variation is principally due to an increase of Ch\$ 39,316 million in financial costs with third parties, of which Ch\$ 25,638 million correspond to the acceleration of deferred expenses related to the refinancing of debt, compensated by lower costs and financial revenues with related companies whose net effect was Ch\$ 24,308 million, explained by the elimination of the debt with Elesur S.A. capitalized in the month of June 2003.

Investments in related companies as of December 31, 2003 show a net profit of Ch\$ 42,085, an increase of Ch\$ 50,613 million from the loss of Ch\$ 8,528 for the same period of the previous year. This increase is due principally to an increase in the results from investments in Endesa S.A., Chilectra S.A., Investluz, Inmobiliaria Manso de Velasco S.A., Synapsis IT Ltda., Cam Ltda., Luz de Bogotá S.A., compensated by a reduction of Ch\$ 131,741 million in the results from Edesur S.A., Distrilec S.A., Cerj, Enersis Internacional, Luz de Río and Río Maipo S.A.

The amortization of negative goodwill fell by Ch\$ 59,104 million to Ch\$ 49,864 million as of December 31, 2003. This reduction is fundamentally due to a lower amortization in the companies that are established in Brazil and Argentina as a result of the accelerated amortization applied to the balances of negative goodwill as of December 31, 2002.

The other non operating income and expenses achieved a net profit of Ch\$ 76,624 million as of December 31, 2003, a positive variation of Ch\$

72,271 when compared to the loss of Ch\$ 4,353 as of the same date in 2002. This explained principally by:

- The accounting of the profit on the sale of Río Maipo of Ch\$ 87,827 million.
- A reduction of Ch\$ 17,190 million in the loss for not having participated in the capital increase of Cerj in July 2002.
- Compensated by a decrease of Ch\$ 8,932 million in the profit on the adjustment on investments in related companies.
- By a reduction of Ch\$ 4,863 million in the profit on forward contracts.
- By an increase of Ch\$ 11,329 million in the provision on the negative net worth of the subsidiary Luz de Río and the increase of Ch\$ 2,915 million in the loss from the adjustment on investments in related companies.
- By an increase of Ch\$ 5,370 million in the extraordinary provision.

The price-level restatement and exchange differences reflect a net positive variation of Ch\$ 42,833 million with respect to the same period of the previous year, rising from a loss of Ch\$ 16,726 million as of December 31, 2002 to a profit of Ch\$ 26,107 million in the year 2003. The above is principally due to the greater impact from the appreciation of the Chilean Peso against the US Dollar during this year.

The variation in the exchange rate during the period ended December 31, 2003 is an actual appreciation of 18.47% of the Chilean Peso against the US Dollar compared to a real devaluation of 6.75% of the Chilean Peso with respect to the US Dollar during the same period of the year 2002.

Income and deferred taxes show a rise in profit of Ch\$ 3,055 million in comparison to the same period of last year, increasing from a profit of Ch\$ 9,581 million as of December 2002 to a profit of Ch\$ 12,636 million during this period. This is explained mainly by an increase of Ch\$ 19,339 million in the profit from deferred taxes, compensated by a rise of Ch\$ 16,285 in taxes payable due to the sale of Río Maipo S.A.

Amortizations of the positive goodwill of investments shows an increase of Ch\$ 21,635 million in the amortization during the period, reflecting the accelerated amortization of the positive goodwill generated by the investment made in January 2003 in Cerj.

Interest Rate Risk

As of the close of December 31, 2003 Enersis had its entire variable debt (indexed to Libor-US\$) covered by derivatives, thus there was no significant exposure to fluctuations in the rates of interest. As of December 31, 2002, Enersis also had the entire variable debt (indexed to Libor-US\$) hedged against fluctuations in interest rates.

The decrease in the proportion of the variable debt is due to the capitalization of the loans granted by the Parent Company, to the issue of international bonds at fixed rates and to the successful capital increase process from which the resources were utilized to pay variable loans in US Dollars (indexed to Libor-US\$).

Bearing in mind the debt situation of all its subsidiary companies, this structure would be 1% and 12% as of the close of December 2003 and December 2002 respectively.

Exchange Risk

Enersis' individual exposure to an exchange risk is derived from the liabilities denominated in foreign currency, most of which are in US Dollars.

As of December 31, 2003, 96% of the individual debt was expressed in US Dollars.

Enersis holds forward sales contracts in US Dollars to hedge its Assets/Liabilities mismatch.

As of the close of September 30, 2003 97% of the debt was denominated in US Dollars.

The reason behind the largest part of our debt being denominated in US Dollars is the fact that an important proportion of our revenues is directly or indirectly related to the US Dollar.

The exchange risk exposure is currently handled on a consolidated basis. The Company's policy is to hedge between 70% and 85% of the booked exposure to exchange risks.

The application of this policy lies basically in the maintenance of a position of US\$/CLP forward contracts. As of the close of December 2003 and September 2003, Enersis had an overbought position in US\$/CLP forwards of -US\$ 219 million and an overbought position in US\$/CLP of -US\$ 163 million, respectively. The variation in the hedging contracts is explained by the reduction in the debt in US Dollars.

2. analysis of the balance sheet

The following has been the evolution of the principal financial ratios:

Assets (Millions of Ch\$)	Dec-02	Dec-03	Variation	% Variation
	M\$	M\$		
Current Assets	227,922	187,882	(40,040)	(17.6%)
Fixed Assets	13,096	12,303	(793)	(6.1%)
Other Assets	3,671,491	3,375,457	(296,034)	(8.1%)
Total Assets	3,912,509	3,575,642	(336,867)	(8.6%)

The total assets of the Company show a decrease of Ch\$ 336,867 million with respect to the same period of the previous year, due principally to:

- Reduction of Ch\$ 129,491 million in short and long-term accounts receivable from related companies.
- Reduction of Ch\$ 143,735 million in investments in related companies.
- Reduction of Ch\$ 57,892 in the negative goodwill of the investments due to the accelerated amortization applied on the balances as of December 31, 2002.
- Reduction of Ch\$ 7,908 million in the fair value of derivative contracts of Ch\$ 21,734.
- Reduction of Ch\$ 2,212 million in the discount on the placement of bonds.
- Increase of Ch\$ 19,119 million in tax rebates and deferred taxes.
- Increase of Ch\$ 8,409 million in rights on forward contracts.
- Increase in current assets and other long-term assets of Ch\$ 8,354 million due to expenses associated to the refinancing of bank debts.

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Liabilities (Millions of Ch\$)	Dec-02	Dec-03	Variation	% Variation
	M\$	M\$		
Current Liabilities	326,886	86,012	(240,874)	(73.7%)
Long-Term Liabilities	2,569,987	941,238	(1,628,749)	(63.4%)
Equity	1,015,636	2,548,392	1,532,756	150.9%
Total Liabilities	3,912,509	3,575,642	(336,867)	(8.6%)

Current liabilities decreased by Ch\$ 1,869,623 million or 64.54% with respect to December 31, 2002, explained principally by:

- A reduction of Ch\$ 1,018,224 million in short and long-term accounts payable to related companies, principally to Elesur S.A. whose debt was capitalized.
- A reduction of Ch\$ 835,972 million in obligations with banks and with the public due to payments of Ch\$ 1,195,040 million made during the period and to the variation in the exchange rate between December 31, 2003 and December 31, 2002 whose effect amounted to Ch\$ 228,739 million, compensated by loans for Ch\$ 367,699 million obtained from banks and by an international bond issue for Ch\$ 220,108 million.
- A reduction of Ch\$ 23,328 million in other short and long-term assets related mainly to the calculation of a fair value of the derivative contracts.
- An increase of Ch\$ 16,268 million in income tax mainly due to the sale of Río Maipo S.A.
- An increase of Ch\$ 11,143 million in the negative net worth of investments and an increase of Ch\$ 4,943 million in other provisions.

With regard to the equity, we point out that this rose by Ch\$ 1,532,756 million with respect to December 31, 2002. This variation is explained principally by:

- The increase of Ch\$ 1,468,991 million in paid-in capital following the subscription of 24,360 million shares as a result of the overprice principally due to the capitalization by Ch\$ 125,619 million of Elesur and to the recording of the profit of Ch\$ 12,468 million for the period. This is compensated in part by the reduction of Ch\$ 73,020 million in other reserves.

Ratio		Unit	Dec-02	Dec-03	Variation Dec 03-02	% Variation Dec 03-02
Liquidity	Current Liquidity	Times	0.70	2.18	1.48	211.4%
	Acid Test (1)	Times	0.70	2.18	1.48	211.4%
	Working Capital	Ch\$MM	(98,964)	101,870	200,834	202.9%
Debt	Debt Ratio	Times	2.85	0.40	(2.45)	86.0%
	Short-Term Debt	%	0.11	0.08	(0.03)	(27.3%)
	Long-Term Debt	%	0.89	0.92	0.03	3.4%
	Financial Expenses Coverage (2)	Times	0.10	0.67	0.57	570.0%
Return	Return on Equity	%	-22.25%	0.49%	22.74%	102.2%
	Return on Assets	%	-5.78%	0.35%	6.13%	106.1%

(1) Current Assets net of Stocks and Pre-paid Expenses

(2) We utilized EBITDA divided by Financial Expenses

Principal Ratios

The liquidity ratio as of December 2003 was 2.18 times, a rise of 1.48 points with respect to the same date of the previous year due principally to the reduction in short-term obligations with banks that were paid during the period.

The debt ratio as of December 31, 2003 was 0.40 times. When compared to the same period of the year 2002, there is a decrease of

2.45 points. This reduction is due principally to the increase in Enersis' capital and to a reduction in accounts payable to related companies and to the payment of bank credits.

The return on equity closed at 0.49%. As of the same date of the previous year, this was -22.25%. This increase in the return is due to the improvement in the profit for the period with respect to the 2002 period.

3. principal cash flows

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During the period, the company generated a net cash flow of Ch\$ 3,078 million, which is comprised of the following items:

Cash Flow (Millions of Ch\$)	Dec-02	Dec-03	Variation Dec 03-02	% Variation Dec 03-02
From Operations	(10,381)	(88,238)	(77,857)	750.0%
From Financing	(83,397)	(125,187)	(41,790)	50.1%
From Investments	95,145	210,347	115,202	121.1%
Net Cash Flow for the Period	1,367	(3,078)	(4,445)	(325.2%)

The operating activities generated a negative cash flow of Ch\$ 88,238 million that represents a reduction of 750.0% with respect to December 2002. This cash flow is comprised principally by the profit of Ch\$ 87,827 million on sales of assets and a fall of Ch\$ 26,964 million in the assets and liabilities that affect the operating cash flow, compensated by a profit for the period of Ch\$ 12,468 million and by charges for Ch\$ 14,085 million to the income statement that do not represent cash flows.

The financing activities generated a negative cash flow of Ch\$ 125,187 million, originated mainly by the payment of loans of Ch\$ 1,140,141 million to third parties, by disbursements of other financial expenses of Ch\$ 60,305

million and by the payment of loans to related companies for Ch\$ 64,898 million, all compensated by the share issue for Ch\$ 535,633 million and by the receipt of loans from banks and other sources of financing for Ch\$ 604,594 million.

Investment activities generated a net positive cash flow of Ch\$ 210,347 million explained fundamentally by the sale of fixed investments for Ch\$ 161,428 million, by the collection of loans from related companies for Ch\$ 53,071 million and by the collection of other revenues from investments of Ch\$ 1,635 million, compensated by payments of Ch\$ 5,788 million to related companies.

4. book value and market value of the assets

With regard to the more important assets, we mention the following:

The value of the items in fixed assets have been adjusted in accordance with the accounting criteria established by the Chilean Superintendency of Securities and Insurance in its Circulars N° 550 and 556 issued in 1985. In the case of the foreign company, Inversiones Distrilima S.A., the value of the fixed assets were adjusted in accordance with the exception criteria indicated in Technical Bulletin N° 45 issued by the Chilean College of Accountants, the norm in force at the time the investment was made and which was not modified by Technical Bulletin N° 51 that replaced it.

Depreciation is calculated on the updated value of the goods in accordance with the years of useful life remaining for each item.

Investments in related companies are valued at their proportional equity value. In the case of foreign companies, this methodology has been applied on the basis of the financial statements prepared in accordance with the norms established in Technical Bulletin N° 64 of the Chilean College of Accountants and intangible values have been adjusted by price-level restatement and are amortized according to the norms indicated in Technical Bulletin N° 55 of the Chilean College of Accountants.

In accordance with Official Circular N° 150 dated January 31, 2003 and issued by the Superintendency of Securities and Insurance, as of the

close of the financial statements for the 2002 period, the company has evaluated the recoverability of the assets related to its investments, applying the accounting principles generally accepted in Chile which are Technical Bulletins N° 33 for fixed assets and in accordance with the indications of Technical Bulletin N° 56, the company has applied NIC 36 for the positive or negative goodwill values of those investments.

Assets expressed in foreign currency are shown at the exchange rate as of the close of the period.

Investments in financial instruments with repurchase/resale agreements are shown at their purchase value plus the proportion of the interest calculated on the implicit rate of each operation.

Accounts and bills receivable from related companies are classified according to their short and long-term maturities. The operations are adjusted to equal conditions similar to those that are normally applied in the market.

In summary, assets are valued according to generally accepted accounting principles and norms and to instructions issued on this matter by the Superintendency of Securities and Insurance explained in Note 2 of the Financial Statements.

financial statements of subsidiaries

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SUMMARIZED BALANCE SHEETS BY SUBSIDIARY

SUMMARIZED INCOME STATEMENTS BY SUBSIDIARY

SUMMARIZED CASH FLOW STATEMENTS BY SUBSIDIARY

Summarized Balance Sheets by Subsidiary

As of December 31, 2002 and 2003 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO		CAM		ENERSIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA CHILE		LUZ DE BOGOTÁ		CERJ		INVESTLUZ		
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
ASSETS																							
Current Assets	143,985,957	95,614,481	21,901,808	23,044,051	43,008,704	40,047,602	44,366,468	39,579,124	197,254,057	272,021,666	35,132,181	46,129,495	62,849,087	58,302,712	392,862,056	547,619,749	218,597,485	137,946,645	165,739,650	200,386,850	141,920,431	134,082,349	
Fixed Assets	329,414,610	304,038,524	2,764,950	2,374,920	38,268,742	39,521,595	14,780,685	13,258,431	-	-	324,561,730	399,972,411	683,548,351	874,504,955	4,667,941,801	5,726,547,619	816,435,459	1,041,313,825	618,803,340	768,569,646	597,135,519	758,977,275	
Other Assets	589,791,336	748,585,147	14,458	13,532	6,621,658	6,978,219	329,597	2,809,455	100,271,002	127,874,350	4,030,749	3,107,431	16,347,871	32,991,452	404,531,983	315,276,042	98,828,901	148,821,994	291,480,724	287,184,330	65,585,754	77,779,877	
TOTAL ASSETS	1,063,191,903	1,148,238,152	24,681,216	25,432,503	87,899,104	86,547,416	59,476,750	55,647,010	297,525,059	399,896,016	363,724,660	449,209,336	762,745,309	965,799,119	5,465,335,840	6,589,443,410	1,133,861,845	1,328,082,464	1,076,023,714	1,256,140,826	804,641,704	970,839,501	
LIABILITIES AND EQUITY																							
Current Liabilities	151,300,289	243,655,378	13,759,207	16,031,502	18,006,785	1,400,889	22,392,985	24,180,086	1,811,714	2,301,235	61,042,367	66,780,079	154,040,522	211,752,579	465,289,017	1,145,546,302	172,133,829	143,576,048	365,106,850	385,084,994	140,273,793	171,955,736	
Long Term Liabilities	480,080,607	455,664,360	697,053	552,242	331,129	17,218,734	1,991,389	6,182,717	4,869,771	51,354,176	82,023,178	89,919,887	32,744,832	16,930,391	2,289,634,773	2,485,741,892	48,029,635	51,985,948	264,512,911	285,699,114	146,024,575	133,218,197	
Minority Interests	5,315,512	23,009,755	3,732	1,558	27,568,670	27,186,789	544	577	-	-	88,655,299	117,987,616	-	-	1,217,743,010	1,513,213,543	426,206,054	525,985,364	-	-	231,573,636	304,537,745	
Capital and Reserves	280,079,850	330,962,570	4,278,543	4,378,673	6,272,967	6,160,265	2,747,544	3,662,768	204,282,237	213,683,395	110,962,834	146,948,835	578,102,077	706,608,678	1,303,698,640	1,334,178,034	477,855,243	582,320,219	555,618,369	598,118,582	508,472,603	621,501,232	
Retained Earnings (Losses)	94,946,090	166,378,657	-	28,529	34,580,739	44,616,322	21,524,634	13,559,134	132,557,209	93,679,101	18,898,330	22,275,693	24,959,264	22,220,279	109,151,303	126,108,187	18,373,030	28,772,008	(10,440,941)	(3,659,309)	(213,020,890)	(60,137,666)	
Profit (Loss) for the Period	51,469,555	(31,311,681)	5,942,681	4,439,999	1,306,753	(10,035,583)	10,819,654	8,061,728	(36,689,385)	38,878,109	8,857,512	13,202,015	(27,101,386)	8,287,192	78,130,912	(9,412,247)	4,206,442	(4,557,123)	(98,773,475)	(9,102,555)	(8,682,013)	(200,235,743)	
Provisional Dividends	-	(40,120,887)	-	-	-	-	-	-	(9,306,487)	-	(6,714,860)	(7,904,789)	-	-	-	-	(12,942,388)	-	-	-	-	-	
Surplus (Deficit) during Development Period Subsidiary	-	-	-	-	(167,939)	-	-	-	-	-	-	-	-	-	1,688,185	(5,932,301)	-	-	-	-	-	-	
TOTAL LIABILITIES AND EQUITY	1,063,191,903	1,148,238,152	24,681,216	25,432,503	87,899,104	86,547,416	59,476,750	55,647,010	297,525,059	399,896,016	363,724,660	449,209,336	762,745,309	965,799,119	5,465,335,840	6,589,443,410	1,133,861,845	1,328,082,464	1,076,023,714	1,256,140,826	804,641,704	970,839,501	

Summarized Income Statements by Subsidiary

As of December 31, 2002 and 2003 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO		CAM		ENERSIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA CHILE		LUZ DE BOGOTÁ		CERJ		INVESTLUZ		
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	
OPERATING INCOME																							
Operating Incomes	426,823,402	401,916,783	45,283,092	50,028,085	11,333,580	11,492,120	91,718,390	94,885,027	-	-	175,946,657	205,670,020	183,942,104	201,473,331	920,281,398	947,480,143	292,155,057	334,819,739	317,593,035	348,613,018	207,387,264	230,001,986	
Operating Costs	(304,333,838)	(281,511,962)	(30,331,333)	(37,603,305)	(10,501,287)	(6,036,763)	(71,827,760)	(74,422,088)	-	-	(132,314,640)	(152,721,306)	(161,165,734)	(183,447,614)	(550,446,696)	(561,141,752)	(244,654,216)	(280,417,334)	(282,155,547)	(306,380,130)	(158,070,042)	(164,953,714)	
Administrative and Selling Expenses	(34,437,614)	(32,211,599)	(6,213,773)	(6,177,952)	(1,690,676)	(1,640,989)	(6,151,395)	(7,994,068)	-	-	(17,099,124)	(19,729,480)	(28,022,927)	(30,891,391)	(31,323,805)	(36,651,655)	(13,883,076)	(32,820,660)	(10,925,369)	(21,624,471)	(29,633,552)	(40,816,144)	
NET OPERATING INCOME	88,051,950	88,193,222	8,737,986	6,246,828	(858,383)	3,814,368	13,739,235	12,468,871	-	-	26,532,893	33,219,233	(5,246,557)	(12,865,674)	338,510,897	349,686,736	33,617,765	21,581,745	24,512,119	20,608,417	19,683,670	24,232,128	
NON OPERATING INCOME																							
Non Operating Incomes	37,007,722	54,275,168	665,749	1,498,018	4,056,508	2,010,666	795,599	552,693	19,302,821	24,929,676	5,350,225	8,638,287	13,500,376	25,252,753	77,578,673	134,080,395	14,639,138	21,342,280	20,608,340	131,489,825	26,491,157	35,860,161	
Non Operating Expenses	(105,048,067)	(170,433,168)	(885,294)	(2,339,354)	(2,082,635)	(17,893,047)	(958,067)	(2,297,744)	(1,194,214)	(3,130,606)	(8,431,247)	(9,600,874)	(22,847,834)	(38,838,275)	(266,114,576)	(454,230,585)	(12,713,717)	(18,982,696)	(171,749,126)	(171,653,036)	(54,642,023)	(256,137,540)	
Price-Level Restatement and Exchange Difference	8,702,442	(15,061,589)	(72,199)	373,881	101,397	(220,717)	(125,187)	(232,067)	(54,797,992)	17,079,039	-	-	9,530,894	3,591,022	-	-	-	-	-	-	-	-	
NET NON OPERATING INCOME	(59,337,903)	(131,219,589)	(291,744)	(467,455)	2,075,270	(16,103,098)	(287,655)	(1,977,118)	(36,689,385)	38,878,109	(3,081,022)	(962,588)	(9,347,458)	(13,585,522)	(179,005,009)	(316,559,168)	1,925,421	2,359,584	(151,140,786)	(40,163,211)	(28,150,866)	(220,277,379)	
Income Tax	(413,697)	(9,119,064)	(2,500,033)	(1,339,277)	1,831	2,076,500	(2,631,852)	(2,396,330)	-	-	(10,391,425)	(12,328,477)	(12,507,371)	34,738,388	(27,378,083)	(71,334,682)	(22,052,572)	(20,435,760)	27,855,192	10,452,239	(4,637,460)	(4,536,208)	
Extraordinary Items	-	-	-	-	-	-	-	(33,875)	-	-	-	-	-	-	-	(11,039,393)	-	(11,526,129)	-	-	-	-	
Minority Interests	10,246,030	(11,370,491)	(3,528)	(97)	88,035	176,647	(74)	180	-	-	(5,231,005)	(7,982,755)	-	-	(69,586,444)	(46,943,077)	(9,284,172)	3,463,437	-	-	4,422,643	(8,923,114)	
Negative Goodwill Amortizations	12,923,175	32,204,241	-	-	-	-	-	-	-	-	1,028,071	1,256,602	-	-	15,589,551	86,777,337	-	-	-	-	-	9,268,830	
Profit (Loss) for the Period	51,469,555	(31,311,681)	5,942,681	4,439,999	1,306,753	(10,035,583)	10,819,654	8,061,728	(36,689,385)	38,878,109	8,857,512	13,202,015	(27,101,386)	8,287,192	78,130,912	(9,412,247)	4,206,442	(4,557,123)	(98,773,475)	(9,102,555)	(8,682,013)	(200,235,743)	

Summarized Cash Flow Statements by Subsidiary

As of December 31, 2002 and 2003 in thousands of Chilean Pesos

	CHILECTRA		SYNOPSIS		I. MANSO DE VELASCO		CAM		ENERSIS INTERNACIONAL		DISTRILIMA		EDESUR		ENDESA CHILE		LUZ DE BOGOTÁ		CERJ		INVESTLUZ	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Net Positive (Negative) Cash Flow from Operating Activities	91,383,964	99,482,237	3,559,475	4,345,395	11,268,286	16,092,471	12,065,074	6,190,916	9,767,126	27,922,144	50,837,198	48,563,725	50,711,505	65,006,965	280,072,307	355,730,731	37,392,809	85,185,679	85,570,106	67,572,188	88,530,590	43,221,769
Net Positive (Negative) Cash Flow from Financing Activities	9,321,372	(145,522,146)	(4,487,464)	(3,275,352)	(697,143)	(12,003,069)	(1,339,396)	135,812	(10,813,081)	2,462,705	(31,263,110)	(22,219,306)	(14,186,987)	(11,053,226)	(320,914,687)	(221,161,631)	15,567,681	(99,688,625)	(11,892,411)	(25,529,500)	1,607,135	(4,780,266)
Net Positive (Negative) Cash Flow from Investment Activities	(65,404,116)	46,561,866	878,011	(1,620,845)	(10,629,045)	(4,009,355)	(10,357,136)	(7,512,169)	4,380,842	(30,311,459)	(19,495,401)	(26,003,367)	(30,560,505)	(41,397,718)	111,617,036	(114,522,729)	(15,843,549)	(28,752,820)	(23,083,381)	(34,745,748)	(29,479,537)	(28,263,226)
NET POSITIVE (NEGATIVE) CASH FLOW FOR THE PERIOD	35,301,220	521,957	(49,978)	(550,802)	(57,902)	80,047	368,542	(1,185,441)	3,334,887													

Energis Management

CHAIRMAN

Pablo Yrarrázaval

Phone (56-2) 353 4663

CHIEF EXECUTIVE OFFICER

Mario Valcarce

Phone (56-2) 353 4613

REGIONAL PLANNING AND CONTROL OFFICER

Macarena Lama

Phone (56-2) 353 4684

REGIONAL FINANCIAL OFFICER

Alfredo Ergas

Phone (56-2) 630 9587

REGIONAL ACCOUNTING OFFICER

Fernando Isac

Phone (56-2) 353 4685

COMMUNICATIONS OFFICER

José L. Domínguez

Phone (56-2) 353 4666

AUDITING OFFICER

Francisco Herrera

Phone (56-2) 353 4647

HUMAN RESOURCES OFFICER

Francisco Silva

Phone(56-2) 353 4610

GENERAL COUNSEL

Domingo Valdés

Phone (56-2) 353 4631

Investor and Shareholder Relations

CHIEF INVESTMENTS AND RISKS OFFICER

Ricardo Alvial

Phone (56-2) 353 4682

CITIBANK NY

Ricardo Szlezinger

Phone (1-212) 657 7533

SANTANDER CENTRAL HISPANO INVESTMENT

Enrique Romero

Phone (34-91) 342 9681





www.enersis.cl

Santa Rosa 76, Santiago-Chile
(56 2) 353 4400 - (56 2) 378 4400
Fax: (56 2) 378 4788