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ANNUAL REPORT



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Santiago Stock Exchange  
ENDESA

New York Stock Exchange  
EOC

Latibex (Madrid)  
XEOC

Endesa Chile **was constituted in 1943** with the name Empresa Nacional de Electricidad S.A. In 1994, the company’s bylaws were amended, to incorporate the trading name Endesa, and in 2005 the trading name Endesa Chile was added. Endesa Chile was registered in the Santiago Trade Register (folio 61 No.62 and folio 65 reverse of No.63) on January 17, 1944. Its legal domicile and head offices are at **Santa Rosa 76**, Santiago, Chile. Its paid-in capital as of December 31, 2009 was ThCh \$1,331,714,085, divided into 8,201,754,580 shares. Its shares are quoted on the Chilean stock exchanges, the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs) and on the Madrid Stock Exchange (LATIBEX). **The objects of the company** are the production, transport and distribution of electricity. The company also has the objects of providing consulting services, making investments in financial assets, developing projects and carrying out activities in the energy field and in others in which electricity is an essential element, and participating in public works infrastructure concessions in the civil or hydraulic areas. **Its total assets** amounted to Ch\$ 6,169,353 million as of December 31, 2009. Endesa Chile is a leading company in the Chilean electricity sector and is among the principal electricity companies in the markets in which it operates. In 2009, **the operating revenues** amounted to Ch\$ 2,418,919 million, the operating income reached Ch\$ 1,016,931 million and the **net income attributable** to the shareholders of the company amounted to Ch\$ 627,053 million. At the end of 2009, **the number of permanent personnel** employed by the company was 2,143, of which 1,172 worked in Chile, 332 in Argentina, 415 in Colombia and 224 in Peru.



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## Chairman’s Letter to Shareholders



Jorge Rosenblut  
Chairman of the Board

Dear Shareholders,

I have the pleasure to present you with the Endesa Chile 2009 annual report and financial statements.

Before entering into the details of our company’s developments last year, I would like to share with you some thoughts with respect to the exciting moment in which the electricity sector in general, and Endesa Chile in particular, find themselves.

As you know, our company has remained faithful to its original charter when it was founded a long time ago in the 1940s: namely, to provide electricity to the country and contribute to its development. Following this objective has been one of the keys to the success enjoyed by this company, and which was strongly reinforced during 2009. Endesa Chile has been and will continue being a key driver in Chile’s development and that of the countries in which it operates, given the rigor that has become a trademark among our professionals.

This characteristic will enable us to successfully face the expected challenges for the sector, which is at a crossroads with innumerable opportunities for companies with a dedication such as ours. We cannot ignore the global discussion in recent years about climate change. This has been intensifying in recent months, to reach its climax at the Copenhagen Summit in December 2009.

This gave opportunities to leaders of the world’s principal economies to express their views, both from the political sphere and society in general. The objective was to seek agreements and formulas for restraining anthropogenic climate change, i.e. that created by human beings, caused by greenhouse-effect gases.



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Although some open questions remained following the meeting in the Danish capital, it is important to emphasize that the problem is real and that this truth has now been accepted by all world leaders. It is therefore necessary to carry out measures for attenuating the effects produced by the escape of CO<sub>2</sub> into the atmosphere, which undoubtedly damages the environment of our planet.

The responsibility for facing this problem is everyone's and this was understood by the Chilean authorities in their presentation in Copenhagen. The consensus points to maintaining the rise in global temperature below 2°C by 2020, an ambitious target that requires everybody's efforts.

Our country committed itself to play its part, stating its intention to reach 2020 with a deviation of up to 20% in the base line of its emissions of greenhouse-effect gases. This is a sign of the growing awareness of and responsibility for this problem in Chile, despite being small in the global context. This has been shown through the multiple initiatives developed in this area by the public and private sectors.

However, in order to reach the target for 2020 agreed in Copenhagen, it is necessary to analyze now, ten years before, the role that the electricity sector will play in achieving this objective. And it is precisely here that Endesa Chile has a key role. If we assume that we have nearly 50% of the country's installed capacity, our work in facing this task will definitely exceed that percentage.

But we are prepared to face the challenge. We are the company with the greatest experience in terms of project development in the industry, we have the best professional team for aiming at the target and we have the vocation indicated for clearly looking to the future: that of a company with a marked characteristic for hydroelectricity.

We live in a country that aspires to development, seeks to grow and do so in a sustainable manner. We will necessarily have to increase our emissions to reach the living standards of developed countries. We cannot ask for restrictions on access to goods of thousands of small and medium-sized businesses that work and innovate, and millions of Chilean families who are driven daily to achieve a level of consumption appropriate for the 21st century. Many of them recently and very patiently are being able to reach certain levels of well-being. With our product, energy, we have to be at the service of development and well-being. Chile has to have sufficient energy, sustainable in terms of emissions, renewable, and efficient in terms of costs.

According to studies by the Universidad de Chile, electricity demand will increase by 6% annually during the next two decades, from the present 6,200 MW to almost 20,000 MW, considering just the Central Electricity Grid (SIC). The development of Non-Conventional Renewable Energies (NCRE), of which Endesa Chile has been pioneer with its Canela I and II wind farms, plus the Ojos de Agua pass-through mini-hydro, and an interesting portfolio of projects, will be indispensable for reaching the target. Energy efficiency, which has brought such good results for our society in recent years, is not sufficient for preventing the increase in emissions. Overall, and despite these efforts, the NCREs will cover only part of the growth. We are therefore convinced that it is hydroelectricity that is destined to be the engine of development of Chile, basically because of its intrinsic characteristics: renewable, autochthonous and totally clean.

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The data published by the sector authority are quite eloquent. At present, the electricity sector generates 30% of Chile's total emissions. It is projected that this will increase to 35% toward 2020.

This is why our hydroelectric vocation is more relevant than ever. This is the form of generation, in which Endesa Chile is the country's and region's undisputed leader, needed to reach the target sought in Copenhagen. It is important to analyze what countries like Brazil, Canada, New Zeland and Norway, to name just a few, are doing or have recently done. All are developing new hydric resources tenaciously and sustainably, and have marked the way that a country like Chile should follow. Allow me to focus your attention briefly in the case of Brazil, where the need to develop hydroelectricity has been decisively understood because of its indisputable benefits. If we look at the Brazilian forecasted plan for the 2010 - 2014 period, we find that over 10,000 hydroelectric MW will enter the system in just four years, i.e. in a short period, Brazil will have an important new capacity, renewable, efficient, clean and competitive in terms of cost.

As in Brazil's case, we are a privileged country in terms of water resources, our water falls and our strong flows. It has been calculated that there is over 20,000 MW of potential hydraulic energy in the country, a large part of which is in the south, specifically in the region of Aysén where our HidroAysén project is located. This energy is feasible of being technically, economically and sustainably developed, and could commence entering the grid in stages at the end of this decade. This would contribute significantly to the objective set in Copenhagen.

As already mentioned, we are talking of autochthonous, renewable and totally clean energy, developed in a sustainable way. The HidroAysén projects would contribute almost a third of the 9,000 MW that are possible for development in the region of Aysén. These would be added to the more than 5,000 MW of hydroelectricity already successfully operating in our system and which this year produced 58.7% of the SIC's electricity generation (24,541 GWh), of which we contributed 61%.

The advantages of the responsible development of the HidroAysén projects are multiple. One of the most significant is that it will avoid the emission into the atmosphere of greenhouse-effect gases similar to 20% of the total currently emitted by Chile. In other words, it will displace the construction of the equivalent of seven thermal plants. Chile would thus be in the vanguard in terms of control of its emissions with respect to the electricity sector, which would give it a seal of excellence to many export products that will be faced by the feared "carbon footprint".

Another of its advantages is related to the annual saving of close to US\$ 700 million in fossil fuels, in addition to the already-mentioned savings in emissions. Also, because of rainfall patterns, HidroAysén will provide a greater amount of energy in seasons when the central zone is exposed to dryer weather.

Endesa Chile's hydroelectric vocation is not just in HidroAysén. For example, there are the Neltume and Los Cóndores projects, to name some, which are at different stages of development. Our hydroelectric vocation remains intact as also our concern to contribute to alleviating the effects of climate change.



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However, as is of public knowledge, the preparation processes for a hydroelectric project are more complex than for fossil-fuel plants. This is why Endesa Chile is meanwhile constructing Bocamina II, to cover the gap in demand that might occur before the entry of the HidroAysén and other hydroelectric plants. This is a coal-fired plant which will include the latest technology available in terms of emission controls, which we expect to start operating in the first months of 2011. It will produce 370 MW which will serve to provide a respite in the coming years, before the massive entry of clean energy that we are preparing. Bocamina II will also enable us to have a suitable generation mix for facing the future on solid bases.

## 2009

Regarding our company's performance in 2009, Endesa Chile reported net income of Ch\$ 627,053 million, or 44.8% higher than the prior year. This is explained by a successful commercial policy in the markets where we operate, and a balanced generation mix. We have been managing your company with responsibility and rigor, which has been reflected in this historic performance. As mentioned before, professionalism is a trademark of Endesa Chile and is the basis for the trust that the market has placed in us. Additionally, through the Enersis Group, we are part of one of the largest and most important energy groups in the world, which is a source of learning and knowledge for us.

EBITDA, or gross operating income, amounted to Ch\$1,257,072 million in 2009, an increase of 18.5% over the year before.

The financial result declined by 9.6% compared to 2008, and the company's debt reduced by 5.8%. These figures show clearly that Endesa Chile's conservative policy during the recent crisis period has been successful.

Regarding the investments made, we have given concrete demonstrations of the company's sustainability vocation. Proof of this is the 60 MW of Canela II that entered the grid last December, distributed among 40 new wind generators. We placed the foundation stone of Chile's wind-energy generation and there are now many companies that have followed our steps.

Another example of responsibility with the Chilean electricity system is our active participation in the recently-inaugurated re-gasification plant at Quintero, in which Endesa Chile has a 20% shareholding. We are the only electricity-sector player that believed in this project since its beginnings, basically because we always understood the country's strategic need.

Complementing the above, our Quintero thermal plant started operating in September 2009. This is located alongside the LNG terminal and was the first Chilean plant to be specifically built to use liquefied natural gas from different parts of the world.

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Regarding HidroAysén, the project that we share with Colbún (which has a 49% shareholding), its environmental impact assessment (EIA) is under study. During 2009, the Aysén Conama (regional environmental authority) was presented with Addendum 1 to the EIA, containing responses to consultations made by Conama. We are certain that we are taking the correct path in the environmental procedures for HidroAysén and we are convinced of the advantages of this project for Chile.

## SUSTAINABILITY

We have commented on reiterated occasions on our company's obsession with the development of its business in a framework of full sustainability. This is why we have sought the certification of international experts in this subject tirelessly, in order to fully understand whether we are following the correct path. And in January 2009, we received the Silver Class distinction in the Sustainability Yearbook 2009, published by the Swiss agency SAM (Sustainable Asset Management) together with PricewaterhouseCoopers.

This places Endesa Chile among the six electricity companies with the best performance in sustainability in the world, which is a worthy reason for pride for shareholders, the Board and the management who worked for it. An important point is that the score obtained in the evaluation represents the highest ever for Endesa Chile and consolidates its position among the select group of leading companies in this matter.

Another distinction received by the company occurred in March 2009. This was when the financial and investor relations consultant MZ Consult awarded Endesa Chile the prize in the category of public-utility companies as the Best Corporate Governance. The award, especially outstanding at a time when transparency and access to information have been transformed into obligations rather than assets, recognizes the efforts of the board and management to implement the best practices in this matter.

Another piece of good news in sustainability was the registration of our Canela I wind farm as a Clean Development Mechanism (CDM) project. This, granted by the United Nations Climate Change Office, will permit the verification and then trading of the greenhouse-effect emissions avoided, which are estimated to be 21,000 tons of CO<sub>2</sub> equivalent per year.

We have seen in recent years how the sector in which we operate has been changing at a vigorous pace, to the point where it has become one of the most strategic industries worldwide.



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We have also seen that the challenges are broad in scope. However, we expect you will continue believing that this board, which I have the honor of presiding, will undertake its best efforts so that Endesa Chile, your Endesa Chile, maintains its leadership position, which has been formed and strengthened over almost seven decades.

We remind you again of the objective for which our company was created: to provide electricity to the whole country. We have progressed in such a way that, apart from meeting that objective, we have crossed Chile's frontiers and have installed ourselves in four other countries. We are relevant players in each one, part of the solutions, and business benchmarks. In every case, we are involved in the development and well-being of the people.

We have a company that has given us innumerable satisfactions and, rest assured, will continue doing so in the future.



Jorge Rosenblut  
Chairman of the Board

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## Highlights



*This is to certify that*

**Endesa Chile**

**ENTRY INTO THE SELECT SILVER CLASS GROUP IN SUSTAINABILITY**

Endesa Chile became the country’s first electricity company and third in the world to obtain the SAM Silver Class award granted annually by the agency Sustainable Asset Management (SAM) and PricewaterhouseCoopers (PwC), as published in The Sustainability Yearbook 2009. This was the result of the high score obtained by its performance in this matter, placing it also among the six best in the world in this industry.

The largest 2,500 companies in the world, according to the Dow Jones Global Index, were invited to participate in this evaluation of business sustainability.

**ENDESA CHILE: FIRST PLACE IN LATIN AMERICA IN THE RANKING OF THE BEST MANAGED COMPANY IN THE UTILITIES SECTOR**

Endesa Chile was placed first in Latin America in the Best Managed Company in the Utilities Sector ranking, prepared annually by the magazine Euromoney, which stated that the company obtained 16% of the preferences of those surveyed and praised it for its strength and balance to face its challenges, as well as the 33% increase in consolidated operating revenues in 2008, as compared with 2007.

The evaluation considered variables like importance in the market, profitability, growth prospects, earnings, corporate governance, among others.



**BEST COMPANY IN CORPORATE GOVERNANCE**

In Sao Paulo, Brazil, Endesa Chile received the prize for the public utility with the Best Corporate Governance according to the IR Global Ranking 2009, prepared by the financial consultant MZ Consult.

A total of 163 companies from 32 countries took part in this 11th version of the survey.

The distinction recognized the efforts made by the Board and management of Endesa Chile in implementing the best practices in this area, and also the progress made in the provision of information to its shareholders and investors as clearly and transparently as possible.



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### TENTH PLACE IN CSR RANKING

The company was praised for its performance in corporate social responsibility in the 5th CSR Ranking 2009 organized by Fundación PROhumana, the Confederación de la Producción y del Comercio (CPC) and Qué Pasa magazine, which recognizes the best companies in Chile in this field.

The participants were qualified through an integral evaluation which analyzes the CSR policies and programs as the internal culture of organizations, evaluating the degree of knowledge by employees of the company's CSR policies and tools, including their own evaluation of these, and the performance of the companies in social, environmental and economic areas.



### YANKEE BOND CONSENT SOLICITATION SUCCESSFULLY COMPLETED

Endesa Chile signed the first supplement to the Yankee bonds indenture after successfully completing the consent solicitation process of the contract dated January 1, 1997. The amendments required the approval of more than 50% of each series of Endesa Chile bonds, which quorum was obtained comfortably. The modifications refer to the cross default / cross acceleration provisions so that this clause now only applies to Endesa Chile and its Chilean subsidiaries. The definition of Significant Subsidiary was also amended so that a potential bankruptcy or insolvency situation for a foreign subsidiary would no longer affect the Yankee bonds of Endesa Chile.



### START UP OF COMMERCIAL OPERATIONS OF QUINTERO PLANT

On July 23, Quintero plant (first unit TG-1B) began its commercial operations by injecting 129 MW of gross capacity into the central interconnected system (SIC). The company thus made another contribution to Chile's energy requirements by supplying its principal electricity network.

The plant's second unit (TG-1A) started up commercial operations on September 4, able to deliver a total of 257 MW of gross capacity.

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**AMONG THE “TEN BEST COMPANIES FOR WORKING FATHERS AND MOTHERS”**

For the third consecutive year, Endesa Chile was placed in the ranking of the “Ten best companies for working fathers and mothers” carried out annually by Fundación Chile Unido and Ya magazine of El Mercurio newspaper. On this occasion, it was placed tenth in a survey that recognizes organizations that have policies for facilitating the conciliation of work and family life, while promoting the adoption of these practices among their personnel.



**INAUGURATION OF GNL QUINTERO TERMINAL**

On October 22, the country’s first liquefied natural gas re-gasification terminal, GNL Quintero, was inaugurated at a ceremony headed by President Michelle Bachelet. The partners in this initiative are BG Group (40%), Metrogas, Enap and Endesa Chile (20%).

The terminal, which began its initial operation in fast track mode on September 12, implied an investment of US\$ 1,110 million and supplies daily between 4 and 5 million cubic meters of natural gas, a figure that will increase following the expected Increased consumption and the entry of new customers and markets.

**INCREASE IN SHAREHOLDING IN THE PERUVIAN SUBSIDIARY EDEGEL**

On October 9, Endesa Chile acquired 674,274,073 shares, representing 29.40% of the share capital, in its Peruvian subsidiary Edegel on the Lima Stock Exchange. The total cost of the transaction was US\$375 million and Endesa Chile thus holds, directly and indirectly, 62.46% of Edegel’s shares.



**SECOND PLACE AMONG “THE MOST ADMIRED COMPANIES OF 2009”**

Endesa Chile was awarded second place in the ranking of “The most admired companies in the country” for its capacity to combine the strength of its business strategy and financial strength with care for the environment and commitment with the communities where it is present.

The prize, awarded by Diario Financiero newspaper and PricewaterhouseCoopers, distinguished the ten companies most admired by their peers, in order to highlight successful management models that marked the standard for the correct way to cultivate economic growth in a year affected by the financial crisis.

This is the first time that an electricity generator has formed part of this group of outstanding companies, which Endesa Chile achieved by obtaining a notable score of 5.98.



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## **CANELA II WIND FARM STARTED OPERATIONS**

In late November the Canela II wind farm, in the Region of Coquimbo started operating. Its 40 wind generators enabled it to increase the installed capacity of Canela (18.15 MW) by 60 MW and thus connect the country’s largest wind farm to the SIC.

It was declared in commercial operation on December 11, making the energy of this new NCRE plant available to the SIC Economic Load Dispatch Center (CDEC-SIC).

The operation of Canela II will permit to avoid the emission of close to 90 thousand tons of CO<sub>2</sub> annually.



## **PANGUE PLANT, BICENTENARY PRIZE**

The Bicentenary Commission awarded the “Bicentenary Works Prize” to distinguish the contribution of infrastructure to the country’s development. The Pangué plant formed part of the select group of 31 prize-winners, including the Santiago Metro (Subway) and the Carretera Austral.

Pangué’s award was in recognition of the first construction of rolled concrete in Chile and also, during its first years of operation, of being the tallest dam in the world built with this material. This hydroelectric plant is therefore recognized as one of the engineering works that has contributed to Chile’s development, strengthening productive and habitability activities in the country.



## **NEW CHIEF EXECUTIVE AND CHAIRMAN OF ENDESA CHILE**

On November 20, 2009, the board of the company appointed Joaquín Galindo Vélez as the new chief executive officer of Endesa Chile in replacement of Rafael Mateo Alcalá. This executive has a vast professional experience in ENDESA. At the time of his appointment, he was joint general manager in the general management of Spain and Portugal of ENDESA, in Madrid, Spain.

A few weeks later, on December 17, the Board resolved to appoint Jorge Rosenblut as chairman of the company. He has performed important functions in different companies of the Enersis Group, including chairman of Chilectra, which position he occupied until his appointment in Endesa Chile.

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## Administration

### BOARD OF DIRECTORS



CHAIRMAN  
**Jorge Rosenblut**  
Civil Engineer  
Universidad de Chile  
ID No.: 6.243.657-3



VICE CHAIRMAN  
**Paolo Bondi**  
Bachelor in Business Administration  
Università Commerciale Bocconi di Milano  
Passport: G084839



DIRECTOR  
**Borja Prado Eulate**  
Lawyer  
Universidad Autónoma de Madrid  
ID No.: 48.118.283-2



DIRECTOR  
**Francesco Buresti**  
Electronics Engineer  
Università degli Studi di Bologna  
Passport: F685628



DIRECTOR  
**Jaime Estévez Valencia**  
Economist  
Universidad de Chile.  
ID No.: 4.774.243-9



DIRECTOR  
**José María Calvo-Sotelo**  
Bachelor in Physics  
Universidad Complutense de Madrid  
ID No.: 48.115.220-8



DIRECTOR  
**Leonidas Vial Echeverría**  
Vice Chairman of the Santiago Stock  
Exchange  
ID No.: 5.719.922-9



DIRECTOR  
**Gerardo Jofré Miranda**  
Commercial Engineer  
Pontificia Universidad Católica de Chile  
ID No.: 5.672.444-3



DIRECTOR  
**Luis de Guindos Jurado**  
Economist  
Colegio Universitario de Estudios  
Financieros de Madrid (CUNEF)  
ID No.: 48.126.524-K

The company is managed by a board of directors comprising nine members elected by a shareholders meeting. The directors remain in their positions for three years and may be re-elected.

Francesco Buresti, José María Calvo-Sotelo, Borja Prado, Jaime Estévez, Leonidas Vial and Gerardo Jofré were elected at the ordinary shareholders meeting held on April 15, 2009. Paolo Bondi and Luis de Guindos were appointed at an ordinary board meeting held on July 28, 2009, in replacement of Andrea Brentan and Fernando D’Ornellas. Jorge Rosenblut was appointed as director and chairman of the company at the ordinary board meeting of December 17, 2009, in replacement of Mario Valcarce who resigned as director and chairman of the board at its ordinary meeting of October 28, 2009.

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## DIRECTORS’ COMPENSATION

In accordance with article 50 bis of the Corporations Law, the ordinary shareholders meeting determines both the remuneration and expense budget of the members of the Directors’ Committee.

Director’s Compensation Received During 2009 (Thousand Chilean pesos)						
Director	Position	Per diem Endesa (1)	Per diem Subsidia- ries	Committees (2)	Variable against earnings	Total
Mario Valcarce Durán (3)	Chairman	39,720	-	9,818	-	49,538
Paolo Bondi (4)	Vice Chairman	-	-	-	-	-
Juan Gallardo Cruces (5)	Vice Chairman	-	-	-	-	-
Andrea Brentan (6)	Vice Chairman	-	-	-	-	-
Francesco Buresti	Director	-	-	-	-	-
Pío Cabanillas Alonso (5)	Director	-	-	-	-	-
Fernando D’Ornellas Silva (7)	Director	12,640	-	2,276	-	14,916
Jaime Estévez Valencia	Director	22,528	-	14,361	-	36,889
Borja Prado Eulate	Director	18,000	-	2,276	-	20,276
Raimundo Valenzuela Lang (5)	Director	4,844	-	1,514	-	6,358
Leonidas Vial Echeverría	Director	22,528	-	-	-	22,528
José María Calvo-Sotelo Ibáñez-Martín (8)	Director	-	-	-	-	-
Gerardo Jofré Miranda (9)	Director	16,763	-	8,294	-	25,057
Luis de Guindos Jurado (4)	Director	8,523	-	754	-	9,277
Jorge Rosenblut Ratinoff (10)	Chairman	-	-	-	-	-
		145,546		39,293		184,839

- 1) The directors Paolo Bondi, Francesco Buresti, Andrea Brentan, Juan Gallardo and Pío Cabanillas renounced the receipt of remuneration for their position as directors of the company.
- 2) Fees as members of the Directors’ and Audit Committees.
- 3) Mr Valcarce was chairman of the company until the board meeting of October 28, 2009.
- 4) Paolo Bondi and Luis de Guindos were appointed as directors of the company at the board meeting of July 28, 2009.
- 5) Juan Gallardo, Pío Cabanillas and Raimundo Valenzuela were directors of the company until the board meeting of March 26, 2009.
- 6) Andrea Brentan was appointed as vice chairman of the company at the board meeting of March 26, 2009 and occupied that position until the board meeting of July 28, 2009.
- 7) Fernando D’Ornellas was a director of the company until the board meeting of July 28, 2009.
- 8) José María Calvo Sotello was appointed director of the company at the board meeting of March 26, 2009.
- 9) Gerardo Jofré was appointed director of the company at the board meeting of April 15, 2009.
- 10) Jorge Rosenblut was appointed director and chairman of the company at the board meeting of December 17, 2009.

## ADVISORY EXPENSES OF THE BOARD

The Board incurred no consultancy expenses during 2009.

## INCENTIVE PLANS

The company does not contemplate incentive plans for directors.

## REPORT OF THE DIRECTORS’ COMMITTEE

In accordance with clause 50 bis of the Corporations Law, amended by Law 20,382 published in the Official Gazette on October 20, 2009, the following is a report on the activities of the Directors’ Committee, their annual performance and the expenses incurred in 2009.



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At the extraordinary board meeting of Endesa Chile held on April 15, 2009, the members of the Directors’ Committee were appointed, these being Mario Valcarce Durán, Gerardo Jofré Miranda and Jaime Estévez Valencia. Mario Valcarce, who at the time of the appointment was related to the controlling group of the company, resigned on October 28, 2009, being replaced by Paolo Bondi, related to the controller. The directors Gerardo Jofré and Jaime Estévez are independent directors, in accordance with the Corporations Law.

The Directors’ Committee met on 15 occasions during 2009, basically examining the company’s operations and contracts with related companies and in general reporting on the matters referred to in clause 50 bis of the Corporations Law, and reporting its resolutions to the Company’s board.

The Directors’ Committee examined the following operations between related parties in 2009 which, due to their amount or relevance, were especially considered:

- At its ordinary meetings Nos. 101, 102, 103 (extraordinary), 105 (extraordinary) and 106, the Directors’ Committee analyzed the market conditions of the purchase transaction by Endesa Chile from the related company Endesa Latinoamérica S.A. of 674,279,043 shares in the Peruvian subsidiary Edegel, representing 29.3974% of the share capital, at a price of US\$375 million (US\$0.56 per share). Following an examination of the economic evaluations of the subsidiary Edegel by the investment banks BNP Paribas and IM Trust, as well as the company’s own valuation, the Directors’ Committee concluded that, on the basis of these, the conditions were in line with conditions similar to those normally prevailing in the market.
- At its ordinary meeting No.108, of August 27, 2009, the Directors’ Committee analyzed the conditions for the supply of coal for the period 2010-2011 for Endesa Chile and subsidiaries in Chile by the related company Carboex, a subsidiary of Endesa España, whose pricing terms and flexibility were considered to be market by the Committee, agreeing to inform favorably on the operation to the company’s board.
- Following an analysis of an operation for the provision by the parent Enersis S.A. of procurement services for Endesa Chile, the Directors’ Committee through the analysis made at its meetings Nos.108, 109 (extraordinary) and 113, agreed in split voting to report to the board on the operation unfavorably for its final decision.

The Directors’ Committee at its meeting held in January 2009 agreed to propose to the board the appintment of the agencies Feller Rate Clasificadora de Riesgo Limitada and Fitch Chile Clasificadora de Riesgo Limitada for carrying out the domestic credit ratings for 2009 and the American firms Fitch Ratings Services; Moody’s Investors Services and Standard & Poor’s International Ratings Services for carrying out the international credit ratings of the company.



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On February 26, 2009 and prior to the company’s ordinary shareholders meeting, the Directors’ Committee agreed to propose to the board that it in turn propose to that meeting the appointment of KPMG Auditores Consultores Limitada as the company’s external auditors.

The ordinary shareholders’ meeting of Endesa Chile held on April 15, 2009 adopted the following resolution regarding the compensation and budget of the Directors’ Committee: set a fee for attendance at meetings of 36 Unidades de Fomento, with a limit of 12 remunerated meetings each year, and an annual expense budget of 2,729 Unidades de Fomento.

During 2009, the members of the Directors’ Committee were remunerated with a total of 1,584 Unidades de Fomento.

In 2009, the Directors’ Committee made full use of the annual expense budget set by the ordinary shareholders’ meeting (1).

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Empresa Nacional de Electricidad S.A. was created by board resolution No.1358-6 adopted at its ordinary meeting held on June 30, 2005, in accordance with the requirements of the United States Sarbanes Oxley Act and the complementary regulations issued by the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE), as Endesa Chile is an issuer of American Depositary Receipts (ADRs) which are duly registered on the New York Stock Exchange, and is also an issuer of bonds registered on that market.

The most relevant functions of the Audit Committee include (i) to be one of the proponents to shareholders meetings in the appointment and remuneration of the external auditors, (ii) to control the work of the company’s external auditors, (iii) to approve in advance the external audit services and other services to be provided by the external auditors and (iv) to establish procedures for the receipt and handling of complaints relating to accounting, internal control and audit matters.

The board, at its meeting of April 15, 2009 appointed the following directors as members of the Audit Committee of Endesa Chile: Fernando d’Ornellas Silva, chairman until July 28, 2009, Borja Prado Eulate and, Jaime Estévez Valencia, who was appointed as the Committee’s financial expert. On October 28, 2009 Luis de Guindos Jurado became a member of the Audit Committee and its chairman.

The Audit Committee met on five occasions during 2009, pronouncing on matters of its competence, including the following:

1. The examination of the company’s quarterly and annual financial statements.
2. The supervision and evaluation of the work of the external auditors.

(1) The Director’s Committee made use of a budget of 2,729 UF in external advisories to analyze operations between related parties.

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3.
- To take note of and resolve complaints received through the company’s ethics channel.
4.
- The approval of services provided by the external auditors other than regular auditing services.
5.
- Follow-up of the external auditors’ internal controls letter and the internal certification process for the purposes of Section 404 of the United States Sarbanes Oxley Act, for:
- 
- Evaluating the design and operative effectiveness of the controls over the documented financial reporting by Endesa Chile and its respective subsidiaries.
- 
- Identifying control deficiencies that could compromise the result of the certification of the internal control model, for compliance with Section 404, and establishing the respective action plans for resolving these points quickly.
- 
- Improving the documentation of the Group’s internal control model (out-of-date or incomplete documentation in processes and controls, processes not yet documented, etc.)
- 
- Training user areas in their understanding and knowledge of the internal certification process that has to be carried out to comply with the requirements of the Sarbanes Oxley Act.

In the performance of its functions, the Audit Committee was informed of and examined the following documents presented to it during 2009:

- 
- Examination of the audited financial statements of the company for the year 2008 and each of the quarterly financial statements for 2009.
- 
- Examination of the external auditors’ report on banking and money broking for 2008.
- 
- Supervision and evaluation of the work of the external auditors.
- 
- Examination of the internal controls letter per Circular 980 of the Superintendency of Securities and Insurance (SVS).
- 
- Analysis of the different complaints presented to the internal channel of the company and its follow-up.
- 
- Examination and pre-approval of the different services provided by the external auditors and which are different to the normal auditing services for the company.

The Audit Committee also took note of the following presentations made by the external auditors of the company’s management:

- 
- The external auditors in accordance with the Audit Committee Regulations and the Statement On Auditing Standards N° 61.





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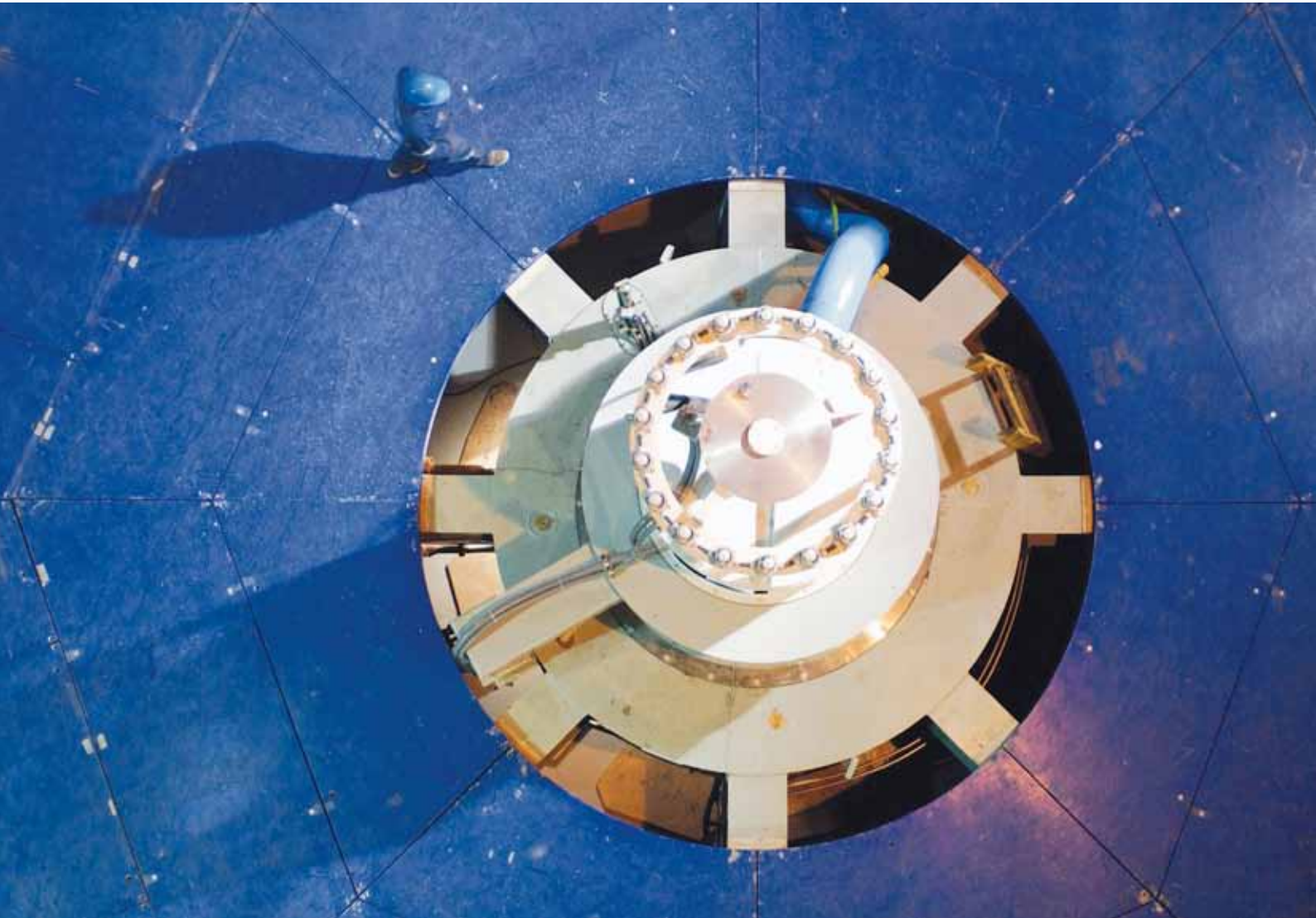
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- The annual external audit plan by the firm KPMG Auditores Consultores Limitada, which was appointed by the shareholders of Endesa Chile, on the proposal of the board and Directors’ and Audit Committees.
- By the external auditors KPMG in compliance with Section 404 of the Sarbanes Oxley Act on internal controls of Endesa Chile in 2008.
- By the company’s internal audit department on the audit of its internal controls.
- By the company’s internal audit department on the internal certification of internal control model of 2008.

The ordinary shareholders meeting held on April 15, 2009 agreed to set the compensation and budget of the Audit Committee, being a fee for attending meetings of 36 Unidades de Fomento, with a limit of 12 remunerated meetings a year, and an annual expenses budget of 2,729 Unidades de Fomento.

During 2009, the members of the Audit Committee were remunerated with a total of 432 Unidades de Fomento.

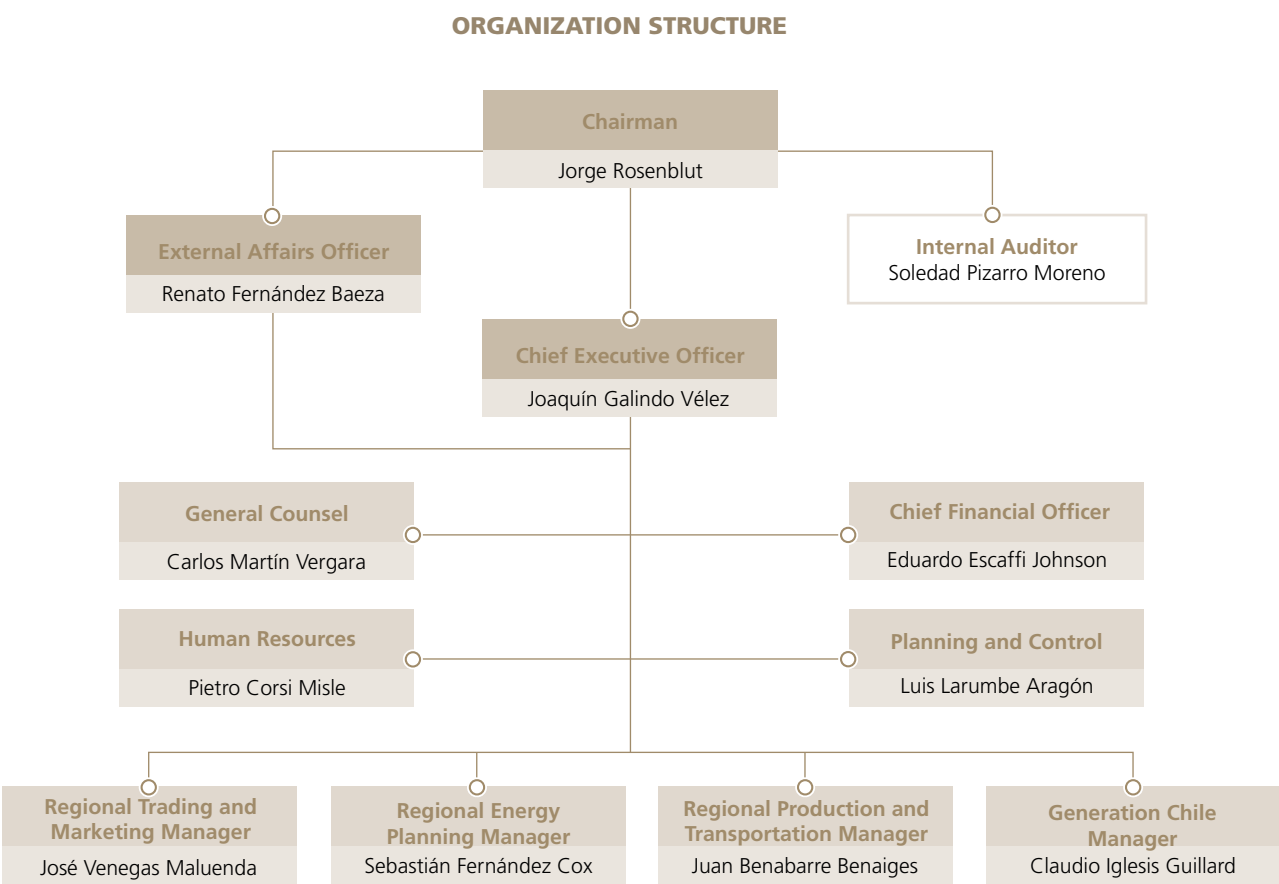
The Audit Committee made no use of its expense budget during 2009.





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## REMUNERATION OF MANAGERS AND SENIOR EXECUTIVES

The total remuneration received by the senior executives and managers of Endesa Chile amounted to Ch\$ 2,245,428,643 in 2009.

## BENEFITS FOR MANAGERS AND SENIOR EXECUTIVES

The company has complementary health and catastrophic insurance cover for the senior executives and their family groups accredited as such. The company also has life Insurance cover for every senior executive. These benefits are granted according to the management level of the employee at the time. In 2009, the amount was Ch\$26,283,660, which is included in the remuneration received by the senior executives.

## INCENTIVE PLANS

Endesa Chile has an annual bonus plan for its executives based on meeting objectives and the level of individual contributions to the company’s results. This plan includes a definition of ranges of bonuses according to the hierarchical level of the executives. The bonuses paid to the executives consist of a certain number of gross monthly remunerations.

## SEVERANCE PAYMENTS

Endesa Chile in 2009 made severance payments to its senior executives amounting to Ch\$ 592,686,877.

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## SENIOR EXECUTIVES



CHIEF EXECUTIVE OFFICER  
**Joaquín Galindo Vélez**  
Superior Industrial Engineer  
Universidad de Sevilla  
ID No.: 31210427W



COMMUNICATIONS MANAGER  
**Renato Fernández Baeza**  
Journalist and Degree in Social Sciences  
Universidad Gabriela Mistral  
ID No.: 10.871.675-4



LEGAL COUNSEL  
**Carlos Martín Vergara**  
Lawyer  
Pontificia Universidad Católica de  
Valparaíso  
ID No.: 6.479.975-4



MANAGER, GENERATION CHILE  
**Claudio Iglesias Guillard**  
Civil Electrical Engineer  
Universidad de Chile  
ID No.: 7.289.154-6



REGIONAL MANAGER, ENERGY PLANNING  
**Sebastián Fernández Cox**  
Commercial Engineer  
Universidad de Los Andes  
ID No.: 10.673.365-1



REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT  
**Juan Benabarre Benaiges**  
Civil Engineer  
Universidad de Chile  
ID No.: 5.899.848-6



CHIEF FINANCIAL OFFICER  
**Eduardo Escaffi Johnson**  
Civil Engineer  
Universidad de Chile  
ID No.: 7.984.912-K



REGIONAL MANAGER, TRADING AND  
COMMERCIALIZATION  
**José Venegas Maluenda**  
Civil Industrial Engineer  
Pontificia Universidad Católica de Chile  
ID No.: 7.893.919-2



MANAGER, PLANNING AND CONTROL  
**Luis Larumbe Aragón**  
Degree in Economics and Business Sciences  
Universidad Comercial de Deusto  
Passport: AC134079



MANAGER, HUMAN RESOURCES  
**Pietro Corsi Misle**  
Commercial Manager  
Universidad Gabriela Mistral  
ID No.: 9.909.337-4

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## MANAGEMENT OF THE PRINCIPAL SUBSIDIARIES

ENDESA COSTANERA S.A.  
**José Miguel Granged Bruñen**  
Industrial Engineer  
Escuela Técnica Superior de Ingenieros Industriales de Zaragoza

HIDROELÉCTRICA EL CHOCÓN S.A.  
**Fernando Claudio Antognazza**  
Public Accountant  
Universidad de Buenos Aires

EMGESA S.A. E.S.P.  
**Lucio Rubio Díaz**  
Degree in Economics and Business Sciences  
Universidad Santiago de Compostela

EDEGEL S.A.A.  
**Carlos Luna Cabrera**  
Civil Engineer  
Escuela Colombiana de Ingeniería Julio Garavito

INGENDESA  
**Rodrigo Alcaíno Mardones**  
Civil Structural Engineer  
Universidad de Chile

PEHUENCHE  
**Lucio Castro Márquez**  
Civil Engineer  
Universidad de Chile

PANGUE  
**Lionel Roa Burgos**  
Civil Industrial Engineer  
Universidad de Chile

ENDESA ECO  
**Wilfredo Jara Tirapegui**  
Civil Mechanical Engineer  
Universidad de Santiago





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Key Data  
of Endesa Chile Consolidated

	2005 (1)	2006 (1)	2007 (1)	2008 (2)	2009 (2)
IN ARGENTINA					
Number of Employees	311	316	323	325	332
Number of Generating Units	20	20	20	20	20
Installed Capacity (MW)	3,624	3,639	3,644	3,652	3,652
Electricity Generated (GWh)	12,333	13,750	12,117	10,480	11,955
Energy Sales (GWh)	12,579	13,926	12,406	11,098	12,405
IN CHILE					
Number of Employees	765	789	841	1,123	1,172
Number of Generating Units	50	50	63	65	110
Installed Capacity (MW)	4,477	4,477	4,779	5,283	5,650
Electricity Generated (GWh)	18,764	19,973	18,773	21,267	22,239
Energy Sales (GWh)	20,731	20,923	19,212	21,532	22,327
IN COLOMBIA					
Number of Employees	326	376	399	404	415
Number of Generating Units	27	28	28	29	29
Installed Capacity (MW)	2,657	2,779	2,829	2,895	2,895
Electricity Generated (GWh)	11,864	12,564	11,942	12,905	12,674
Energy Sales (GWh)	15,077	15,327	15,613	16,368	16,806
IN PERU					
Number of Employees	158	200	206	219	224
Number of Generating Units	21	24	24	24	25
Installed Capacity (MW)	969	1,426	1,468	1,467	1,667
Electricity Generated (GWh)	4,516	6,662	7,654	8,102	8,163
Energy Sales (GWh)	4,600	6,767	7,994	8,461	8,321
Figures in millions of nominal pesos					
Total Assets	4,874,471	5,284,687	5,387,378	6,678,905	6,169,353
Total Liabilities	2,298,313	2,555,188	2,616,269	3,976,951	3,214,351
Operating Revenues	1,123,039	1,337,121	1,726,964	2,536,388	2,418,919
EBITDA	566,518	680,874	765,028	1,060,768	1,257,072
Net Income (3)	110,623	189,541	192,439	433,177	627,053
Current Ratio					0.96
Leverage Ratio (4)					1.09

1) Financial statements prepared in accordance with accounting principles generally accepted in Chile.  
2) Until 2008,the annual financial statements were prepared in accordance with accounting principles generally accepted in Chile. Effective 2009,the financial statements have been prepared in accordance with International Financial Reporting Standards, showing also the financial statements for 2008 under the new standards. As a result of this change, the jointly-controlled companies in which Endesa Chile has shareholdings became consolidated in the proportion that Endesa Chile has of the share capital, so the years 2008 and 2009 include the percentage it holds of the generation, energy sales and workforce of these companies.  
3) For the years 2008 and 2009, relate to Net Income attributable to the shareholders of the company.  
4) Total liabilities / equity plus minority interest.

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# Identification of the Company and Constitution Documents

## IDENTIFICATION OF THE COMPANY

Name	: Empresa Nacional de Electricidad S.A. (ENDESA or ENDESA CHILE)
Type of Entity	: Publicly held limited liability stock company registered in the Securities Register of the Chilean Superintendency of Securities and Insurance, with No.114.
Tax No.	: 91.081.000-6
Address	: Santa Rosa 76 833-0099 SANTIAGO
Telephone	: (56 2) 630 9000
Fax	: (56 2) 635 4720 (56 2) 635 3938
PO Box	: 1392, Santiago
Web Site	: <a href="http://www.endesachile.cl">www.endesachile.cl</a> / <a href="http://www.endesa.cl">www.endesa.cl</a>
Electronic Mail	: <a href="mailto:comunicacion@endesa.cl">comunicacion@endesa.cl</a>
Investor Relations Telephone	: (56 2) 634 2329
Investor Relations Fax	: (56 2) 635 4980
External Auditors	: KPMG Auditores Consultores Ltda.



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## CONSTITUTION DOCUMENTS

Empresa Nacional de Electricidad S.A. was constituted by public deed dated December 1, 1943 signed before the Santiago notary Luciano Hiriart Corvalán.

By Ministry of Finance Supreme Decree 97 of January 3, 1944, its existence was authorized and its bylaws approved which stated that the objects of the company were to exploit the production, transport and distribution of electricity and, in particular, to carry out the Country Electrification Plan approved by the council of CORFO at its meeting No.215 of March 24, 1943.

The abstract of this corporate deed and the decree were published together in the Diario Oficial of January 13, 1944 and registered in the Santiago Trade Register (folio 61 N° 62 and 65 N° 63 respectively) on January 17, 1944.

It was declared legally established by Ministry of Finance Supreme Decree 1,226 of February 23, 1945, published in the Diario Oficial on March 6, 1945 and registered in the Commercial Registrar (folio 727 N° 532) on March 16 that year.

The bylaws of the company have suffered numerous modifications among which was that of 1980 which eliminated its objectives of carrying out the country’s electrification plan, which responsibility the law assigned to the National Energy Commission (CNE); that of 1982, which adapted the bylaws to Law 18,046, the Chilean Companies Act; that of 1987, which adapted the bylaws to the terms of Decree Law 3,500 of 1980, thereby permitting the resources of the Chilean pension funds (AFPs) to be invested in the company’s shares; and that of 1988 which expanded the company’s objects to include the provision of consultancy services.



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The modification of 1992 should also be mentioned which again expanded the objects, permitting the company to make investments in financial assets, develop projects and carry out activities in the energy field and others in which electricity is essential and to participate in public works infrastructure concessions in the civil or hydraulic areas, either directly or through subsidiary or associate companies, in both Chile and abroad. There was also the modification of 1994 which added to its bylaws the trading name of Endesa, increased its capital so that part of this could be placed in the international markets through the ADR mechanism, and adapted the bylaws to the new provisions introduced by Law 19,301 to Decree Law 3,500 of 1980 which permitted, among other things, an increase in the maximum percentage of share concentration to 26%. In 1995 was modified the arbitration system, allowing difficulties between shareholders or among these and the company or its managers to be settled alternatively by arbitration or the ordinary courts of justice. In 1999 a modification permitted an increase in the maximum percentage of share concentration to 65% of the capital with voting rights of the company. In 2005 were modified the bylaws by incorporating the trading name of Endesa Chile in addition to that of Endesa. In 2006 were added to the bylaws a new title called “Directors Committee and Audit Committee” in order to include in the bylaws a series of regulations with respect to the Directors’ Committee, as referred to in Law 18,046, and to the Audit Committee which the board of the Company created to meet the provisions of the United States Sarbanes Oxley Act, to which the Company is subject as it has ADRs and bonds registered in that market. In that of 2007 were amended clause 5 and transitory clause 1 of the bylaws to reflect the Company’s present capital and the way in which this has been subscribed and paid.



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# Historical Summary

Empresa Nacional de Electricidad S.A. was created on December 1, 1943 as a subsidiary company of the state entity Corporación de Fomento de la Producción (CORFO) in order to carry out the country’s electrification plan, including the generation, transport, production and distribution of electricity.

Endesa Chile belonged to the state of Chile for 42 years and achieved an important role in the sector, becoming one of the country’s largest companies and the basis of the nation’s electricity development. Investments were substantial, and important engineering and electrification works were carried out.

The privatization process began in 1987 with a series of public share offerings, and was completed in 1989. The AFPs, the company’s employees, institutional investors and thousands of small shareholders were involved in this process.

In 1992, the company acquired Central Costanera S.A. (today Endesa Costanera S.A.) and in 1993, of Hidroeléctrica El Chocón S.A., both in Argentina. In 1995, Edegel S.A.A. was acquired in Peru. In December 1996, Central Hidroeléctrica de Betania S.A. E.S.P. was acquired and in September 1997, Emgesa S.A. E.S.P., both in Colombia. In September 1997, Centrais Elétricas Cachoeira Dourada S.A., was acquired in Brazil.

On July 27, 1994, the shares of Endesa Chile began to be traded on the New York Stock Exchange (NYSE), with the ticker symbol EOC.

In May 1999, Enersis S.A., through a public share offering became the controller of the company, with a 60% shareholding in Endesa Chile.

On October 23, 2000, Endesa Chile sold 100% of the shares of Compañía Nacional de Transmisión Eléctrica S.A. (Transelec) to the Canadian company Hydro Québec International Inc.

In December 2001, the shares of Endesa Chile were listed on the Latin American Stock Exchange of the Madrid Stock Exchange (Latibex), with the ticker symbol XEOC.

On September 13, 2004, Endesa Chile signed a letter of adhesion to the United Nations Global Compact, an international initiative by which the Company committed itself to adopting ten universal basic principles related to respect for human rights, labor regulations, the environment and the fight against corruption.

On April 18, 2005, Endesa Chile constituted the subsidiary Endesa Eco S.A. to promote and develop renewable energy projects like mini-hydroelectric plants, wind, geothermal, solar and biomass energy plants, and also to act as depositary and trader of emission reduction certificates obtained by these projects.

The holding company Endesa Brasil S.A. was formed in 2005, comprising the existing Brazilian assets contributed by Endesa Internacional, Endesa Chile, Enersis and Chilectra. As from October that year, Endesa Chile therefore ceased to consolidate Cachoeira Dourada, and Enersis S.A. began to consolidate Endesa Brasil S.A.

On September 29, 2006, Endesa Chile, ENAP, Metrogas and GNL Chile signed an agreement defining the structure of the liquefied natural gas (LNG) project in which Endesa Chile has a 20% holding and which forms part of the strategy for confronting the lack of gas from Argentina. The GNL Quintero re-gasification terminal was inaugurated on October 22, 2009.

The company Centrales Hidroeléctricas de Aysén S.A. (HidroAysén) was formed in March 2007, which is not consolidated by Endesa Chile. Its objects are to develop and exploit the hydroelectric project in the Region of Aysén, called the Aysén Project.

As of December 31, 2009, Endesa Chile, directly and through its subsidiaries, operates 184 generating units in Latin America, with an installed capacity of 13,864 MW, being one of the largest electricity generating companies in the region.

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Participation in Subsidiaries, Jointly  
Controlled Companies and Associates

SUBSIDIARIES	Participation	
	2008	2009
ARGENTINA		
Endesa Argentina S.A.	100.00%	100.00%
Endesa Costanera S.A.	69.76%	69.76%
Hidroeléctrica El Chocón S.A.	65.37%	65.37%
Hidroinvest S.A.	96.09%	96.09%
Southern Cone Power Argentina S.A.	100.00%	100.00%
BRAZIL		
Ingendesa do Brasil Ltda.	100.00%	100.00%
CHILE		
Central Eólica Canela S.A.	75.00%	75.00%
Compañía Eléctrica San Isidro S.A. (SAN ISIDRO S.A.)	100.00%	100.00%
Compañía Eléctrica Tarapacá S.A. (CELTA S.A.)	100.00%	100.00%
Empresa de Ingeniería Ingendesa S.A. (INGENDESA)	100.00%	100.00%
Empresa Eléctrica Pangue S.A. (PANGUE S.A.)	94.99%	94.99%
Empresa Eléctrica Pehuenche S.A. (PEHUENCHE S.A.)	92.65%	92.65%
Endesa Eco S.A.	100.00%	100.00%
Endesa Inversiones Generales S.A. (ENIGESA)	99.96%	99.96%
Inversiones Endesa Norte S.A.	100.00%	100.00%
Sociedad Concesionaria Túnel El Melón S.A.	100.00%	100.00%
COLOMBIA		
Emgesa S.A. E.S.P. (EMGESA)	26.87%	26.87%
Sociedad Portuaria Central Cartagena S.A. [1]	-	25.52%
PERU		
Chinango S.A.C. [2]	-	49.97%
Edegel S.A.A. (EDEGEL) [3]	33.06%	62.46%
Generandes Perú S.A.	61.00%	61.00%

[1] Sociedad Portuaria Central Cartagena S.A. was constituted on September 18, 2009.  
[2] On May 31, 2009, a block of shares in Edegel S.A.A. was transferred to its subsidiary Chinango S.A.C.  
[3] In October 9, 2009, Endesa Chile acquired 29.39% of the Peruvian subsidiary Edegel.



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JOINTLY CONTROLLED COMPANIES (1)	Participation	
	2008	2009
CHILE		
Aysén Transmisión S.A. (2)	51.00%	51.00%
Centrales Hidroeléctricas de Aysén S.A. (HidroAysén)	51.00%	51.00%
Consortio Ara-Ingendesa Ltda.	50.00%	50.00%
Consortio Ingendesa Minmetal Ltda.	50.00%	50.00%
GasAtacama Chile S.A.	50.00%	50.00%
GasAtacama S.A.	50.00%	50.00%
Gasoducto Atacama Argentina S.A.	50.00%	50.00%
Gasoducto Taltal S.A.	50.00%	50.00%
Inversiones GasAtacama Holding Limitada	50.00%	50.00%
Progas S.A.	50.00%	50.00%
Sociedad Consortio Ingendesa-Ara Ltda.	50.00%	50.00%
Transmisora Eléctrica de Quillota Ltda.	50.00%	50.00%
CAYMAN ISLANDS		
Atacama Finance Co.	50.00%	50.00%
Energex Co.	50.00%	50.00%

(1) Jointly-Controlled Companies are entities in which the control exists as a result of an agreement with other shareholders and the control is exercised jointly with them.  
(2) On February 2, 2009, the name of the company HidroAysén Transmisión S.A. was changed to Aysén Transmisión S.A.



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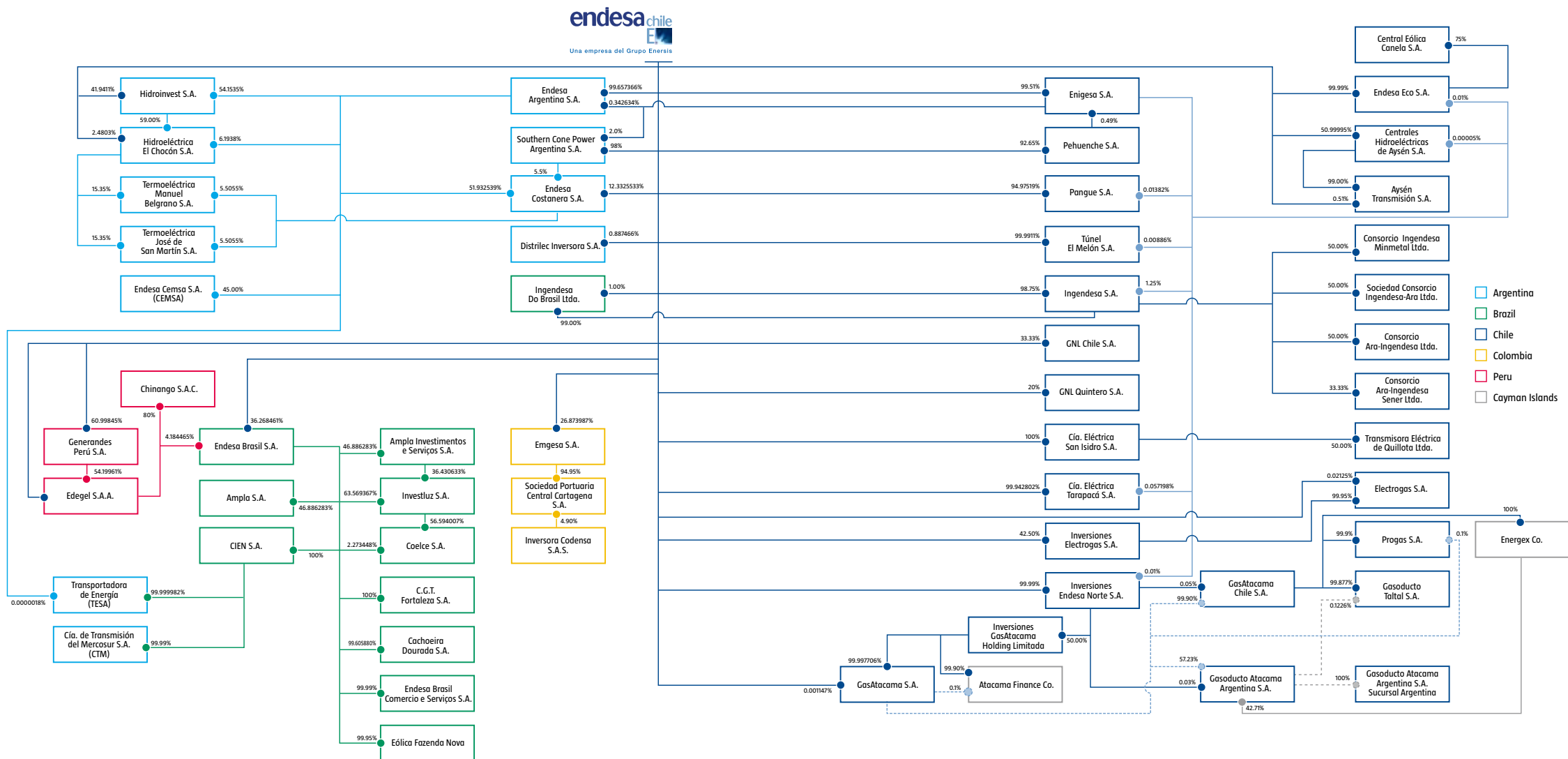
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ASSOCIATES	Participation	
	2008	2009
ARGENTINA		
Compañía de Transmisión del Mercosur S.A. (CTM)	37.65%	37.65%
Distrilec Inversora S.A.	0.89%	0.89%
Endesa Cemsa S.A. (1)	45.00%	45.00%
Termoeléctrica José de San Martín S.A.	13.88%	13.88%
Termoeléctrica Manuel Belgrano S.A.	13.88%	13.88%
Transportadora de Energía S.A. (TESA)	37.65%	37.65%
BRAZIL		
Ampla Energia e Serviços S.A.	17.65%	17.65%
Ampla Investimentos e Serviços S.A.	17.65%	17.65%
Centrais Elétricas Cachoeira Dourada S.A.	37.50%	37.50%
CGTF-Central Geradora Termelétrica Fortaleza S.A.	37.65%	37.65%
Companhia Energética do Ceará (COELCE)	18.04%	18.04%
Compañía de Interconexión Energética S.A. (CIEN)	37.65%	37.65%
En-Brasil Comercio e Servicios S.A. (2)	-	38.88%
Endesa Brasil S.A. (3)	37.65%	38.88%
Eólica Fazenda Nova o Geraco e Comercializacao de Energía S.A. (4)	-	38.86%
Investluz S.A.	30.37%	31.36%
CHILE		
Consortio Ara- Ingendesa Sener Ltda.	33.32%	33.33%
Electrogas S.A	42.50%	42.50%
GNL Chile S.A.	33.33%	33.33%
GNL Quintero S.A.	20.00%	20.00%
Inversiones Electrogas S.A.	42.50%	42.50%

(1) On July 11, 2008, the name of Comercializadora de Energía del Mercosur S.A. was changed to Endesa Cemsa S.A.  
(2) Comercio e Servicios S.A. was constituted in Brazil on August 18, 2009.  
(3) The increased participation in Endesa Brasil S.A. followed the increased shareholding of Endesa Chile in Edegel.  
(4) Eólica Fazenda Nova o Geraco and Comercializacao de Energia S.A. were constituted on September 16, 2009.

FINANCIAL COST INVESTMENTS	Thousand Ch\$	Investment as proportion of parent company's assets
Centrales Hidroeléctricas de Aysén S.A.	34,247,788	0.90%
Cía. Elect. Tarapacá S.A.	81,251,309	2.13%
Cía. Eléctrica San Isidro S.A.	31,263,918	0.82%
Distrilec S.A.	3,033,039	0.08%
Edegel S.A.	209,147,426	5.48%
Electrogas S.A.	2,953	0.00%
Emgesa	175,075,510	4.59%
Endesa Argentina S.A.	96,507,147	2.53%
Endesa Brasil S.A.	423,383,418	11.10%
Endesa Costanera S.A.	2,672,100	0.07%
Endesa Eco S.A.	579,942	0.02%
Enigesas	1,877,227	0.05%
Gas Atacama S.A.	446	0.00%
Generandes Perú S.A.	127,817,912	3.35%
GNL Chile S.A.	527,490	0.01%
GNL Quintero S.A.	19,655,556	0.52%
HidroAysén Transmisión S.A.	114	0.00%
Hidroeléctrica El Chocón S.A.	3,708,267	0.10%
Hidroinvest S.A.	28,737,651	0.75%
Ingendesa	2,087,347	0.05%
Ingendesa Do Brasil	5,082	0.00%
Inversiones Electrogas S.A.	4,416,740	0.12%
Inversiones Endesa Norte S.A.	73,696,656	1.93%
Pangue S.A.	71,462,585	1.87%
Pehuenche S.A.	162,155,435	4.25%
Southern Cone Power Argentina S.A.	4,990,054	0.13%
Túnel El Melón S.A.	37,683,582	0.99%

## CORPORATE STRUCTURE





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Human Resources

WORKFORCE

This table shows the permanent workforce of Endesa Chile and its subsidiaries as of December 31, 2009<sup>1</sup>:

Company	Managers and Executive Officers	Professionals and Technicians	Other Employees	TOTAL
ARGENTINA				
Endesa Costanera S.A.	6	260	15	281
Hidroeléctrica El Chocón	1	45	5	51
Total Workforce in Argentina	7	305	20	332
CHILE				
Endesa Chile	9	530	56	595
Pehuenche S.A.	3	-	-	3
Pangue S.A.	-	-	-	-
Celta S.A.	1	-	-	1
San Isidro S.A.	-	-	-	-
Central Eólica Canela S.A.	-	-	-	-
Endesa Eco	-	-	-	-
Ingendesa (1)	2	376	39	417
Túnel El Melón S.A.	1	13	2	16
GasAtacama (2)	4	12	80	96
HidroAysén (2)	3	25	1	29
Consortio Ara-Ingendesa (2)	-	9	6	15
Total Workforce in Chile	23	965	184	1,172
COLOMBIA				
Emgesa S.A.	7	388	20	415
Total Workforce in Colombia	7	388	20	415
PERÚ				
Edegel S.A.A.	8	200	16	224
Total Workforce in Peru	8	200	16	224
TOTAL WORKFORCE ENDESA CHILE				
	45	1,858	240	2,143

(1) Excludes personnel employed for fixed terms or by works, being 3 persons in Endesa Chile, 170 in Ingendesa and 15 in Edegel.  
(2) The workforce of the Chilean subsidiary Ingendesa includes those of Ingendesa in Brazil and Peru.  
(3) Includes the proportional workforce of jointly-controlled companies.

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## HUMAN RESOURCES ACTIVITIES

### PERSONNEL KNOWLEDGE AND DEVELOPMENT MANAGEMENT

Various initiatives were carried out in 2009 to manage the knowledge critical to generation business and its strategic planning, coordinating the synergies offered by a multinational group that permit taking advantage of knowledge distributed throughout Latin America, seeking the gathering, creation, screening, shared usage and putting into practice of know-how, highlighting:

During 2009, we continued with the consolidation of the Tecnology Formation Center, whose purpose is to support the generation processes through the focalized technical formation in the operation and maintenance of generation plants. Its activities have shown important progress in the stage of certification of operators (25 generation plant employees began their evaluation processes), plus the creation of technical recycling programs (thermal-plant faults analysis). The year 2009 was one of concretion for the CTF, since it completed the construction of facilities for training activities which have advanced tools like the coal-thermal plants simulator, also acquired in 2009, and whose contribution to the formation of the company's technical personnel will be highly effective.

From the training perspective, the management of knowledge continues to be one of Endesa Chile’s priorities, understood to be the transfer of knowledge and experience of employees, to be used as a resource available for other members of the organization. One of its pillars is the “Campus Latam: Knowledge Management”, a virtual learning site that, through e-learning courses built on operating and commercial technical skills curricula, permits systemizing the knowledge and carrying out the formation and development of the business’s key skills and capturing its know-how.

At the physical level, the training plan sought to strengthen certain abilities like entrepreneurship, innovation, negotiation and ethical sensibility. Technical-professional training, to meet the needs of the business continues to be a priority. The total number of participants this year was 4,790, covering 83.6% of personnel. Total training hours given were 104,043, which results in a training rate of 2.7% (hours of training / hours worked). The training ratio was 66.2 hours/person (training hours / average workforce).

### HUMAN RESOURCES MANAGEMENT

An important part of the activity in 2009 was concentrated at on-site establishments, both with respect to welfare matters and the activities of Espacio Endesa Chile. Regarding the first, the establishments were visited and meetings were held with personnel and their respective family groups to introduce the policy of conciliation of work and family lives. The activities of Espacio Endesa Chile continued to offer extension opportunities, cultural development and relaxation, in the recreational and sports areas.

### LABOR RELATIONS

As it has been a constant in the company, labor relations have been developed harmoniously with the workers’ representatives through direct and permanent dialogue. In December 2009, a collective work agreement was signed with representatives of the engineers and execution engineers unions of Endesa Chile and subsidiaries, for a period from January 1, 2010 to December 31, 2013.





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## SAFETY AND OCCUPATIONAL HEALTH



Endesa Chile strengthened its activities for the integral protection of all its personnel, motivating a self-care attitude, focused on the welfare of every person, their family and the company. All the programs seek to maintain the wellbeing of the members of the organization.

An example of this are the individual health control initiatives built on the basis of keeping a log of the control history of each employee, from the moment they join the organization. These plans were defined according to the period of work, risk factors to which they are exposed or emerging pathologies. Talks were given on subjects like infertility, prostate cancer and HIV.

Health-quality programs were also held in the prevention of breast cancer, and the promotion and diffusion of healthy diets and care of expectant mothers.

In the business segment, the present risk factors in the different tasks are defined according to the risk matrixes defined for the related activities and, related to this, medical checks are controlled specifically according to current and emerging factors, in order to ensure an effective control over workers’ health. The programs thus applied are noise and hearing protection, protection against pneumoconiegens and chemical inhalants, muscular-bone injuries and exposure to electromagnetic fields.

Regarding certifications, the company and its subsidiaries achieved 100% OHSAS 18001:2007 standard certifications in the year with respect to installed capacity and jobs. This includes the increase in capacity in 2009 with the Canela wind-farm and Quintero plants. This percentage is maintained with the inclusion of the subsidiaries in Latin America, following the recent certification of the Santa Rosa plant in Peru.



Regarding results indicators, the generation business in Latin America in 2009 produced a frequency rate, which measures the number of accidents per million man-hours worked, of 3.3 for own personnel and of 7.4 for contractors’ employees. On the other hand, the seriousness rate, which measures the number of days lost per million man-hours worked and excluding the 6,000 days relating to fatality in accordance with Chilean law, was 68 for own personnel and 99 for contractors, which places the company below the average level of companies in this industry, according to the Chilean cooperatives system records.



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# The Environment and Sustainable Development

Endesa Chile, firmly committed to sustainable development, has a corporate sustainability policy consisting of seven commitments related to the creation of value for shareholders, the health, safety and personal and professional development of its personnel, quality of service for its customers, good corporate governance, environmental protection, innovation and energy efficiency and concern for the community and development of the societies in which the company operates. Each of the subsidiaries has environmental and sustainable development committees consisting of the company’s most senior executives, responsible for defining and controlling the strategies directed to comply with these commitments.

For the seventh consecutive year, the company in 2009 submitted to the sustainable performance evaluation conducted by the Swiss research institute, Sustainable Asset Management (SAM Research), which selects the companies that will form part of the Dow Jones Sustainability Indexes (DJSI), in which ENDESA (Spain) was again selected. Endesa Chile does not participate officially in this index as the evaluation of ENDESA takes into account the performance of its subsidiaries in terms of sustainability.

Out of a total universe of 112 electricity companies that form part of the Dow Jones Global Index, 35 were evaluated in 2009 for entering the DJSI and 54 in all (including those that did not participate officially, like the case of Endesa Chile). Of these, thirteen companies were selected within the DJSI. ENDESA has been selected for the ninth consecutive year in the DJSI, with a score of 78%.

Endesa Chile also obtained 78%, its highest historical record, in the 2009 evaluation, being placed 6 percentage points below the sector leader, Cía. Energética Minas Gerais. This shows the company's leadership in corporate sustainable development (CSD) in the international electricity sector, and the achievements arising from the adoption and implementation of Endesa Chile's Sustainability Policy.



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Various awards were received during 2009 for the company’s performance in this area:

- Second place in the “Most Admired Companies 2009”, by PricewaterhouseCooper and *Diario Financiero*. This is the first time that an electricity company has been awarded this kind of distinction.
- Tenth place in the ranking of the “Ten best companies for working parents 2009”, prepared by *Fundación Chile Unido* and *Ya* magazine of *El Mercurio* newspaper.
- “Remarkable” category for the Communication of Progress (COP) of Endesa Chile to the United Nations Global Pact sent in 2009, reported through its Sustainability Report 2008.
- Tenth place in the Corporate Social Responsibility (CSR) ranking of the *Fundación PROhumana*, *Confederación de la Producción y del Comercio* (CPC) and *Qué Pasa* magazine, staying for the fourth consecutive year among the Top Ten.
- Best utilities sector company in corporate governance prize, by IR Global Rankings 2009.
- Prize for the best sustainability report, environment dimension, for its Sustainability Report 2008, granted by Acción RSE.

In order to ensure compliance with high environmental standards, Endesa Chile has implemented since 2001 in every one of its facilities in South America the certification of its environmental management systems (EMS) under the ISO 14001 standard. As of December 2009, this certification covered 96.4% of total installed capacity. Also 13 installations were re-certified and 41 installations retained the certificate, which enabled 99.9% of gross annual generation (55,473.6 GWh) to have the ISO 14.001 certification.

In September 2009, Endesa Chile defined a new plan for resolving environmental liabilities (period 2010-2015) in Argentina, Chile and Peru. It is noted that Colombia has not reported environmental liabilities. This plan considers the inclusion of new liabilities that have arisen through the operation of facilities, which together with those already forming part of the previous plan amount to 67 liabilities to be resolved from 2010.

Further information concerning the environmental, social and economic performance demonstrating the implementation of Endesa Chile’s seven sustainable development commitments is published in the Sustainability Report 2008 ([www.endesa.cl/rse](http://www.endesa.cl/rse)).

In Chile, the environmental qualification resolutions were obtained in 2009 for the Piruquina mini-hydroelectric plant (7.6 MW) and the relocation of wind generators at the Canela II wind farm.



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Regarding the strategy of using renewable energies as an important factor in the fight against climate change, on April 3, 2009, the Canela wind farm was registered and recognized as a clean development mechanism (CDM) project by the Executive Council of the United Nations Climate Change Office, and which will imply an annual reduction of approximately 16,000 tons of CO<sub>2</sub> depending on the level of annual generation at that facility. Work began in 2009 on the verification and certification of greenhouse-effect gas reductions generated by the Ojos de Agua mini-hydroelectric plant during 2008, in the framework of the CDM. This emissions reduction reached 18,000 tons of CO<sub>2</sub> per year in the period. Important progress was also made in other initiatives within the CDM circuit, like the holding of public consultations and the validation of the Design Document Project (PDD) of the Canela II wind farm project and the preliminary version of the PDD was prepared for the Piruquina mini-hydroelectric plant (7.6 MW).





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# Technology and Innovation

Technology and innovation in Endesa Chile are one of the seven strategic pillars of its Corporate Sustainability Plan. That statement has meant the setting of concrete objectives and focuses for the company for which an innovation team, formalized in a management area, has been defined. ENDESA's technological plan collaborates positively in this development, determining actions aligned with the corporate strategic objectives, which affect the actions of the organization transversely.

The principal challenge for this area in the medium term is to arise awareness through it the whole organization with a culture, atmosphere and set innovation practices, supported by initiatives that motivate the expression of employees’ talents. There are specific incentives and formal recognition to the ideas of personnel at all levels, mechanisms that have worked, particularly in the production and process areas, which has led to a bank of innovative projects of significant value to the company. In order to encourage these objectives, training programs are held for all members of the company.

Endesa Chile has focused its efforts on new generation sources, which has led to the construction in Chile of the first combined-cycle plant (San Isidro), the incorporation of renewable energies like mini-hydroelectric or mini-hydro plants (Ojos de Agua) and the construction of the first wind farm in Chile connected to the SIC.

One of the area’s objectives is to search for and incorporate new technologies that improve production processes, like the development of the monitoring and diagnostics center (CMD) and the maintenance based on the condition project; the latter with a marked enfasis on technological progress and research that results in a substantial change in asset maintenance management.

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In the field of energy efficiency (EE), the organization’s efforts are committed through the publication of an EE policy which has materialized in operative efficiency programs, EE audits of plants and in specific projects like the application of technology to the lighting and air-conditioning system of our corporate building in Santiago.

In the area of scientific research, models were designed which were applied to unique predictive systems and the first potential wind-generation map of Chile was developed with satellite technology. Based on this, a water-flow prediction model is under development, derived from the melting of snows.

Part of the company’s strategic vision is the strong support of the personnel in the area of innovation through the constant incorporation of knowledge using e-learning or formation tools; for example, the reinforcement of the Technological Formation Center (CTF).

Endesa Chile maintains links with its principal stakeholders like its customers, end consumers, regulators, suppliers, research centers and universities. A network of collaboration in energy efficiency has been promoted with customers, which seeks to promote the transfer of knowledge and the detection of new opportunities for mutual collaboration.

Also, within the framework of knowledge management, is the contribution of the network of external specialists in technical subjects and technological trends for the electricity-generation sector. The CIDE (Endesa Innovation Circles) initiative is managed at the regional level, permitting the sharing of information with high standards of trust with high added value suppliers which, knowing the generator’s technological challenges, provide unique and innovative solutions.

In the area of research and academic work, Endesa Chile maintains links that have enabled it to develop expert support systems for the exploitation of plants. Along these lines are the links with the Innovation Club of the *Universidad Adolfo Ibáñez*, which promotes the exchange of experiences between more than thirty large Chilean companies that are seeking to improve their processes in this area.

In order to fulfill the objectives in the areas of technology and innovation, action plans have been focused on the following strategic lines:

- Promote the generation processes improvement with the application of new management tools.
- Promote technology activities in internal processes, with the application of analytical and artificial intelligence processing tools.
- Encourage research into alternative generation sources within the NCRE area.
- Promote management programs in energy efficiency in internal production processes, in those related to customers and in the communities close to the plants.
- Promote the adaptation of personnel to new technological challenges.

The formalization of the objectives is carried out through the development of a work program managed by the Technical Support and Technology Management , and which is directed by a Technology and Energy Efficiency Committee in which representatives of all areas of the company participate.

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Some of the more important projects are:

- Maintenance model development in condition in hydroelectric and thermal plants. With this, we seek to develop a generic model, determining the technology and investments that would be necessary to maintain a generating unit fully monitored for its operating condition. It is expected to install a first prototype at the Pehuenche and Tarapacá plants, and to evaluate the convenience of extending it to the rest of the Group.
- External management of knowledge. As a continuation of the project begun in 2007, it is expected to update the database developed at the time with respect to external knowledge available in the world so it can be useful for the different areas of maintenance in Latin America (in the electrical, mechanical-thermal, mechanical-hydraulic, civil and control areas). The expert knowledge required will be redefined, the companies and/or specialists that have it identified, and the collaboration processes and mechanisms with the different countries established, so that the specialists have fluid access to information. During 2009, agreements were reached to facilitate the knowledge availability in ten areas of engineering interest.
- Energy efficiency project in the corporate building. Application of the best practices and technologies aimed at reducing energy consumption of the Corporate Building in Santiago, considering the lighting and air-conditioning. It is believed that once the new technologies are implemented, the building will achieve a 60% saving of its current consumption.
- Increase in efficiency of runners in hydroelectric plants. The objective is to increase the current performance of the turbines, obtaining a technically-acceptable functioning through the whole operation range, increasing reliability and prolonging the useful life of the asset. These should therefore be replaced by others of improved design, that permit a higher generation from the same turbined waterflow.
- Personnel training plan. Endesa Chile's Energy Efficiency Manual was published, designed to explain general aspects of the subject as a contribution to reducing energy demand and energy's contribution to environmental problems such as climate change, and collaborating in the training of thermal-plant personnel, mainly in aspects of operative efficiency.

## CHALLENGES

The goal for the next years in these areas is to extend the excution capabilities of work programs, taking advantage of existing synergies.

Similarly, and based on a diagnosis, revitalize the innovation program, considering the strengths and room for improvements detected.





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Ownership of the Company  
and Stock Market Transactions

OWNERSHIP OF THE COMPANY

The company's share capital as of December 31, 2009 is divided into 8,201,754,580 subscribed and paid shares distributed among 19,252 shareholders.

TWELVE LARGEST SHAREHOLDERS			
Name	Id No.	No. of Shares	% holding
Enersis S.A. [1]	94,271,000-3	4,919,488,794	59.98%
AFP Provida S.A.	98,000,400-7	448,134,058	5.46%
AFP Habitat S.A.	98,000,100-8	406,740,382	4.96%
Citibank N.A., according to SVS Circular 1375	97,008,000-7	402,077,970	4.90%
AFP Capital S.A.	98,000,000-1	342,320,816	4.17%
AFP Cuprum S.A.	98,001,000-7	248,288,934	3.03%
Banco de Chile,on behalf of third parties	97,004,000-5	119,175,463	1.45%
BanChile Corredores de Bolsa S.A.	96,571,220-8	89,783,635	1.09%
Banco Itaú,on behalf of investors	76,645,030-K	74,694,975	0.91%
Banco Santander, on behalf of foreign investors	97,036,000-K	53,485,722	0.65%
Bolsa Electrónica de Chile Bolsa de Valores	96,551,730-K	52,512,079	0.64%
AFP Planvital S.A.	98,001,200-K	49,685,740	0.61%
Total		7,206,388,568	87.86%

[1] Enersis S.A. is a subsidiary of Endesa Latinoamérica, S.A., a Spanish company controlled 100% by the Spanish parent ENDESA, S.A.

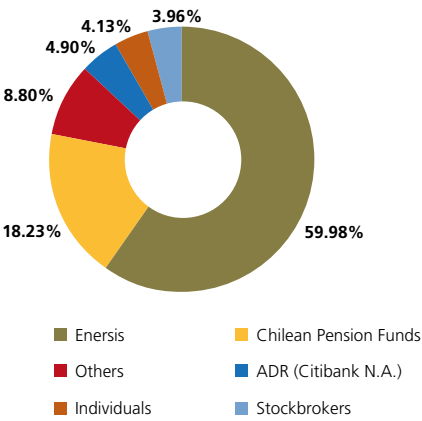
Enersis S.A. is the controller of Endesa Chile, with a direct 59.98% shareholding. Enersis S.A. has no agreement to act together.

There were no share transactions in 2009 by the company's major shareholders.

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OWNERSHIP STRUCTURE



## CHANGES IN OWNERSHIP

The most important changes in ownership of Endesa Chile during 2009 were as follows:

- CITIBANK N.A., by SVS Circular 1375, reduced its holding from 5.49% in 2008 to 4.90% in 2009.
- AFP PROVIDA S.A. reduced its holding from 6.47% in 2008 to 5.46% in 2009.
- AFP HABITAT S.A. increased its holding from 4.81% in 2008 to 4.96% in 2009.
- AFP CAPITAL S.A. reduced its holding from 4.55% in 2008 to 4.17% in 2009.
- AFP CUPRUM S.A. reduced its holding from 3.53% in 2008 to 3.03% in 2009.
- Banco de Chile, on behalf of third parties, reduced its holding from 2.12% in 2008 to 1.45% in 2009.
- BANCHILE Corredores de Bolsa S.A. increased its holding from 0.93% in 2008 to 1.09% in 2009.
- Banco Itaú, on behalf of investors, increased its holding from 0.55% in 2008 to 0.91% in 2009.

## TRANSACTIONS OF ENDESA CHILE SHARES MADE BY DIRECTORS AND SENIOR EXECUTIVES OF THE COMPANY

There were no transactions of Endesa Chile shares in 2008 and 2009 by directors and senior executives of the company.

## SUMMARY OF SHAREHOLDERS’ COMMENTS AND PROPOSALS

The company received no comments regarding to the progress of the corporate business during 2009 from majority shareholders or groups of shareholders holding at least 10% of the issued shares with voting rights, in accordance with the provisions of article 74 of Law 18,046 and articles 82 and 83 of the regulations to the Corporations Law, nor from the Directors’ Committee.

## MARKET INFORMATION

During the last two years, Endesa Chile shares have shown a high performance in the markets on which they are traded, even under the complex economic environment that characterized the period.



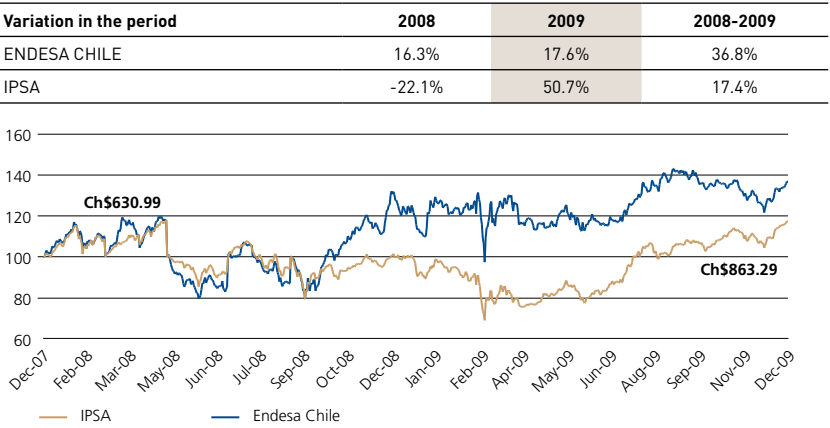


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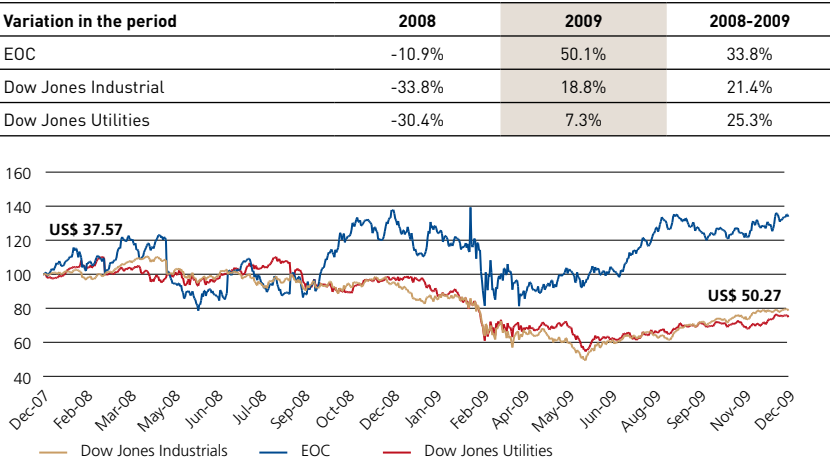
SANTIAGO STOCK EXCHANGE

The following graph shows the variation of the Chilean shares of Endesa Chile during the last two years, compared to the Selective Stock Price Index (IPSA):



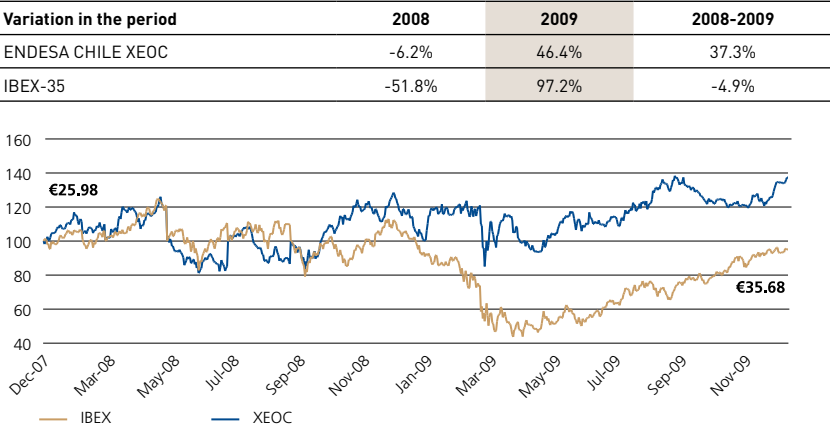
NEW YORK STOCK EXCHANGE (NYSE)

The following graph shows the behavior of the ADRs of Endesa Chile listed on the NYSE (EOC), compared to the Dow Jones Industrial and Dow Jones Utilities index over the last two years.



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

The following graph shows the behavior of the Endesa Chile’s shares (XEOC) listed on the Madrid Stock Exchange (Latibex) over the last two years compared with IBEX index.



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## MARKET TRANSACTIONS

### TRANSACTIONS ON THE CHILEAN STOCK EXCHANGES

During 2009, 1,475 million shares of Endesa Chile were traded on the Santiago Stock Exchange, for a value of Ch\$1,184,845 million, and 213 million shares were traded on the Chilean Electronic Exchange, valued at Ch\$176,076 million. 6.3 million shares were also traded on the Valparaiso Stock Exchange, for a total amount of Ch\$5,111 million.

Endesa Chile’s share closed 2009 at a price of Ch\$863.29 on the Santiago Stock Exchange, Ch\$864.50 on the Electronic Exchange and Ch\$859.00 on the Valparaiso Stock Exchange.

### TRANSACTIONS ON THE NEW YORK STOCK EXCHANGE (NYSE)

In the United States, 38.2 million Endesa Chile ADRs were traded in 2009, for a value of US\$ 1,658.12 million. One ADR represents 30 shares in Endesa Chile. The ADR price of Endesa Chile closed the year at US\$ 50.27.

### TRANSACTIONS ON THE MADRID STOCK EXCHANGE (LATIBEX)

In 2009, 377,956 Endesa Chile trading units were traded on the Latin American Securities Market of the Madrid Stock Exchange (Latibex) for a value of 11.7 million. A trading unit represents 30 company shares. The closing trading unit price at the end of the year was 35.68.



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## QUARTERLY MARKET INFORMATION FOR LAST THREE YEARS

Santiago Stock Exchange			
Quarter	Units Traded	Amount Traded (Ch\$)	Average Price (Ch\$)
1st Quarter 2007	306,879,541	216,501,794,348	705.49
2nd Quarter 2007	344,697,663	284,839,875,135	826.35
3rd Quarter 2007	377,158,846	282,912,945,068	750.12
4th Quarter 2007	572,973,909	392,460,529,251	684.95
1st Quarter 2008	490,571,211	299,444,828,353	610.40
2nd Quarter 2008	397,007,148	298,615,080,749	752.17
3rd Quarter 2008	308,891,942	240,360,527,065	778.14
4th Quarter 2008	543,383,717	407,554,225,600	750.03
1st Quarter 2009	447,013,386	329,787,457,532	737.76
2nd Quarter 2009	324,825,960	258,296,691,935	795.18
3rd Quarter 2009	309,797,829	270,026,978,883	871.62
4th Quarter 2009	393,553,068	326,733,507,128	830.21

Bolsa Electrónica de Chile			
Quarter	Units Traded	Amount Traded (Ch\$)	Average Price (Ch\$)
1st Quarter 2007	62,775,765	44,612,124,365	710.66
2nd Quarter 2007	50,911,379	42,321,730,211	831.28
3rd Quarter 2007	88,645,262	66,387,145,344	748.91
4th Quarter 2007	112,003,418	77,750,108,734	694.18
1st Quarter 2008	102,476,275	62,215,802,610	607.12
2nd Quarter 2008	65,043,033	48,701,907,192	748.76
3rd Quarter 2008	63,328,136	49,145,008,217	776.04
4th Quarter 2008	68,820,323	50,494,636,859	733.72
1st Quarter 2009	32,670,159	24,264,764,478	742.72
2nd Quarter 2009	46,930,229	37,906,412,950	807.72
3rd Quarter 2009	48,022,917	42,193,871,497	878.62
4th Quarter 2009	85,083,517	71,711,309,637	842.83

Valparaíso Stock Exchange			
Quarter	Units Traded	Amount Traded (Ch\$)	Average Price (Ch\$)
1st Quarter 2007	1,279,873	913,050,311	713.39
2nd Quarter 2007	599,905	485,289,569	808.94
3rd Quarter 2007	776,176	570,912,973	735.55
4th Quarter 2007	655,236	443,844,161	677.38
1st Quarter 2008	501,223	275,657,256	549.97
2nd Quarter 2008	293,791	220,362,868	750.07
3rd Quarter 2008	196,823	147,578,523	749.80
4th Quarter 2008	1,193,613	881,567,691	738.57
1st Quarter 2009	645,361	489,305,421	758.19
2nd Quarter 2009	3,493,136	2,762,398,145	790.81
3rd Quarter 2009	764,634	664,524,204	869.08
4th Quarter 2009	1,426,791	1,194,517,595	837.21

New York Stock Exchange (NYSE)			
Quarter	Units Traded	Amount Traded (Ch\$)	Average Price (Ch\$)
1st Quarter 2007	4,877,941	191,173,435	39.29
2nd Quarter 2007	8,226,297	385,486,351	46.55
3rd Quarter 2007	9,031,700	393,279,422	43.59
4th Quarter 2007	7,901,232	334,816,414	42.03
1st Quarter 2008	7,063,600	276,754,247	39.68
2nd Quarter 2008	5,027,000	241,283,866	47.91
3rd Quarter 2008	6,047,805	272,282,869	44.82
4th Quarter 2008	11,619,992	412,345,314	35.74
1st Quarter 2009	10,235,274	375,399,388	36.79
2nd Quarter 2009	10,794,476	454,701,639	42.17
3rd Quarter 2009	6,674,199	321,194,067	48.04
4th Quarter 2009	10,524,682	506,828,213	48.04



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# Investment and Financing Policy

The Ordinary Shareholders` Meeting held on April 22, 2010 approved the following investment and financing policy:

## INVESTMENT POLICY 2010

During 2010, the Company will make investments as established in its bylaws in the following investment areas, indicatingin each case the maximum limit.

### 1. ELECTRICITY GENERATION

The maximum limit shall be considered as the necessary investment for the company to meet its main objectives (production, transmission, distribution and supply of electricity) with a limit equivalent to 15% of the shareholders’ equity of Endesa Chile’s consolidated statements of financial position as of December 31, 2009.

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## 2. CAPITAL CONTRIBUTIONS TO SUBSIDIARY AND RELATED COMPANIES

Contributions will be made to subsidiaries and associates in Chile and abroad, in order to make the necessary investments that will allow them to carry out their projects and take part in the activities necessary to accomplish their respective corporate purpose.

The global maximum investment limit in all subsidiaries and related companies in Chile and abroad for 2010 shall be the equal to 15% of the shareholders’ equity of Endesa Chile’s consolidated statements of financial position as of December 31, 2009.

## 3. OTHER INVESTMENTS

- 3.1

Financial assets, titles, rights, securities, real estate, investments in companies, and constitution of subsidiaries and related companies as set out in the bylaws, in order to perform investments in the electricity sector. The maximum investment limit shall be that necessary for seizing business opportunities, with a maximum of 15% of the shareholders’ equity of Endesa Chile’s consolidated statements of financial position as of December 31, 2009.
- 3.2.

Financial assets, titles, rights, securities, real estate, investments in companies and constitution of subsidiaries and related companies as set out in the bylaws, to develop projects and operations or activities related to industrial processes in order to obtain energy sources, and in those where electricity is an essential and determinant element and is intensively used in the process. The maximum investment limit shall not exceed 5% of the shareholders’ equity of Endesa Chile’s consolidated statements of financial position as of December 31, 2009.

## INVESTMENTS IN FINANCIAL INSTRUMENTS

Endesa Chile will invest in financial instruments in accordance with the portfolio selection and diversification criteria set out by the company’s management, in order to optimize the return on its cash surpluses.

Within the framework approved by the Ordinary Shareholders’ Meeting, the board should define the specific investments in works and studies to be carried out by the company, its amounts and financing methods, and will adopt the corresponding measures for controlling such investments.



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## FINANCING POLICY 2010

The company’s financing policy considers that the level of debt, defined as the ratio of total liabilities to shareholders’ equity in the consolidated statements of financial position, should not exceed 2.20:1. Funding will come from the following sources:

- Own resources.
- Supplier credits.
- Loans from banks and financial institutions.
- Placement of securities in domestic and international markets.
- Proceeds of assets sales and/or services provided by Endesa Chile.

## OTHER MATTERS

In order to carry out the investment and financing policy, the company’s management shall have sufficient powers to enter into and amend contracts for the purchase, sale or rental of goods and services necessary for the development of the company’s own businesses, within the applicable legal framework, following the market conditions prevailing in each case with goods and services of a similar kind, quality and characteristics. Accordingly, the management shall also be authorized to cancel obligations arising from these contracts, according to the law, when convenient for the corporate interest.

Under the provisions of article 120 of Decree Law N° 3,500, the disposal of assets or rights that are declared in these policies as essentials for the company’s functioning, and the granting of guarantees over them, should be resolved by an Extraordinary Shareholders’ Meeting. In compliance with article 119 of that law, the following assets are declared as essential for the normal operation of the company:

- The generation plants and emergency and reserve units with a capacity of over 50 MW, in operation or under construction, owned by the parent company or its subsidiaries.
- The shares held by Endesa Chile in Empresa Eléctrica Pehuenche S.A., Empresa Eléctrica Pangue S.A., Endesa Argentina S.A., San Isidro S.A., Celta S.A., Endesa Eco S.A. and Generandes Perú S.A., meaning a minimum holding of at least 50.1% of the subscribed and paid shares of those companies.

An Extraordinary Shareholders’ Meeting should also approve the granting of guarantees to cover third-party obligations, except when such obligations are assumed by subsidiaries, in which case the approval of the Board shall be sufficient.



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# Operating Summary of Endesa Chile, Subsidiaries and Jointly-Controlled Companies

The main activities of Endesa Chile, its subsidiaries and jointly-controlled companies are related to the generation and sale of electricity and also the sale of consulting and engineering services of all kinds. Endesa Chile and subsidiaries operate 181 units in four Latin American countries, with a total installed capacity of 13,474 MW. If 50% of the capacity of the Atacama plant is included, of the jointly-controlled company GasAtacama, it has 184 units with an installed capacity of 13,864 MW (1).

In Argentina, through Endesa Costanera and Hidroeléctrica El Chocón, it operates a total of 3,652 MW capacity which represents 14% of the total capacity on the Argentine electricity grid.

Endesa Chile is the principal electricity generator in Chile and one of the country’s largest companies. It operates a total of 5,650 MW of capacity, representing 37% of the country’s installed capacity. The 61.3% of the installed capacity of Endesa Chile, subsidiaries and jointly-controlled companies is hydroelectric, 37.3% thermal and 1.4% wind generated. The company participates in the Central Electricity Grid (SIC), Chile’s main electricity system covering approximately 93% of the population, from Taltal to Chiloé. The company and its Chilean subsidiaries and jointly-controlled companies have a total installed capacity of 5,078 MW on this grid, representing approximately 45% of the SIC. The company also participates in the Northern Electricity Grid (SING) through its subsidiary Celta and indirectly through the jointly-controlled company GasAtacama Chile S.A., supplying several mining companies. The installed capacity of Celta on the SING is 182 MW, representing 5% of the grid. With the inclusion of GasAtacama Chile, in which Endesa Chile has a 50% holding, the installed capacity on the SING is 16%.

In Colombia, through Emgesa, it operates a total of 2,895 MW of capacity, representing 21% of Colombia’s installed capacity.

In Peru, through Edegel, it operates a total of 1,667 MW of capacity, representing 29% of the Peruvian grid.

Endesa Chile also participates in the Brazilian generation, transmission and distribution markets through its associate company *Endesa Brasil*, jointly with Enersis and the Spanish parent ENDESA, S.A. Endesa Brasil has 987 MW of installed capacity through *Cachoeira Dourada* and *Endesa Fortaleza*, plus two transmission lines with a total installed capacity of 2,100 MW, through CIEN. Endesa Chile operates the generation assets of Endesa Brasil.

[1]Until 2008, the annual financial statements were prepared according to accounting principles generally accepted in Chile. Effective 2009, the financial statements have been prepared according to International Financial Reporting Standards. The financial statements for 2008 were also presented under the new standards. As a result of this change, GasAtacama, a jointly-controlled company in which Endesa Chile has a 50% shareholding, became consolidated in the proportion that Endesa Chile holds of the share capital. 50% of the generating capacity and energy sales of the Atacama plant are therefore included in 2008 and 2009.



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INSTALLED CAPACITY, GENERATION AND ENERGY SALES OF ENDESA CHILE, SUBSIDIARIES AND JOINTLY-CONTROLLED COMPANIES		
Installed capacity (MW) (1)	2008	2009
Argentina	3,652	3,652
Chile (2)	5,283	5,650
Colombia	2,895	2,895
Peru	1,467	1,667
TOTAL	13,297	13,864
Electricity Generation (GWh) (3)	2008	2009
Argentina	10,480	11,955
Chile (2)	21,267	22,239
Colombia	12,905	12,674
Peru	8,102	8,163
TOTAL	52,754	55,030
Electricity Sales (GWh)	2008	2009
Argentina	11,098	12,405
Chile (2)	21,532	22,327
Colombia	16,368	16,806
Peru	8,461	8,321
TOTAL	57,458	59,859

(1) Capacities certified by Bureau Veritas. These figures result from the maximum capacities determined by the operating standard Endesa Chile´s No.38 "Standard for defining maximum capacity of Endesa Chile's hydroelectric and thermal plants". They correspond to the maximum design capacity of the generating units, most corroborated with contractual guarantees satisfaction tests made by the supplier of this generating equipment. In some cases, the maximum capacity values certified may differ from the capacity declared to the regulatory authorities and customers in each country, as a function of the criteria defined by those levels and to the satisfaction of the pertinent contractual marks. The firm Bureau Veritas carries out the certification of the Chilean and international standards related to matters of quality,environment, safety and social responsibility.

(2) Until 2008, the annual financial statements were prepared according to accounting principles generally accepted in Chile. Effective 2009, the financial statements have been prepared according to International Financial Reporting Standards. The financial statements for 2008 were also presented under the new standards. As a result of this change, GasAtacama, a jointly-controlled company in which Endesa Chile has a 50% shareholding, became consolidated in the proportion that Endesa Chile holds of the share capital. 50% of the generating capacity and energy sales of the Atacama plant are therefore included in 2008 and 2009.

(3) Relates to total generation less own consumption.

## DESCRIPTION OF THE INDUSTRIAL SECTOR

Endesa Chile, its subsidiaries and jointly-controlled companies participate in the generation and sale of electricity in four countries, each of which has a regulatory framework, energy matrices, a number of participants and different growth patterns and consumption levels. The following is a brief summary of the principal laws that regulate the business, the size of the market and the principal players, for each country in which the company operates.

### ARGENTINA

Law 24,065 of January 1992, the Argentine Electricity Law, divides the electricity industry into three sectors: generation, transmission and distribution. The generation sector is organized on the basis of independent producers that compete in selling their production on the Wholesale Electricity Market (MEM) or under private contracts with other parties. The transmission sector is made up of companies that transmit the electricity from the points of generation to those of the consumers on the basis of a free-access system. Distribution companies can buy electricity under contracts or on the MEM.



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The Argentine dispatch system includes Compañía Administradora del Mercado Mayorista Eléctrico, (CAMMESA), an entity responsible for the dispatch which coordinates mainly the economic operation of the system. The National Electricity Regulating Entity (ENRE) is responsible for controlling and checking compliance with the regulations in the sector. The Secretary of Energy (SE) is the entity responsible for setting policies, rules and procedures governing the energy sector, particularly electricity.

Generation companies sell their energy to distribution companies and other large customers at the MEM through contracts. There are three kinds of price: contractual, seasonal and spot. Contractual prices are freely agreed between the parties. Seasonal prices are calculated by CAMMESA every six months and sanctioned by the Secretary of Energy, and are those that distribution companies must pay when buying in the wholesale market. Finally, the spot price is used to price transactions between generators for supplying their generation surpluses or deficits to cover their contractual commitments.

In addition to remuneration for sales of energy, generation companies receive a payment for power based on the capacity made available to the system at certain hours of the day and the base capacity calculated by CAMMESA for each annual period (May-April).

Following the crisis of 2001, which led to the enactment of the Economic Emergency Law of 2002 and which, with its latest extension, continued in force until December 2009, the electricity market has had to face a series of modifications introduced by the State to end convertibility and avoid tariff increases. The principal measures, as stated in Resolution 240/2003, include the definition of a maximum spot price and establish cover for operating costs for thermal plants that operate with oil-based fuels; and Resolution 406/2004 which gives priority to the payments that CAMMESA has to make to generators as a function of the receipts obtained from the regulated tariffs paid by distributors. These measures were taken on a provisional basis but still remain in force.

As of December 2009, installed capacity of the MEM amounted to 27,044 MW, of which 38.9% was hydroelectric capacity. Peak demand in 2009 was 19,566 MW and annual consumption reached 104,592 GWh. Demand declined by 1.3% compared to 2008.

Endesa Chile, through its subsidiaries *Endesa Costanera S.A.* and *Hidroeléctrica El Chocón S.A.*, is one of the principal operators in generation in Argentina, with 13.5% of total installed capacity on the MEM and 11.9% in terms of energy sales in 2009. In addition, Endesa Chile, through its subsidiaries, has holdings of 5.51% and 15.35% respectively in companies responsible for the construction of two new combined-cycle plants, coordinated by FONINVEMEN.

Other important operators in this market are Sadesa, AES, Pampa Energía, Pluspetrol and Petrobrás.

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## Electricity Market

Following the market interventions and the difficulty in promoting investments in infrastructure by the private sector, the Secretary of Energy decreed a series of regulations for promoting and facilitating the installation of new generation projects in the short term, including:

- Resolution MEYP No.728/2004 (art. 8) which defines that infrastructure projects identified as critical for the development of the country’s economy shall have special treatment, taking into consideration those for the generation, transmission and distribution of electricity.
- Resolution S.E. 712/2004, and then Resolution S.E. 564/2007, which called on private-sector creditors of the MEM to formally indicate their decision to participate in the investment fund necessary for increasing electricity supplies on the wholesale market (FONINVEMEM) through the contribution of 50% of all sales settlements between 2005 and 2007 with maturities to be defined. With these funds, two combined-cycle thermal plants have started up, these being the General Manuel Belgrano and General San Martín plants, which entered the MEM operating in open cycle in the first half of 2008, with an installed capacity of 1,125 MW. On January 7 and February 2, 2010 respectively, the Manuel Belgrano and José de San Martín combined-cycle thermal plants started operating commercially, with which both plants reached a total installed capacity of 1,700 MW.
- Resolutions S.E. 1215/2007, 1359/07, 2017/07 and 2018/07 declare the new works presented as being “Critical Infrastructure Works”.
- Resolutions S.E. 220/2007 (extended by Res. 200/2009) and 724/08, that permit CAMMESA to sign supply contracts at special prices to enable the installation of new generation plants or the expansion or repowering of existing ones.
- Resolution S.E. 762/2009, which creates the national program of hydroelectric works and whose main purpose is to encourage and sustain the construction of hydroelectric plants, whose term will be that necessary to permit the completion of all the works incorporated in the program.

## Gas market

The following should be mentioned regarding to the supply of natural gas in the system:

- The Argentine government has introduced a series of measures for raising the domestic availability of natural gas, which includes promoting an increase in domestic production, motivating new investments in exploration and production, promoting expansion in energy transmission and distribution, and signing agreements for imports of natural gas. Regarding the aforementioned, in October 2006 the Bolivian and Argentine governments entered into a natural gas supply contract between YPFB and Enarsa valid until 2026. Although this contract calls for small volumes in the first years, of around 7.7 million m³ per day to ensure compatibility with the existing transportation infrastructure during 2007 and 2008, Bolivia has experienced difficulties in supplying Argentina while Brazil increased



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its contracted demand (as occurred in the second half of 2008 when average gas imports from Bolivia were around 2.0 million m<sup>3</sup> per day). For the subsequent years, the contract between Bolivia and Argentina calls for larger volumes that reach 27.7 million m<sup>3</sup> per day from 2010.

- In May 2008, Enarsa began injections of liquefied natural gas (LNG) through re-gasification ships from Trinidad and Tobago to Bahía Blanca, which has meant average imports for approximately 4 million m<sup>3</sup> per day. During 2009, LNG imports continued, reaching volumes around 770 million m<sup>3</sup> in winter.
- CAMMESA supplies liquid fuel to the thermal plants on the MEM in order to make up for the restrictions on gas supplies that significantly affected the plants during the winter.
- Regarding supplies for the plants in Argentina, it is important to note that, with the coming into force of Resolution S.E 599/2007, which ratifies the proposed agreement between natural gas producers and the government for meeting Argentina’s domestic demand during the period 2007-2011, negotiations began with various producers to contract supplies for Central Costanera, in order to reach agreements for monthly supplies.
- In July 2009, the gas producers signed a memorandum of agreement with the Ministry of Planning in which a tariff review is granted. In the case of gas for the electricity sector, it implies an increase of about 30% between July and December 2009.

## CHILE

The electricity sector in Chile is regulated by the General Electricity Services Law contained in Ministry of Mining Decree Law No.1 of 1982 and its corresponding regulations contained in Decree 327 of 1998, whose modifications are restated in Decree Law 4/20,018 of May 12, 2006. Three government entities are responsible for the application and compliance with the law: the National Energy Commission (CNE), which has the authority to propose the regulated tariffs (node prices) and to prepare indicative plans for the construction of new generating units; the Superintendency of Electricity and Fuels (SEC), which regulates and checks compliance with the laws, regulations and technical standards for electricity generation, transmission and distribution, liquid fuels and gas; and lastly, the Ministry of Economy, which reviews and approves the tariffs proposed by the CNE and regulates the granting of concessions to generating, transmission and distribution companies based on a report from the SEC. The law also establishes the creation of a panel of experts whose primary role is to resolve disputes between electricity companies.

According to the electricity law, companies involved in generation on a grid must coordinate their operations through the Economic Load Dispatch Center (CDEC) in order to operate the system at minimum cost while preserving service safety. The CDEC therefore plans and operates the system, including the calculation of marginal cost, price at which transfers of energy between generators are set.

The energy generation decision of each company is therefore dependent on CDEC’s operating plan. Each company in turn can freely decide whether to sell its energy to regulated or unregulated customers. Any surplus or deficit between



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their sales to customers and their generation is sold or bought to/from other generators at marginal cost.

A generation company may have the following kinds of customers:

- (i) **Regulated customer:** Relates to residential consumers, offices, small and medium-sized industries with a connected capacity of no more than 2,000 kW and which are located within the concession area of the distribution company. The transfer price between generators and distributors, corresponding to the result of tenders being carried out according to current regulations, is applied to this consumption. From 2010, the prices resulting from the tenders carried out between 2006 and 2009 will start to apply, although for 2009 the node price continued to be the maximum price that generators can charge to distributors and which is calculated every six months (in April and October), based on a report prepared by the CNE on the basis of projections of the marginal costs expected in the electricity system in the following 48 months in the case of the SIC and 24 months in the case of the SING.
- (ii) **Unregulated customer:** Relates to customers having a connected capacity above 2,000 kW, mainly industrial and mining companies. These can negotiate electricity supply prices freely with generation and/or distribution companies. Customers with capacity of between 500 and 2.000 KW have the option to contract energy at prices to be agreed with their suppliers or continue being subject to regulated prices.
- (iii) **Spot market:** Relates to energy and capacity transactions between generation companies that result from the coordination made by the CDEC for achieving the economic operation of the system and the surpluses/ deficits of their production with respect to their commercial commitments. They are transferred via sales/purchases to other generating members of the CDEC; in the case of energy, at marginal cost, and for capacity, transfers are valued at the corresponding node price fixed biannually by the authority.

Payment for the capacity of each generator in Chile is based on a calculation made centrally and annually by the CDEC, from which the firm capacity of each plant is obtained. This value is independent of its dispatch.

Effective 2010, the enactment of Law 20,018 requires distribution companies to have permanent supplies available to meet all their demand, for which they should arrange tenders for long-term contracts. During the period 2006-2008, various distribution companies have arranged tenders and signed supply contracts for approximately 25,000 GWh/year. These contracts have a 10-year term approximately and cover around 86% of the regulated demand forecast for year 2011.

The principal regulatory changes in 2008 and 2009 were:

- a) Law 20,258, enacted in March 2008, established the refund of the specific tax on diesel oil in favor of generating companies until 2011.
- b) Law 20,257, enacted in April 2008, which promotes the use of Non-Conventional Renewable Energies (NCRI). The principal aspect of this regulation is that it obliges generators to ensure that at least 5% of the



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energy sold comes from these renewable sources between 2010 and 2014, then increasing progressively by 0.5% annually from 2015 to 2024 when it will reach 10%.

- c) In August 2008, the government sent to Congress Short Law III. The text incorporates the participation of a panel of experts in various instances in the tariff-setting process of distribution companies and a mechanism for resolving differences between the private entities and the sector authority.
- d) Law 20,304, published in the Official Gazette in December 2008, regulates the operation of reservoirs in the event of flooding alerts and emergencies. The law authorizes the General Waters Authority (DGA), an entity reporting to the Ministry of Public Works (MOP), to require hydroelectric plants to have an operating manual for flooding events. Fines for breaches could amount to 6,000 Annual Tax Units (UTA).
- e) Law 20,339, published in the Official Gazette on April 3, 2009, incorporates liquefied natural gas (LNG) into the Oil-Derivative Fuel Prices Stabilization Fund (FEPCO). The objective of the mechanism is to balance relative prices between LNG and liquefied petroleum gas (LPG) and diesel oil. A tax is established or a credit made to LNG, whose amount per cubic meter will be equal to the tax/credit for the same period applicable to the cheaper fuel in energy units between LPG and diesel oil. The publication of the corresponding regulation is pending.
- f) On June 19, 2009, the president issued a presidential order creating the inter-ministerial committee on hydric policy. The purpose of this committee is to prepare a proposal containing the outlines of a long-term national water resources policy promoting its efficient and sustainable use and the preservation of the environment. It should also consider outlines for adapting the legal framework to the current domestic and international hydric conditions.
- g) The government announced in September 2009 that it will send a bill so that companies connecting to the new generating-unit systems with a capacity of over 200 MW (whether the SIC or SING), pay a specific municipal tax of 270 UTM/MW, to be made in 10 annual payments and which can be deducted from taxes.
- h) The new safety and service quality technical standard was published in the Official Gazette on October 16, 2009, becoming effective on December 16, 2009. This standard raises the requirements of the data control and acquisition system and sets standards of unavailability for generation units.
- i) On November 25, 2009, the president enacted Law 20,402 which creates the Ministry of Energy. This new ministry will group together the CNE, SEC and the Chilean Unclear Energy Commission. The president was also authorized to create the Chilean Energy Efficiency Agency.
- j) Ministry of Finance Decree 1,197, published on November 11, 2009 in the Official Gazette, adapts the customs regulations and authorizes the export of LNG to other countries in the region. This decree established that residential gas has the same treatment as other merchandise in transit, which means that if it is sold to other countries, it will be duty free. It remains for the Argentine government to adapt their regulations.



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- k) Resolution 1278/09, published on December 1, 2009 in the Official Gazette, establishes regulations for the proper implementation of Law 20,257, concerning the generation of electricity from NCRI sources.

Endesa Chile, as part of its strategy for ensuring reliable and varied sources of energy, is taking an active part in the initiative promoted by the government to increase the diversification of the energy matrix through the Quintero LNG project, with a 20% shareholding in the re-gasification terminal, together with ENAP, Metrogas and British Gas, the latter being the gas supplier. On June 29, the first methane tanker arrived in Chile with LNG which began the terminal’s first tests, entering into operation on September 12, 2009. In this first period, called fast track, the terminal has a maximum delivery capacity of 4.8 million m³ per day, which will increase to 9.6 million m³ per day in mid 2010.

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

The SIC, the principal system, is 2,400 km. long, linking Taltal in the north with Quellón, on Chiloé Island, in the south. With a firm installed capacity in 2009 of 11,408 MW, 45.9% corresponds to hydroelectric, 53.4% to thermal and 0.7% to wind powered capacity. Peak demand on the SIC in 2009 was 6,145 MW and sales amounted to 39,401 GWh, representing a decrease of 0.5% compared to 2008.

Endesa Chile, acting directly and through its subsidiaries Pehuenche, Pangué, San Isidro and Endesa Eco, is the principal operator on this system, with 44.5% of total installed capacity and 49.3% of energy sales in 2009. Other important operators in this market are AES Gener and Colbún.

The subsidiary Endesa Eco is the first company to connect a wind-farm to the SIC with the inauguration in December 2007 of the Canela project. It is located in the village of Canela, in Coquimbo Region, and consists of 11 wind generators which together have an installed capacity of 18 MW. During December 2009, the second stage of this plant, Canela II, started operating, with 40 wind generators and a total of 60 MW. In addition, this subsidiary connected to the SIC its Ojos de Agua mini-hydroelectric plant, situated in the valley of the Cipreses river in the Region of Maule, with an installed capacity of 9 MW.

The SING covers the north of the country, from Arica to Coloso in the south, is 700 km long. This grid, with an installed capacity at December 2009 of 3,688 MW, is 99.7% thermal generated. Peak demand on the SING in 2009 was 1,900 MW and energy sales reached 13,656 GWh, representing an increase of 3.3% over the previous year.

Endesa Chile, acting through its subsidiary Celta S.A. and the jointly-controlled company GasAtacama Chile S.A., is an important operator on the SING, with 15.5% of the total installed capacity and 21.1% in terms of energy sales in 2009. These percentages include 50% of the capacity and energy sales of GasAtacama, as required by International Financial Reporting Standards in force since 2009.

Other important operators in this market are Electroandina S.A., Norgener S.A. and Edelnor S.A.



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## COLOMBIA

Two legal entities regulate the electricity business in Colombia: Law 142 of 1994 sets the regulatory framework for the supply of public residential services including electricity, and Law 143 of 1994 (the Colombian Electricity Law) establishes a regulatory framework for the generation, trading, transmission and distribution of electricity.

The generation sector is organized on a competitive model where companies sell their production on an energy exchange at spot prices or under contracts freely negotiated with other exchange participants and unregulated customers, which are those with an installed capacity of over 100 KW or whose average monthly consumption is more than 55 MWh. In December 2009, consultative resolution CREG 179-2009 was issued which would reduce the limits for the contracting of energy on the competitive market gradually, i.e. i) from January 1, 2011 to 65 kW or 35 MWh, ii) from January 1, 2012 to 37 kW or 20 MWh, and iii) from January 1, 2013 to 19 kW or 10 MWh. This resolution is available for comment during two months.

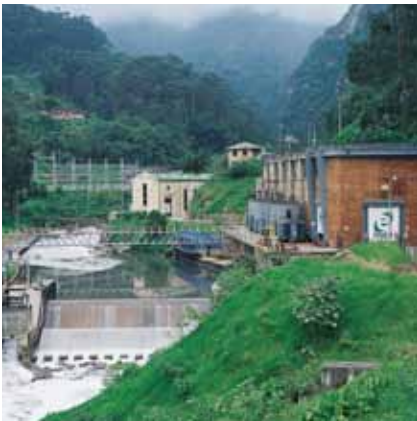
Electricity purchases and sales may be made between generators, distributors, traders and unregulated customers. However, the CREG has been working since 2004 on a proposal to modify the contracting procedures in the Colombian market to an electronic contracts system called Regulated Organized Market (MOR). In 2008 and 2009, the CREG published various consultative documents and resolutions on this subject and a definitive resolution is expected for the first half of 2010.

Since December 1, 2006, generators receive a charge for reliability where the amount to be paid to each plant depends on an individual optimization model related to the real capacity available at each plant. The price was initially defined by the authority at U\$ 13.05 per MWh with annual indexation until November 2012. Starting December 2012, the assignment of energy and prices will be defined in auctions. The first auction was held in May 2008 to determine the Firm Energy Obligations for the period from December 2012 to November 2013. The closing price was US\$ 14.00 per MWh and the assignment was for 20 years from December 1, 2012. No firm energy auctions were held during 2009.

The National Dispatch Center (CND) receives availability and price offers daily from the generators participating on the exchange. Based on these offers, the CND determines the real dispatch, incorporating the unsecured generation required for safety reasons and/or limitations on the transmission networks. Excess costs for unsecured generation are paid by consumers through the trading companies at a price that is independent of the offers made by the plants involved. On the other hand, the Administrator of the Trading Exchange System (ASIC) makes an ideal economic dispatch of the units and determines the exchange price that is equal to the price offered by the most expensive unit required to supply demand on an hourly basis. Between February and December 2009, information on participants’ offers, the generating dispatches of all the generating plants and the nominations of natural gas were defined confidentially for a period of three months, by Resolutions CREG 006-2009 and CREG 015-2009. In October 2009, the restriction was lifted on dispatch information (Resolution CREG 127-09) and on the nominations of gas and, in December 2009, the restriction on bidding information was lifted.

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The trading activity established in the regulations allows participants that buy energy on the exchange to resell it to end users. Prices with unregulated customers are agreed freely between the parties. Trading with regulated customers is subject to maximum charge regulations established by the CREG for each trader. The unit cost of providing the service to the regulated end-user is calculated taking into account the high-tension transmission, distribution, trading and generation charges.

In May 2009, the creation was announced of an energy-derivatives market in Colombia, promoted by the Colombia Stock Exchange and XM *Compañía de Expertos en Mercados S.A. E.S.P.* This initiative is called Derivex S.A. and is currently being constituted. Generators and traders will be able to participate in this market, as well as various investors that are not necessarily related to the electricity sector. It is expected to begin operations during 2010.

Hydrological contributions to the grid in 2009 were below their historical average level due to the presence of the El Niño phenomenon, which manifests itself in an opposite way in Chile and Peru. This led the Ministry of Mines and Energy and the CREG to publish several resolutions that partially and/or temporarily modified the electricity dispatch operation in order to prevent a possible deficit between December 2009 and May 2010.

In October 2009, several resolutions were decreed by the Ministry of Energy (MME 18 1654, 18 1686 and 18 1739), for a programmed rationing of gas, forcing the dispatch of the Caribbean thermal and inland coal-fired plants, penalizing any declarations of non-compliance in the dispatch and subjecting exports of electricity to the availability of generating resources.

Resolution CREG N° 137 has applied since November 2009, amending temporarily the operation of the energy wholesale market, as long as the programmed rationing of gas is maintained.

An interconnection has been operating with Ecuador since 2003, permitting spot transactions between both countries through the Jamondino and Panamericana links. In November 2007, the export capacity was increased with the incorporation of the Betania - Altamira 230 kV, Betania - Jamondino 230 kV, Altamira-Mocoa 230 kV and Jamondino - Pomasqui III and IV 230 kV circuits, and, in November 2008, the Colombia-Ecuador interconnection with the Jamondino – Pomasqui 230 kV 3 and 4 circuits reinforcement was declared as operational. During 2009, energy exchanges with Ecuador comprised 1,077 GWh of exported energy and 21 GWh of imported energy. In November and December 2009, Resolutions CREG N° 160, 149 and 148 were issued, adopting new rules applicable to short-term international electricity transactions between Colombia and Ecuador, in accordance with the transitory regime adopted by decision CAN 720. This rule replaces for up to two years that of the Andean Community Commission which has governed the interconnection with Ecuador since its start-up in 2003.

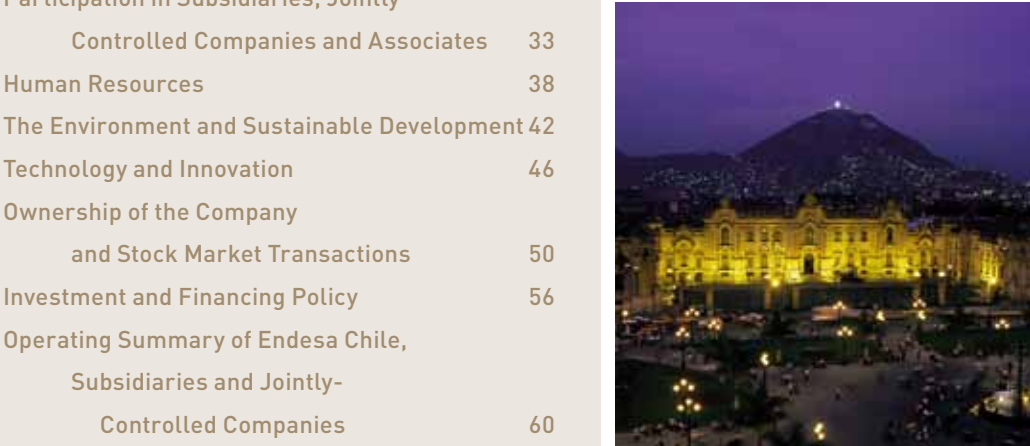
Colombia’s installed capacity at December 2009 was 13,544 MW of which 66.5% corresponds to hydroelectric generation and the rest to thermal and co-generating capacity. Peak demand in 2009 was 9,290 MW and total demand on the SIN reached 54,679 GWh, 1.5% more than the previous year.

Other important operators in this market are AES, Gas Natural S.A., Colinversiones, Empresas Públicas de Medellín and ISAGEN.



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## PERU

In Peru, the Ministry of Energy and Mines defines the policies for this sector, preparing projections for the installation of new generating capacity.

The Tariff Regulation Management is the executive branch of OSINERGMIN (Energy and Mining Investment Supervisory Organism), responsible for proposing to its directive council the tariffs for electricity and other energy sources in accordance with the criteria set out in law.

The Economic System Operation Committee (COES) coordinates and operates the electricity system. Unregulated customers are those with capacity of over 1,000 kW.

Payment to generators for capacity has two components: 70% called guaranteed income which is assigned to each plant pro rata to its remunerable firm capacity, and 30% called additional income, which is shared as a function of actual monthly dispatch. The additional income will decrease over time, from 20% in July 2010 and to be eliminated in July 2011. With this, all income for capacity will be in the form of guaranteed income.

The horizon used for calculating the bar price is three years (the last historic year plus two future years), and this calculation is made annually.

The amendment of the Electricity Concessions Law 28,832 was approved during 2006, including among other aspects, the possibility for distributors to call for tenders for ensuring their supplies, thus resolving the problem of distributors without contracts for supplying their regulated customers.

Tender processes have been carried out since the end of 2006, involving the country's principal distribution companies, in order to secure supplies for periods between one and three years. In 2009, the companies Edelnor, Luz del Sur, the Distriluz Group and ElectroSurMedio have made a total of nine tenders. Edelnor is carrying out its first long-term tender to begin in January 2014 for a period of eight years.

Since the introduction of tenders, several of them were abandoned, so some distributors continue to be without supply contracts to meet their regulated demand. Law 29,179 was therefore published in January 2008 which permits distributors to buy energy at bar price when they lack supplies after having arranged at least three tenders.

Despite the provisions of Laws 28,832 and 29,179, it was expected that the problem of distributors without contracts would persist in the period 2009-2011 so, on December 18, 2008, Urgent Decree 049-2008 was published which repealed Urgent Decree 046-2007 and established that drawings made by distributors to meet the demand of their regulated users, without having the respective supply contracts with generators, will be assigned to generators valued at regulated-market bar prices, in proportion to the annual efficient firm energy of each generator, less energy sales under contracts. This Urgent Decree also modifies the way of calculating short-term marginal costs which will be calculated without considering restrictions on production, natural gas transport nor electricity transmission, and will have a maximum value that will be defined by the Ministry of Energy and Mines at 313.5 soles/MWh.

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Among the important regulations published during 2009 were:

- Osinergmin Resolution 01-2009 was published on January 9, which contains the procedure for compensation of additional variable costs and of drawings without contract (RSC), indicating the recognition of variable costs of the units operating outside ideal operating conditions, as well as those that operate to satisfy RSC demand. In addition, generators that assume the RSCs will not be at risk as they will invoice at marginal cost and the risk will be recognized in the COES valuations also at marginal cost, and the possible economic balances (minimum) and additional costs payable to the units that operate to cover RSC demand will be compensated in the COES, through the charge collected which will be within the connection toll to the principal transmission system.
- Osinergmin Resolution 02-2009 was published on January 9, which contains the compensation procedure for additional generation, which indicates that generators will collect monthly the amounts corresponding to the unit charge for additional generation, on the basis of supply contracts, including the assignment of the RSCs and the contributions of the other participants in the short-term market (amount collected). The COES will then transfer the amount collected for the additional generation from Electroperú which, on the instructions of the MEM, puts into operating the additional generation.
- On February 19, MEM enacted Urgent Decree 023 which gives priority to assigning volumes of natural gas for the new sales contracts in the following order:
  1. Natural gas distribution concession-holders for public service.
  2. Combined-cycle dual thermal plants entering into operation prior to December 31, 2011.
  3. Open-cycle dual thermal plants entering into operation prior to December 31, 2011.
  4. Other customers.
- On April 15, by RM 175-2009-MEM/DM, the discount factor was approved for application to hydroelectric projects in tenders for electricity supplies, fixing the discount factor at 0.85.
- On July 4, Osinergmin approved the procedure for determining the incentive for contracting firm and efficient service in the use of natural gas. The purpose of this procedure is to regulate article 5 and fourth transitory provision of Legislative Decree 1041, which establishes measures for a) motivating the contracting of natural gas transport in the firm service manner, on the principal network, for electricity generation companies, through a compensation that recognizes the fixed payments made by generators with respect to firm principal network natural gas transport contracts, for the natural gas transport capacity paid but not used in electricity generation, and b) increasing efficiency in the use of natural gas via thermal electricity plants of high thermal yields.



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- In August 27, it was announced that the Camisea consortium, headed by the Argentine oil company Pluspetrol, would sign an addendum to its contracts for blocks 88 and 56 of Camisea to reduce its export levels. Under the new terms, block 88 production will be reserved exclusively for the internal market between 2010 and 2015. With this, the consortium may sign new supply contracts for 4.2 million m³ per day from block 88 in the coming months. The consortium also promised to carry out an aggressive exploration plan of US\$200 million in block 88 in the search for fresh reserves.
- Pluspetrol invited interested parties in obtaining natural gas from Camisea block 88 for a total of gas available for auction of 2.1 million m³ per day. The bases were distributed on November 23, 2009 and it is expected that the tender will be decided in February 2010. Deliveries will start in July 2012 for a period of ten years. This tender will be focused on supplying gas for new projects.
- On November 2, the MEM published a decree eliminating exclusivity in the granting of temporary concessions for making studies for generation, substations and transmission projects. These concessions will be able to be offered to more than one group. In the case of an already-awarded temporary concession, preference will be given to the developer requesting a definitive concession. The modification of the electricity concessions law establishes that the due performance bond for the works will be equivalent to 1% of the project budget, with a ceiling of around 1.78 million soles (US\$ 0.6 million).
- On November 13, Urgent Decree 109-2009 was published authorizing the largest-capacity electricity generating company in which the state has a majority participation to sign electricity export supply contracts in order to meet temporary requirements during the term of this decree (until April 30, 2010).

It also includes provisions relating to the market, export contract sales prices, compensation for the connection toll, the contracting capacity and the adaptation of environmental management instruments. The Peruvian system has been exporting energy to Ecuador since November 16, although in very limited volumes.

The Peruvian electricity sector comprises the National Electricity Grid (SINAC) and a series of small systems that supply remote rural sectors.

The installed capacity of the SINAC at December 2009 was 5,848 MW of which 48.9% is hydroelectric. Peak demand in 2009 was 4,260 MW, and estimated sales reached 27,082 GWh, representing growth of 0.3% over 2008.

Endesa Chile, through its subsidiary Edegel, had a market share of 28.5% in 2009 in terms of installed capacity and 30.7% in terms of energy sales.

Other important operators in this market are Electroperú, Egenor, Enersur and Eepsa.



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# Risk Factors

## REGULATORY RISKS

All legislations regulate the electricity sector of each country and impose obligatory compliance. However, there are interpretations as well as the provisions of the regulatory authority that are adapted to the complexity of the system and that could affect the general conditions of the business.

## HYDROLOGY

A substantial part of the company’s operations are related to hydraulic generation which means that the company is dependent on hydrological conditions in the zones and countries where it operates. The company has designed a commercial policy to reduce the risk related to extreme drought conditions, considering sale commitments according to the capacity of its generating plants in a dry year, giving priority to its best contracts and customers, and incorporating risk-mitigation clauses in some contracts with non-regulated customers.

## FLUCTUATIONS IN MARKET PRICES OF CERTAIN COMMODITIES

We face an economic exposure with respect to market-price fluctuations of certain basic products under long-term energy sales contracts. Our generating subsidiaries have substantial obligations as selling parties in long-term energy supply contracts, with prices that vary according to the exchange rate, the electricity market, market prices of the principal commodities such as natural gas, oil, coal and other energy-related products. It is not possible to introduce indexation formulas that correlate perfectly the changes in the market prices of these commodities, the exchange rate and the market price of electricity, with our electricity production costs. There could therefore be times when the price the company receives under these contracts is below the spot market price. We do not therefore use commodities derivative instruments to manage this exposure to price fluctuations of these commodities. However, we are constantly analyzing and checking the convenience of this kind of hedge so we cannot discard the use of this kind of instrument in the future.

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## NATURAL GAS DEFICIT

The natural gas shortage in Argentina continues to have a negative impact on some of our generating plants in that country that use natural gas as an input.

As a result of this shortage, in Argentina, gas-supply cut offs have affected supplies to the combined-cycle plants, forcing them to operate with oil. This causes an increase in operating costs which, although financed by the whole system, ends up reducing the margin on our contracts and spot market sales.

In Chile, the cut offs in gas supplies from Argentina have been replaced with oil, affecting both the production volume and the operating costs of the Taltal plant on the SING and the San Isidro and San Isidro II plants on the SIC. However, since September 2009, the commercial operation of the Quintero re-gasification terminal has permitted a reduction in the importance of oil participation in the SIC energy matrix, impacting positively the company's results by reducing its production costs. The GNL Mejillones Project will also introduce this fuel on the SING in the first quarter of 2010.

In Peru, since the middle of 2008, there has been a deficit in the gas transportation capacity which led to higher supply costs for the system. There is a program under way for gas pipelines expansion which will substantially increase the transport capacity to Lima until 2011. However, this plan could be insufficient for finally resolving the deficit, in view of the heavy pressure placed by internal growth in gas demand.





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## EXCHANGE RISKS COULD HAVE AN ADVERSE EFFECT ON OPERATING RESULTS AND THE COMPANY’S FINANCIAL CONDITION

The Chilean peso and other currencies of countries in which Endesa Chile and its subsidiaries operate have been subject to volatility against the US dollar. Historically, a large part of our consolidated debt has been denominated in US dollars and despite a large portion of our revenues are linked to dollars, the match may not always be perfect and we could be exposed to fluctuations of our local currencies against the dollar.

## REFINANCING RISK

Endesa Chile and its foreign subsidiaries usually turn to the domestic and international financial markets when they have to refinance so a financial crisis could adversely affect them. In this scenario, creditors’ demands could be higher, both with respect to higher interest rates and more restrictive agreements.

Endesa Chile has debt which is subject to financial covenants and other standard contractual restrictions, principally related to the ratios of debt to EBITDA and to debt to equity. A percentage of Endesa Chile’s current debt also contains cross-default clauses that could be triggered by a default on other loans to the parent or some defined subsidiaries whose outstanding principal exceeds US\$ 50 million, measured individually. If those debts became payable on demand due to default under those covenants or cross-default clauses, Endesa Chile could have difficulties in meeting these payments.

## INTERVENTION OF STATE AUTHORITIES IN LATIN AMERICAN ECONOMIES

The state authorities of Latin American countries occasionally change their monetary, credit and tariff policies, among others, in order to influence the direction of their economies. Changes made to these policies in the past or that might occur in the future with respect to tariffs, exchange controls, regulations and impositions could have an adverse effect on the commercial activity and operating results of Endesa Chile at consolidated level.

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Operations in Argentina

INSTALLED CAPACITY, GENERATION AND ELECTRICITY SALES		
INSTALLED CAPACITY (MW) (1)	2008	2009
ENDESA COSTANERA		
COSTANERA (STEAM TURBINE)	1,138	1,138
COSTANERA (COMBINED CYCLE)	859	859
CBA (COMBINED CYCLE)	327	327
TOTAL	2,324	2,324
EL CHOCÓN		
EL CHOCÓN (HYDROELECTRIC)	1,200	1,200
ARROYITO (HYDROELECTRIC)	128	128
TOTAL	1,328	1,328
TOTAL ARGENTINA	3,652	3,652
ELECTRICITY GENERATION (GWh)	2008	2009
ENDESA COSTANERA	8,540	8,172
EL CHOCÓN	1,940	3,783
TOTAL GENERATION IN ARGENTINA	10,480	11,955
ELECTRICITY SALES (GWh)	2008	2009
ENDESA COSTANERA	8,543	8,284
EL CHOCÓN	2,554	4,122
TOTAL SALES IN ARGENTINA	11,098	12,405

[1] Certified by Bureau Veritas according to the operating regulations of Endesa Chile, No.38 "Regulation for Defining the Maximum Capacity of Hydroelectric and Thermal Plants of Endesa Chile".



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## ACTIVITIES AND PROJECTS

### ENDESA COSTANERA S.A.

During 2009, demand on the Argentine electricity grid decreased by 1.3% over 2008.

To meet the 2009 dispatch, it was necessary to consume 1,468 million m<sup>3</sup> of natural gas, 332,692 tons of fuel oil and 136,304 m<sup>3</sup> of gas oil. Of the natural gas consumed, 82.8% related to own supplies and the balance through Cammesa for the steam turbine units. Regarding liquid fuels, the authorities decided to continue with the purchase of fuels through Cammesa on behalf of the state, both from foreign and domestic suppliers. Of the total fuel oil consumed by Endesa Costanera, 22.1% was supplied by itself with the balance provided by Cammesa. All the gas oil consumed by Endesa Costanera was supplied by Cammesa.

During 2009, the operative aspect was characterized by a full dispatch by all the units of Endesa Costanera (maximum thermal requirement) from the start of the year to late August. There were important natural gas restrictions during that period that implied a high consumption of liquid fuels, although in smaller volumes than in 2008 (9% and 22% in the use of gas oil and fuel oil respectively), due to a winter with higher than average temperatures and lower demand.

Since September, due to a pronounced fall in demand and better hydrological conditions, all the conventional units became available, a situation that has not occurred since 2006.

A new maintenance contract was signed in 2009 for the combined cycle II with the same supplier (Mitsubishi) that has enabled Endesa Costanera to extend the inspection period of 9,200 to 12,000 hours equivalent of operation and without liquid fuel load restrictions. All the corresponding maintenance was carried out in accordance with the current contracts for both combined cycles. These units are therefore the only ones that can consume gas with propane-air injection.

The high energy prices in the first four months of the year, due to the policy of conservation of water in the reservoirs, with full availability of gas, permitted higher margins than projected. On the other hand, in the last four months, as a result of the decrease in demand, temperatures below average and the increase in the gas price, a notable fall in generators’ margins was seen.

In the financial area, the main priority of the company in 2009 was to satisfy the plant’s operative cash needs, managing to restructure most of the short-term debt maturities, complemented by a loan for maintenance arranged with CAMMESA.

In the regulatory area, the Wholesale Electricity Market (MEM) continued to be intervened by the authority both in the formation of the hourly energy sale price and in the payment for generators’ production. As a result, the company partially received the payment of its monthly credits. With reference to 100% of the credits of paragraph c) of article 4 of Resolution SE 406/03 of 2009, in October the company formalized an addendum to the agreements signed with CAMMESA in December 2008 by which, under the terms of Resolution SE 724/08, the company agreed to the collection of the whole amount in exchange for making

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investments operating and safety improvements at the plant with 65% of this resolution, with the remaining 35% freely available to the company. However, it should be mentioned that there are long delays to date in compliance with these contracts and there are large amounts pending payment with respect to the total agreed.

In Costanera, three types of activities were programmed. Firstly, the certifier BVQI was asked to carry out the control audit for the upgrade of the version OHSAS 1999 to the new standard that was sanctioned in 2007. This meant a series of on-site audits, documentation requests and control by the external auditors. Another activity consisted of an external audit for the certification of the fuel tanks, indispensable for obtaining the qualification established in Resolution 404 of the National Entity for Electricity Regulation (ENRE). This required the inspection of ten tanks, verification of documentation and functioning conditions of the fuels park and its fire-protection systems. Finally, courses were given to the water plant guards on the control of chemical product spillages, consisting of theoretical classes, the provision of documentation and spillage simulations.

The implementation of the DELFOS program was achieved successfully on time, providing numerous advantages, both for the occupational hygiene and safety area and the labor medicine area. Key to this system is the linkage and interrelation of information between different areas of the company, permitting their visualization simultaneously.

Regarding the performance Evaluation Management system (EM), implemented in 2008 for non-union personnel to heads of department inclusive, this was extended in 2009 to other non-union personnel, reaching 83% of non-unionized personnel within the evaluation process.

With respect to the investment fund for increasing electricity supplies on the wholesale market, “FONINVEMEM”, the gas turbines Manuel Belgrano and José de San Martín thermal plants operated intensively in open cycle during 2009, both with natural gas and with gas oil in the winter.

On January 7, 2010, CAMMESA authorized the commercial operation of the steam turbine for Central Termoeléctrica Manuel Belgrano, with which the combined cycle became fully functional in combined cycle, and on February 2, 2010, Central Termoeléctrica José de San Martín was authorized to operate commercially in combined cycle. From the start of their commercial operations in combined cycle, companies including Endesa Costanera and Hidroeléctrica El Chocón should begin to recover their credits from the cash flows generated by the project, through the production sale contract with MEM, administrated by CAMMESA for ten years. The contributions made by Endesa Costanera to FONINVEMEM amounted to 115.7 million Argentine pesos, while those of Hidroeléctrica El Chocón amounted to 3.2 million Argentine pesos.

## HIDROELÉCTRICA EL CHOCÓN S.A.

The maximum amount of snow accumulated in the high mountains was around average historic levels. However, there were late snowfalls in November very much heavier than average for December 1, which will represent an extension of the merger period until early 2010. The hydrological year begun on April 1, 2009 and was characterized as a medium year.



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The operation of the El Chocón (Lake Ezequiel Ramos Mexía) reservoir was within the normal range, except between June 14 and 22, when the operation was carried out within the overflow attenuation strip.

In the commercial area, the opportunely-defined strategy continued in 2009, focused on ensuring the company’s necessary economic and financial sustainability, by concentrating on the diversification of the customer portfolio by selling on alternative markets to the spot, giving priority to long-term profitable relations with customers of proven commercial strength. New energy contracts were in place from August backed by the Arroyito plant, the result of the water-level elevation works. Its participation in the term-contracts market with physical back-up was therefore strengthened. During the year, 2,766 GWh were sold on the spot market and 1,356 GWh under contracts. For this, 339 GWh were purchased on the MEM, obtaining a variable margin of 332 million Argentine pesos. The new-energy market contributed 3.8 million Argentine pesos between August and December.

In order to reduce interest-rate fluctuations, the company signed a new swap hedge contract (IRS) with Citibank NA New York, related to the loan from Deutsche Bank AG and Standard Bank Plc (underlying debt) for US\$ 30 million, fixing the 3-month Libor at 1.85% for the term of the loan.

Despite the complex local and international financial scenario, in December 2009 the company signed a syndicated loan arranged by Banco Santander Río, Standard Bank and Banco Itaú, for a total amount of 120 million Argentine pesos, a three-year term, at a rate of corrected private Badlar plus a spread of 5.75%, and repayable in five equal and consecutive semi-annual payments starting after one year, in order to refinance the company’s short-term debt.

In addition, due to the company’s economic-financial situation, an interim cash dividend was paid to shareholders in mid December, for a total of 45 million Argentine pesos, against the results of 2009.

During the first half of 2009, Hidroeléctrica El Chocón recertified the new version of the OHSAS 2007 standard.

The timely and successful implementation of the DELFOS program was achieved, a management tool incorporating numerous advantages, both for the occupational hygiene and safety area and the labor medicine area. Key to this system is the linkage and interrelation of information between different areas of the company, permitting their visualization simultaneously.



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The company, through the Comahue Area Electricity Generators Group (GEEAC), actively participated in works necessary for increasing the capacity to transport electricity from Comahue. A follow-up of the Comahue Cuyo 500 kV High-Tension Lines project continued during 2009.

The most important investment projects programmed during the year include:

• **Definitive disconnection of reactors project of El Chocón plant**

The objective of this is the definitive disconnection of El Chocón plant reactors as they have reached the end of their useful lives, and to avoid probable damage and unavailability in the power installations of Hidroeléctrica El Chocón if they fail. The authority conceded their replacement, without cost for the company, by similar equipment connected to the high-tension transmission network of the transmission company Transener S.A., which at the end of May started operating two reactor banks, complying therefore with the resolution. Consequently, Hidroeléctrica El Chocón asked CAMMESA to effectively disconnect the three plant reactors, which was completed on July 18, 2009. The disconnection of the El Chocón plant reactors signified an investment saving of US\$8 million.

• **Project for passive protection of El Chocón’s principal transformers**

The main objective of the project is to reduce the risk, avoiding the propagation of fire between the transformer phases in the event of disasters (fire and/ or explosion) and to minimize the eventual damages. At the same time, the refrigeration pipe line openings and bar ducts will be sealed in order to improve insulation between areas.

The corresponding executive project was concluded and approved in March 2009 and the works contract was awarded in November. The works had to be postponed until early 2010 (low water-mark season) because of the need to take the respective transformer banks out of service.

• **Provision of on-line dissolved gases monitoring equipment in El Chocón transformers oil**

This project consists of the incorporation of the permanent monitoring of dissolved gases in transformers oil, in order to detect earlier the possible failures in the plant’s power transformers. It is therefore feasible to anticipate the occurrence of transformer failures, preserving their reliability and avoiding non-programmed unavailability. Works on the project began in 2009 and will be completed in the first half of 2010.

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# Operations in Brazil

## ENDESA BRASIL

Endesa Brasil S.A. holding was constituted in 2005, receiving the contribution of existing assets in that country owned by Endesa Internacional, Endesa Chile, Enersis and Chilectra. Endesa Chile therefore ceased to consolidate with Cachoeira Dourada, and Enersis began to consolidate Endesa Brasil S.A. In 2006, the International Finance Corporation joined Endesa Brasil S.A. as a new shareholder. Endesa Chile has a 38.88% shareholding in Endesa Brasil S.A.

Endesa Brasil S.A. controls the following companies:

## ENDESA CACHOEIRA

This is a pass-through hydroelectric plant that uses the waters of the river Paranaíba. It is located in the State of Goiás, 240 km. south of Goiânia and its declared capacity is 665 MW.

Its net generation in 2009 was 2,820 GWh and energy sales were 3,862 GWh.

## ENDESA FORTALEZA

It owns a combined-cycle thermal plant using natural gas and diesel oil, located in the state of Ceará. Its generating capacity is 322 MW.

Energy generation in 2009 was 499 GWh and energy sales were 3,007 GWh.

## ENDESA CIEN

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

During 2009, Endesa Cien acted at both exporter and importer of energy between Brazil and Argentina.

At the end of 2009, the ANEEL began a study to redefine the company’s business model to a permanent remuneration system.



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## AMPLA

Ampla is an electricity distribution company that covers 73.3% of the territory of the state of Rio de Janeiro, an area of 32,613 km². The population of the area is approximately eight million spread over 66 municipalities.

Ampla supplied 9,394 GWh to its end customers during 2009, representing a 3% increase over 2008. Of the total energy sold, 38.1% was to residential customers, 19.4% to commercial customers 11.4% to industrial customers, and 31.1% to other customers.

Ampla’s customers reached 2,521,597, 2% more than in 2008. Of these, 88.9% are residential, 6.7% commercial, 0.2% industrial and 3.2% other sectors.

The prohibition on invoicing new customers with electronic metering and the contraction of the industrial market caused a rise in energy losses, from 20.2% in 2008 to 21.2% in 2009.



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## COELCE

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

Energy sales amounted to 7,860 GWh in 2009, 3.8% more than in 2008. Of the total sold, 33% was to residential customers, 19.3% to commercial, 17.3% to industrial and 30.4% to other customers.

Coelce’s customers reached 2,965,469 of which 75% are residential, 5% commercial, 0.2% industrial and 19.8% to the other customers.

Energy losses fell from 11.7 in 2008 to 11.6% in 2009.





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Operations in Chile

Endesa Chile, its subsidiaries and jointly-controlled companies have a combined generating park in Chile comprising 105 units throughout the central grid (SIC) and 5 units on the northern grid (SING).

GENERATING PLANTS OF ENDESA CHILE, SUBSIDIARIES AND JOINTLY-CONTROLLED COMPANIES IN CHILE				
Plant	Company	Technology	installed Capacity (MW) (1)	
			2008	2009
Los Molles	Endesa Chile	Hydroelectric	18	18
Rapel	Endesa Chile	Hydroelectric	377	377
Sauzal	Endesa Chile	Hydroelectric	77	77
Sauzalito	Endesa Chile	Hydroelectric	12	12
Cipreses	Endesa Chile	Hydroelectric	106	106
Isla (2)	Endesa Chile	Hydroelectric	68	70
Abanico	Endesa Chile	Hydroelectric	136	136
El Toro	Endesa Chile	Hydroelectric	450	450
Antuco	Endesa Chile	Hydroelectric	320	320
Ralco	Endesa Chile	Hydroelectric	690	690
Palmucho (3)	Endesa Chile	Hydroelectric	32	34
Tal Tal	Endesa Chile	Fuel/Gas	245	245
Diego de Almagro	Endesa Chile	Fuel/Gas	47	47
Huasco Gas Turbine	Endesa Chile	Fuel/Gas	64	64
Huasco Steam	Endesa Chile	Coal	16	16
Bocamina	Endesa Chile	Coal	128	128
San Isidro 2 (4)	Endesa Chile	Fuel/Gas	353	399
Quintero (5)	Endesa Chile	Fuel / Natural Gas	-	257
Ojos de Agua	Endesa Eco	Hydroelectric	9	9
Pehuenche	Pehuenche	Hydroelectric	570	570
Curillinque	Pehuenche	Hydroelectric	89	89
Loma Alta	Pehuenche	Hydroelectric	40	40
Pangue	Pangue	Hydroelectric	467	467
San Isidro	San Isidro	Fuel/Gas	379	379
Canela	Central Eólica Canela	Wind	18	18
Canela II (6)	Central Eólica Canela	Wind	-	60
Tarapacá Gas Turbine	Celta	Fuel/Gas	24	24
Tarapacá Coal	Celta	Coal	158	158
Atacama (7)	GasAtacama	Diesel/Natural Gas	390	390
TOTAL			5,283	5,650

(1) Capacities certified by Bureau Veritas. These reflect the maximum capacities determined by Endesa Chile's internal operative regulation, No.38 "Regulation for defining maximum capacity to hydroelectric and thermal plants of Endesa Chile". These correspond to the maximum design capacity of the generating units; these are mostly corroborated by contractual guarantee satisfaction tests carried out by the supplier of the generation equipment. In some cases, the certified maximum capacity figures may differ from the capacity declared to regulatory entities and customers in each country, as a function of the criteria defined by those entities and to the satisfaction of the corresponding contractual frameworks.

(2) On December 23, 2009, the CDEC-SIC recognized the new maximum capacity of Isla plant, from 68 MW to 70 MW.

(3) On December 15, 2009, the CDEC-SIC recognized the new maximum capacity of Palmucho plant, from 32 MW to 34 MW.

(4) On December 23, 2009, the CDEC-SIC recognized the new maximum capacity of San Isidro II plant, operating with LNG instead of diesel, from 353 MW to 399 MW.

(5) On July 23, 2009, the commercial operation was declared of the first unit of the Quintero plant, with 129 MW of gross capacity, and on September 4, the second unit was declared in commercial operation, with 128 MW of gross capacity. The plant in open cycle was declared with a gross capacity of 257 MW, and in conditions to operate with diesel oil, and also with LNG from December.

(6) On December 11, 2009 the commercial operation was declared of the Canela II wind farm, with an installed capacity of 60 MW.

(7) Until 2008, the annual financial statements were prepared in according with accounting principles generally accepted in Chile. From 2009, the financial statements have been prepared in accordance with International Financial Reporting Standards, together with the financial statements for 2008 presented under the new standards, As a result of this change, GasAtacama, a jointly-controlled company in which Endesa Chile has a 50% shareholding, became consolidated in the proportion of Endesa Chile's holding of its share capital, so 2008 and 2009 includes 50% of the generating capacity and energy sales of the Atacama plant.

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Energy sales of Endesa Chile and its subsidiaries on the SIC were 19,441 GWh in 2009. This represents an 49% share of total sales on the SIC, including sales to customers and net sales on the spot market. Sales to regulated customers represented 58%, those to non-regulated customers 21% and the remaining 21% were net sales on the spot market.

The energy sales of the subsidiary Celta on the SING totaled 1,074 GWh in 2009, representing an 8% share of total sales on the SING. The sales of the jointly-controlled company GasAtacama were 1,811 GWh, being 13% of total sales on the SING.

INSTALLED CAPACITY, GENERATION AN SALES OF ENERGY OF ENDESA CHILE, SUBSIDIARIES AND JOINTLY-CONTROLLED COMPANIES IN CHILE		
INSTALLED CAPACITY (MW) (1)	2008	2009
ENDESA CHILE (2)	3,139	3,446
PEHUENCHE S.A.	699	699
PANGUE S.A.	467	467
SAN ISIDRO S.A.	379	379
ENDESA ECO (3)	27	87
CELTA S.A.	182	182
GASATACAMA (4)	390	390
TOTAL	5,283	5,650

GENERATION	2008	2009
ENDESA CHILE	12,204	12,265
PEHUENCHE S.A.	3,589	3,613
PANGUE S.A.	1,763	2,113
SAN ISIDRO S.A.	1,289	1,616
ENDESA ECO	49	94
CELTA S.A.	912	981
GASATACAMA (4)	1,460	1,558
TOTAL	21,267	22,239

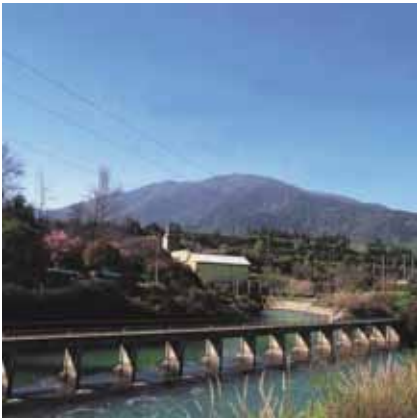
SALES	2008	2009
SALES TO END CUSTOMERS:		
ENDESA CHILE	15,079	14,897
PEHUENCHE S.A.	529	522
PANGUE S.A.	1	1
SAN ISIDRO S.A.	-	-
ENDESA ECO	-	-
CELTA S.A.	882	945
GASATACAMA (4)	1,709	1,778

SALES TO THE CDEC	3,331	4,183
TOTAL	21,532	22,327

(1) Certified by Bureau Veritas in accordance with Endesa Chile regulation No.38.  
(2) On July 23, 2009, the commercial operation was declared of the first unit of the Quintero plant, with 129 MW of gross capacity, and on September 4, the second unit was declared in commercial operation, with 128 MW of gross capacity. The plant in open cycle was declared with a gross capacity of 257 MW operating with diesel oil, and also with LNG from December. The CDEC-SIC also recognized the new maximum capacity of the following plants:  
On December 23, the Isla plant rose from 68 MW to 70 MW.  
On December 15, the Palmucho plant rose from 32 MW to 34 MW.  
On December 23, 2009, the San Isidro II plant, operating with LNG instead of diesel, rose from 353 MW to 399 MW.  
(3) On December 11, 2009 the commercial operation was declared of the Canela II wind farm, with an installed capacity of 60 MW.  
(4) Until 2008, the annual financial statements were prepared in according with accounting principles generally accepted in Chile. From 2009, the financial statements have been prepared in accordance with International Financial Reporting Standards, together with the financial statements for 2008 presented under the new standards, As a result of this change, GasAtacama, a jointly-controlled company in which Endesa Chile has a 50% shareholding, became consolidated in the proportion of Endesa Chile’s holding of its share capital, so 2008 and 2009 includes 50% of the generating capacity and energy sales of the Atacama plant.

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## PRINCIPAL CUSTOMERS AND SUPPLIERS

The principal customers of Endesa Chile are: Chilectra S.A., CGE Distribución S.A., Chilquinta S.A., Saesa, Emel S.A., Minera Los Pelambres S.A., Compañía Minera del Pacífico S.A., Compañía Siderúrgica Huachipato S.A., Compañía Minera Doña Inés de Collahuasi S.A., Codelco División Salvador, Compañía Minera Carmen de Andacollo S.A. and Compañía Manufacturera de Papeles y Cartones S.A. (CMPC).

The principal suppliers of the company are: Ingeniería y Construcción Tecnimont S.A., Sigdo Koppers S.A., Ingeniería y Construcción SES Chile S.A., Abengoa Chile S.A., Constructora Logro S.A. and General Electric International Inc. (Chile).

There is no degree of dependence that might be considered as relevant with respect to each of the principal customers and suppliers of Endesa Chile.

## OPERATIONAL SCENARIO

In 2009, the electricity supply on the SIC returned to normal, overcoming the tight supply situation that occurred in 2008 which led to high electricity prices. There were in fact factors that enabled this supply to be provided in more alleviated, stable and economic conditions, including the presence of a more normal hydrology, an important reduction in fuel prices, a high level of availability of the generating park and the arrival of liquefied natural gas (LNG) which favorably affected the market as a substitute for oil.

In addition, there was the start-up of around 1,300 MW of new generator units, mainly thermal, and electricity consumption with minimal growth for the second consecutive year. In fact, demand for electricity in 2009 saw a fall of 0.5%, mainly explained by stagnation in economic growth as a consequence of the global economic crisis. To this was added the effect of the efficiency campaigns in the use of electricity that begun in 2008, due to the critical supply conditions of that year.

## HYDROLOGICAL AND WATER FLOW CONDITIONS

Contributory water flows in 2009 were similar to the previous year, with a probability of surplus of around 42%.

As in other years, hydroelectric supplies were not even during the year. The first quarter was affected by a reduced thaw, of around 60% of probability of surplus, resulting in a fast reduction in thawing water flows and the early beginning of extraction of water from the seasonal reservoirs. There was a more favorable hydrology in the second and third quarters with the first rains arriving in May. There was a hydrology contributed by water flows with a 40% probability of surplus in the wet range, explained by abundant rainfalls. The fourth quarter saw normal thawing water flows, with a 50% probability of surplus, benefiting from heavier rainfalls than in a normal year, in October and November.

While the hydrology in 2009, measured as probability of surplus, was similar to 2008, its distribution was more even, which had a positive effect on hydroelectric generation as it permitted the more efficient use of the reservoirs.



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## ARRIVAL OF LIQUEFIED NATURAL GAS (LNG)

In September, the arrival of LNG permitted a reduction in oil’s large participation in the generating matrix of the SIC. This also had a positive impact on the company’s results, by reducing production costs.

The availability of natural gas, LNG sourced, has also enabled Endesa Chile to return to a greater technical efficiency and operational safety at its combined-cycle plants, by using the principal fuel for which they were designed.

## REDUCTION IN GENERATING COSTS

In 2009, the generation oil expense of Endesa Chile and its Chilean subsidiaries fell by 63% compared to 2008, due to the arrival of LNG and the lower oil price affected by the international economic crisis. The WTI benchmark oil price averaged around US\$ 100 per barrel in 2008, whereas in 2009 this was about US\$ 62 per barrel, producing a reduction in the average price of 38%.

## ENERGY PRICES

The favorable hydrology and reduced liquid fuel costs during 2009 resulted in a substantial reduction in electricity generation costs and thus also in energy transfer prices on the spot market. The hourly marginal cost, which in 2008 averaged 207 US\$/MWh, with a monthly peak of 340 US\$/MWh and a minimum of 129 US\$/MWh, fell in 2009 to an average of 108 US\$/MWh, with a monthly peak of 134 US\$/MWh and a minimum of 67 US\$/MWh, producing a 50% reduction in the annual average.

The average monomic node price reduced by about 9% compared to 2008 (from 110 US\$/MWh in 2008 to 100 US\$/MWh in 2009).

## ENERGY OPERATION AND COMMERCIALIZATION

Endesa Chile maintains a solid operational position with a generating park balanced in production technologies, mainly in hydroelectricity and with high availability, which enables it to have a low-cost generation matrix. It has also defined a commercial policy that maintains a suitable level of contracts with customers, with price flexibility and a satisfactory management of demand, which permits it to cover reasonably its commercial margin in critical supply situations, such as dry hydrologies. Its contractual commitments according to its commercial policy have allowed Endesa Chile to sell large electricity surpluses during 2009 at attractive prices on the spot market and also obtain benefits from sales on the non-regulated and regulated customer markets.

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## ACTIONS OF ENDESA CHILE IN 2009 IN THE OPERATING AREA

Excellence in the operation of Endesa Chile’s installations has been a characteristic of the company in order to maintain its high standards of availability, efficiency and safety in the operation of its plants, in coordination with the electricity grid in which it participates, making it a fundamental activity that has enabled it to be a leading company in the electricity industry.

Some of the actions taken in 2009 to enable it to retain its leadership are:

### Short-term actions

These actions have had a direct impact on the operating results and increased the value of the company:

- 1 Start-up of new projects and improvements to existing units that permitted an effective increase in capacity by 322 MW.
  - a) In February, major maintenance was completed on the steam turbine of the Tarapacá plant, involving the dismantling of the unit and a revision of the condition of all its components. As a result, the performance improved by 5.3% and its specific fuel consumption was reduced.
  - b) In the first days of March, the National Operating Center (CEN) started operating which, in its first stage, considers operation by remote control from Santiago of the Pehuenche, Curillinque and Loma Alta hydroelectric plants. Because of the importance and complexity of this change in the operating methods of the hydroelectric plants, work was carried out in 2009 on optimizing the associated technological processes such as hardware, software and communication channels. Additional hydroelectric plants will continue to be incorporated in the CEN during 2010.
  - c) In May, the change of turbine of Unit 1 of the Abanico hydroelectric plant was successfully completed.
  - d) In July, the commercial operation began of the first unit of the Quintero plant, of 129 MW capacity. The second unit began its commercial operation in early September, contributing a capacity of 128 MW to the SIC.
  - e) In August, gas from GNL Quintero began to be burned at San Isidro, after finishing the adjustments to its combustion system.
  - f) In November, the Canela II wind farm began operations, with a contribution of 60 MW of installed capacity from its 40 wind generators. Its functioning will displace an emission of close to 90 thousand tons of CO<sub>2</sub> annually, thus making the Canela wind farm (Canela I and Canela II) the largest on the SIC and second in Latin America.
  - g) In November, replacement works were completed of the oil burners of San Isidro II by others of the DNL type designed to burn gas as the principal fuel. The tests made showed a real capacity of 399 MW, higher than the contracted 377 MW and with 3% higher performance.



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- h) In December, the necessary adjustments were made so that both Quintero plant turbines can burn natural gas from GNL Quintero, as well as fuel oil.
  - i) In December, repowering work was finished on the turbine of Unit 5 of the Rapel plant. The work mainly consisted in the change of the runner and mobile blades, increasing the capacity by 5 MW.
  - j) The pumping plant of the Sauzal plant began service in December. This will enable to meet the Cachapoal canal irrigation commitments and generate this flow without the need to discharge waters upstream of the plant. This implied an additional annual generation of some 6 GWh.
- 2) Installation modernization actions carried out in 2009:
- a) Modernization of Units 1 and 2 of Rapel plant in compliance with the safety and quality of service technical regulations.

### Medium Term Actions in the Projects Area:

- New projects associated with electricity generation: Start of commercial operation of Bocamina II, of 370 MW, in December 2010.
- Projects in existing installations: An overhaul of Bocamina plant is planned for 2011.
- Plant modernization

In order to meet the safety and quality of service technical regulations, modernizations have been planned, like:

- a) Work will be carried out on Units 3, 4 and 5 of Rapel plant in 2010; on Units 1, 5 and 6 of Abanico; and on Units 1, 2 and 3 of Cipreses.
- b) Work is expected to start on the Sauzal, Sauzalito and Los Molles hydroelectric plants in 2011.

### ACTIONS OF ENDESA CHILE IN 2009 IN THE COMMERCIAL AREA

In order to maintain its customer market leadership and maintain a level of commitments that maximizes its earnings and limits variations in its operating margin, Endesa Chile signed new electricity contracts to strengthen its customer portfolio. The actions taken by Endesa Chile during 2009 were:

1. New contracts were signed with the customers MINERA CAN CAN, EMELECTRIC, LAFARGE, CONAFE (for supplying Minera Carmen de Andacollo) and INCHALAM. The contracted capacity of these is around 60 MW and their terms extend for seven years on average.
2. Regarding the tenders for long-term supply contracts made in January and July 2009, Endesa Chile has signed electricity supply contracts with the distributors Chilquinta and CGE Distribución for a total of 3,060 GWh/year, divided into blocks of 660 GWh/year, 2,000 GWh/year and 400 GWh/year respectively. These supply blocks cover periods of 11 and 15 years from 2010.





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3. A new energy purchase contract was signed in 2009 between Endesa Chile and its subsidiary Empresa Eléctrica Pehuenche S.A., by which the latter will supply a block of 500 GWh/year from 2010. The price corresponds to the value of distribution companies’ tender awards made during January 2009.
4. With respect to the cost overruns incurred by the Tarapacá plant of the subsidiary Celta, all related to maintenance of the unit following the high prices of energy and fuels, a commercial agreement was reached with its customer Compañía Minera Doña Inés de Collahuasi concerning the revision of prices in their contracts. This resulted in an increase in prices of US\$ 9.3/MWh, retroactive to January 1, 2008, with an option for the customer to extend the current contracts to March 31, 2020.
5. Endesa Chile continued with its policy of proximity approaching and improving the commercial relations with its customers, arranging a series of activities for strengthening the relationship. In the framework of the Customer Integral Service Plan, a visit by customers to the Canela wind farm was made in July 2009. The same month, three seminars were arranged with customers in Concepción, Copiapó and La Serena. In September, the 5th Seminar with Customers of Endesa Chile and subsidiaries was held, oriented to providing a general view of the impact of implementing projects relating to energy efficiency in energy generation production. The annual program of visits to its commercial offices and installations were also carried out.
6. All the activities described were well received by the customers. This was confirmed by the positive results of the 5th service survey, resulting in an 80% customer satisfaction within a range of 0% to 100%, which rates the portfolio as “satisfied”. The best-evaluated areas were commercial staff, communication channels and the invoicing process.

In 2009, Endesa Chile also took actions for improving the availability and efficiency of the inputs supply:

Endesa Chile took commercial actions on fuels procurement, such as:

- Within the framework of the twenty-year current gas transportation contract between the subsidiary San Isidro S.A. and the Argentine transporting company Transportadora de Gas del Norte (TGN), a contract that in the last two years has only seen a 20% utilization because of the unavailability of Argentine natural gas, a commercial agreement was reached for a ten-year reduction in the remaining term of the contract plus flexibility in the volume contracted. This will imply a present-value saving for San Isidro S.A. of around US\$ 35 million.
- In view of the increase foreseen in future purchases of coal following the start-up of Unit 2 of the Bocamina plant, planned for the last quarter of 2010, it was agreed with CARBOEX, a subsidiary of ENDESA, S.A., who acquires coal for the group in Europe, a contract for the coal needs of Endesa Chile and its subsidiary Celta for 2010 and 2011. This agreement contemplates delivery from various sources, on market conditions that take into account an indexed price, with a reference value of the international coal market.

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Regarding the transmission systems that our company uses for carrying the energy produced by its plants, Endesa Chile introduced the “STATCOM” project for increasing by 280 MW the capacity of the Ancoa-Alto Jahuel-Polpaico 500 kV transmission system without building new transmission lines, which will permit the transportation of a larger volume of hydroelectricity from its plants in the south of Chile and also have access to higher prices for the energy produced.

The project, which is expected to enter service on December 31, 2010, will be owned by the transmission company Transelec and consists of the installation of STATCOM equipment of 140 MVAR at the Cerro Navia substation, which would be the largest of its kind installed in the world to date.

During the first half of 2009, Endesa Chile introduced the project “Scheme of automatic disconnection of load through satellite communications”, which minimizes the dispatch of diesel-oil generating units to the north of the Maitencillo substation. The implementation of this project meant a saving of operating cost overruns amounting to US\$ 4.6 million during the period April to July 2009. This project won the first place in the Innovation Program 2008 developed by the ENDESA Group, to which 4.500 projects were submitted from eight countries and 21 companies worldwide.

## PROJECTS CARRIED OUT

### QUINTERO THERMAL PLANT

This project involved the construction and start-up of commercial operations of a thermal plant in open cycle of 250 MW capacity, at El Monte in the town of Quintero in the Valparaíso Region, on land alongside the ENAP and LNG terminals.



The first unit of 129 MW gross capacity was declared as commercially operational on July 23, 2009, and on September 4, the second unit of 128 MW gross capacity was also declared as commercially operational. The plant in open cycle was declared with a gross capacity of 257 MW, operating with diesel oil, and in December it was in a condition to operate also with LNG.

## PROJECTS UNDER CONSTRUCTION

### EXPANSION BOCAMINA PLANT SECOND UNIT

The project contemplates the construction of a 370 MW coal-fired thermal plant alongside the present Bocamina plant, in the town of Coronel in the Region of Bío Bío, using bituminous pulverized coal as fuel. Start-up is expected for the end of 2010.



The construction is in progress and will be equipped with the latest emission-reduction technologies. The construction of the foundations of the different structures, the electricity building, silos and tanks are in a termination phase, as well as the assembly of metallic structures for the boiler room, turbine, de-sulfurizer and pressure parts of the boiler.

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## PROJECTS UNDER STUDY

### LOS CÓNDORES HYDROELECTRIC PLANT

The Los Cóndores project takes advantage of the 765-meter altitude difference between the Maule lake and the confluence of the Maule river with the Las Luces stream, to generate 150 MW through a pressured adduction tunnel some 12 kms long.

Opportunities were detected for improving the project during the tender process which began in 2008. Consequently, complementary on-site studies were made in 2009 and the feasibility analysis begun for the construction of the adduction tunnel using the TBM methodology (tunneling machine).

### NELTUME HYDROELECTRIC PLANT

The Neltume project consists of the construction of a pass-through hydroelectric plant of approximately 490 MW that would capture the 402-meter altitude difference between the Pirehueico and Neltume lakes, with intake on the river Fuy. Located in the Region of Los Ríos, it would be connected to the SIC by a link between the Neltume plant and Pullinque substation.

The environmental impact assessment (EIA) was completed in 2009, from which adaptations were made to the feasibility study carried out years before.

### CHOSHUENCO HYDROELECTRIC PLANT

The Choshuenco project consists of a 128 MW pass-through hydroelectric plant with mixed adduction (canal and tunnel), which would use the waters of the river Llanquihue between the Neltume and Panguipulli lakes, placing it in hydraulic series with the Neltume hydroelectric plant and also using the transmission link foreseen for Neltume.

The Choshuenco feasibility and environmental study was separated from the initial study of the Neltume-Choshuenco complex in 2009, in order to give priority to the Neltume project.

### PUNTA ALCALDE THERMAL PLANT

The Punta Alcalde thermal project contemplates the construction of a thermal plant consisting of two steam-coal technology units, with a total installed capacity of 740 MW, to be located in the town of Huasco in the Region of Atacama. This plant would be connected to the Maitencillo trunk substation by a 220 kV transmission system.

The project was submitted to the environmental impact evaluation system (EIES) in 2009 and progress was made with the basic engineering studies.





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## OTHER STUDIES

Endesa Chile began studies in 2009 to redefine conceptually the projects associated with the water rights constituted in the basin of the river Puelo in order to make compatible the points of view with respect to environmental, social, technical and economic sustainability.

## PROJECTS CARRIED OUT BY ENDESA ECO

### CANELA II WIND FARM

This consisted of the construction of a wind farm comprising 40 wind generators with an installed capacity of 60 MW, located at km. 298 on Route 5 North, in the village of Canela, Region of Coquimbo, on the south side of the present Canela wind farm.

At the end of November 2009, the start-up was successfully completed of the 40 wind generators and, on December 11, Canela II was declared in commercial operation, thus expanding the total capacity of the farm (Canela and Canela II) to 78.15 MW.

## PROJECTS UNDER STUDY BY ENDESA ECO

### PIRUQUINA HYDROELECTRIC PLANT

This consists of the construction of a mini-hydroelectric pass-through plant of 7.6 MW, on the main island of Chiloé. It will use the waters of the river Carihueico, with a flow of 32 m³/s.

In February 2009, the environmental impact assessment (EIA) was submitted to the regional environmental authority (Corema) of the Region of Los Lagos, and was approved in November, period in which the bases for the respective tender began to be prepared.

## NCRE TECHNOLOGY

In 2009, progress was made in the exploration of development possibilities in Non-Conventional Renewable Energies (NCRE). The following initiatives were studied:

- Solar power project in the Region of Atacama, with a capacity of 10 MW.
- Mini-hydroelectric projects of less than 20 MW were evaluated, located in the Regions of Bío Bío and Los Ríos and the Region of Los Lagos, for a total of 130 MW. Water rights were also acquired with an average flow of 6.4 m³/s for a project of about 10 MW in the zone of lake Neltume.
- Wind projects, for which 15 monitoring towers were installed during 2009. Of the studied zones, there are three in which, measurements over a period of one year, a plant factor of over 30% for a wind plant is detected, with a global capacity of some 300 MW.



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## PROJECTS OF ASSOCIATES

### GNL QUINTERO S.A.

Within its strategy for ensuring reliable and diversified energy sources, Endesa Chile is participating in the government-inspired initiative for increasing the diversification of the country's energy matrix through the Quintero liquefied natural gas (LNG) project, with a 20% shareholding in the re-gasification terminal, together with Enap, Metrogas and British Gas, the last-named being the gas supplier.

On July 12, the tanker Methane Jane Elizabeth tied up at the Quintero deck, sailing from Trinidad y Tobago, to carry out the tests of the re-gasification terminal which extended until September. Therefore, the start of the operational phase called Early Gas (or the fast track stage). During this period, the maximum guaranteed capacity of the terminal is limited to 4.8 million m³ per day and storage is provided by the LNG tanker itself, which has to be moored until completing its discharge.

This operating method will last until August 2010 approximately when the two LNG storage tanks start operating, each with a capacity of 160,000 m³ and which are currently under construction. The definitive commercial operation of the terminal will then begin and the guaranteed maximum capacity will increase to 9.6 million m³ per day.

In addition to the testing tanker, six ships were programmed to arrive from September 2009 from different countries (Equatorial Guinea and Qatar) for meeting this fuel demand from Enap, Metrogas and Endesa Chile. A total volume of 558 million m³ of natural gas was thus unloaded at the Quintero terminal during 2009. Of this, 254 million m³ corresponded to Endesa Chile for supplying its San Isidro and Quintero plants.

### HIDROAYSÉN

HidroAysén, a company in which Endesa Chile has a 51% shareholding and Colbún S.A. the remaining 49%, consists of the construction and operation of five hydroelectric plants on the Baker and Pascua rivers, in Aysén region in the extreme south of Chile, with a total capacity of 2,750 MW which would be connected to the SIC.

The HidroAysén project is the most important hydroelectric initiative that the country has seen, due to its efficiency and its contribution to the Chile’s energy matrix.

The plants would have an average annual generation capacity of 18,430 GWh, the equivalent of 35% of Chile’s consumption in 2008, and the total area of the reservoirs, considering the five plants, would be 5,910 hectares, equivalent to 0.05% of the Region of Aysén whose area covers a total of 108,494 km².

During the first half of 2009, the management of HidroAysén focused on the preparation of Addendum 1 containing responses to 2,698 observations made by the public services with competence in the evaluation of the EIA, through its Consolidated Report of Request for Rectifications and/or Clarifications, ICSARA.

Having completed the preparation of the responses to the observations received in the ICSARA No.1, and due to contingencies that occurred in the Region of Aysén, HidroAysén decided to request an extension of the term for presentation of



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its Addendum 1 until October 20, 2009, the date on which the document was finally submitted to the pertinent environmental authority.

On December 29, 2009, the Aysén regional environmental authority, by its Resolution 1026, resolved to extend the term of 120 days for the evaluation of the EIA of the Aysén hydroelectric project for another 60 days. On January 18, 2010, HidroAysén received its ICSARA No.2, with a total of 1,114 observations. On January 22, 2010, HidroAysén requested Conama to suspend the term until June 30, 2010 in order to respond to ICSARA No.2.

With respect to the observations made by citizens during the citizens’ participation process conducted by the Aysén CONAMA in 2008, it is important to note that although it is not a regulatory requirement, HidroAysén responded in a first stage to 90% of the total observations received, which were grouped into 12 kinds of observations or questions on similar matters. These responses related to 9,045 observations and were presented to the Aysén CONAMA on November 27, 2009 in order to contribute with all the information that the authority needs to respond to the citizens’ concerns.

Different information processes were also maintained in the region to provide information on the project and its benefits for all its inhabitants. At the national level, work continued on presenting the project, its characteristics and the principal advantages of hydroelectricity to the different project’s stakeholders.

The company continued to promote direct relations with the local communities and their representatives through its corporate social responsibility (CSR) plan, founded on the development of human capital, productive development and social integration.

A series of activities were arranged to strengthen relations with the local communities and authorities. Among the actions taken during 2009, notable was education, as the fundamental pillar for the region’s development, for which HidroAysén offered the young people of Coyhaique and the Province of Capitán Prat fifty annual scholarships for superior technical training and provided training courses in areas as diverse as gastronomy, construction, accounting and tourism. This program will be maintained during 2010.

Training has also been provided to over 400 people, and 79 innovative projects have been financed through competitively-bid funds in Cochrane, Villa O’Higgins and Coyhaique, plus the arrangement of meetings between HidroAysén and representatives of social and productive organizations in each of these localities since 2008.

In terms of social integration, the company has supported cultural activities in the region, preserving the traditions and local identity through the publication of books, support for folklore festivals and permanent work with social organizations.

Undoubtedly, one of the most important commitments assumed voluntarily by HidroAysén is the provision of cheap energy for the Region of Aysén, which currently pays one of the highest costs in Chile for electricity. This project consists of increasing the availability of energy in the region by 26.6 MW, mainly through mini-hydroelectric plants.

The construction of the HidroAysén project will also permit improvements in road infrastructure, telecommunications coverage, the development of new services associated with the construction of the project, especially accommodation, meals, transport and commerce, plus jobs that would reach a monthly average of 2,260, with a peak of 5,000 at the time of highest demand.



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Operations in Colombia

INSTALLED CAPACITY, GENERATION AND ENERGY SALES		
INSTALLED CAPACITY (MW) (1)	2008	2009
EMGESA		
GUAVIO (HYDROELECTRIC)	1,213	1,213
GUACA (HYDROELECTRIC)	325	325
PARAÍSO (HYDROELECTRIC)	277	277
CARTAGENA (THERMAL)	208	208
TERMOZIPA (THERMAL)	236	236
CHARQUITO (HYDROELECTRIC)	20	20
LIMONAR (HYDROELECTRIC)	18	18
LA TINTA (HYDROELECTRIC)	20	20
TEQUENDAMA (HYDROELECTRIC)	20	20
TEQUENDAMA (HYDROELECTRIC)	20	20
BETANIA (HYDROELECTRIC)	541	541
TOTAL	2,895	2,895
TOTAL COLOMBIA	2,895	2,895
ELECTRICITY GENERATION (GWh)	2008	2009
EMGESA	12,905	12,674
TOTAL GENERATION IN COLOMBIA	12,905	12,674
ENERGY SALES (GWh)	2008	2009
EMGESA	16,368	16,806
TOTAL SALES IN COLOMBIA	16,368	16,806

(1) Certified by Bureau Veritas according to the operating regulations of Endesa Chile, No.38 "Regulation for Defining the Maximum Capacity of Hydroelectric and Thermal Plants of Endesa Chile".

ACTIVITIES AND PROJECTS

EL QUIMBO HYDROELECTRIC PROJECT

The basic engineering of the El Quimbo Project was completed in 2009, and this should be operating by the end of 2014, to supply committed firm energy under a contract awarded under tender in 2008. The El Quimbo hydroelectric plant will be located in the department of Huila on the river Magdalena, upstream of the Betania plant. Its installed capacity will be 400 MW and will operate with two generating units. In August 2009, the Ministry of the Environment issued the formal environmental license establishing the conditions that Emgesa has to meet for the construction. The project is currently in its budget revision stage with the idea of submitting for approval the start of construction during 2010.



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The following progress and events have been made following the award by the government of the El Quimbo project in 2008: in May, President Álvaro Uribe Vélez announced the granting of the environmental license for the project. On May 26, Emgesa presented a request for reinstate of the environmental license and on August 21 the Ministry resolved this and issued the definitive license, No.1628.

The tenders have been carried out for the civil works and electro-mechanical equipment, and the Owners’ Assembly elected its representative of the community on the tripartite commission in the second half of the year.

All the procedures were also followed for obtaining the mining rights for the exploitation of materials in the zone, in the case of a future construction of the project.

The company began a rigorous analysis for limiting the project’s environmental and social risks in order to achieve a financial closing for defining the project’s viability. The company is also waiting to receive a tax stability agreement that guarantees the deduction of 30% for investments, following the promulgation of the tax reform.

## OTHER PROJECTS

Feasibility studies concluded in 2009 for the Guaicaramo (467 MW, on the river Upía) and Chapasía (407 MW, on the river Lengupá) hydroelectric projects, plus the pre-feasibility study for a mini-hydroelectric complex (175 MW, on the river Sumapaz). The environmental authority pronounced in the cases of Guaicaramo and Sumapaz, that an environmental diagnosis of alternatives is not required.

In wind generation, three meteorological towers were installed and negotiations begun for new areas in the region of La Guajira, which is one of the areas of greatest potential in the country.

## AAA CREDIT RATING FOR CORPORATE DEBT

The credit-rating technical committee of Duff & Phelps de Colombia S.A. assigned an AAA credit rating for the corporate debt of Emgesa and ratified the AAA rating for the company’s bond issue and placement program, which was expanded from 700,000 million Colombian pesos to 1,900,000 million Colombian pesos. The issues rated in this category are considered with the highest possible rating as risk factors are practically non-existent.

## BOND ISSUE AND PLACEMENT

Emgesa issued six bond issues in 2009 for a total of 665,000 million Colombian pesos (around US\$ 325 million), with terms of 5 and 15 years at rates between 4.3% and 5.8%, equivalent in dollars.



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### ANDESCO PRIZE FOR SOCIAL RESPONSIBILITY

At the 11th National Congress and 2nd International Congress for Residential Public Utilities, organized by Andesco and the Superintendency of Public Utilities in Cartagena, the fourth version of the Andesco prize for corporate social responsibility (CSR) was awarded, with Emgesa winning in two categories: best environmental performance for its project “Recovery, characterization, valuation and landscape design of the ecosystem of the lake and mangroves of the Cartagena thermal plant”, and best corporate governance.

### ISO 9001 CERTIFICATION OF COMMERCIAL MANAGEMENT

The firm Bureau Veritas Certification granted the ISO 9001, version 2008, certification to all the commercial management processes of Emgesa. These are the first processes of the organization to receive the updated certification of the standard.

### AWARDS

The magazines Cambio and Gerente made an analysis by economic sectors of the largest and most successful and influential companies in the country. Cambio magazine gave Emgesa fourth place among the largest companies in the sector and 14th according to earnings. The Gerente magazine awarded Emgesa 44th place in ranking by sales and 12th by earnings.

Semana magazine also awarded Emgesa fifth place among the leading companies in the sector, 8th place in terms of assets and equity, 9th place in terms of earnings and 32nd place in terms of sales.

### EXTERNAL AUDIT OF QUALITY MANAGEMENT SYSTEM

The re-certification audit was carried out for the quality management systems of Codensa and Emgesa by Bureau Veritas. At the same time, the re-certification of the environmental management system of Codensa was audited.

### CAPITAL REDUCTION OF EMGESA

On November 4, 2008, the board of Endesa approved a capital reduction of up to 450,000 million Colombian pesos (approximately US\$ 225 million).

In accordance with Colombian legislation, in 2009 the company worked on obtaining authorizations and favorable opinions from the Superintendency of Companies and the Superintendency of Public Utilities. At the present time, the opinion of the Ministry of Social Protection is pending.





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Operations in Peru

INSTALLED CAPACITY, GENERATION AND ENERGY SALES		
INSTALLED CAPACITY (MW) (1)	2008	2009
EDEGEL		
HUINCO (HYDROELECTRIC)	247	247
MATUCANA (HYDROELECTRIC)	129	129
CALLAHUANCA (HYDROELECTRIC)	80	80
MOYOPAMPA (HYDROELECTRIC)	65	65
HUAMPANI (HYDROELECTRIC)	30	30
YANANGO (HYDROELECTRIC)	43	43
CHIMAY (HYDROELECTRIC)	151	151
SANTA ROSA (THERMAL) (2)	229	430
VENTANILLA (COMBINED CYCLE)	493	493
TOTAL	1,467	1,667
ELECTRICITY GENERATION (GWh)	2008	2009
EDEGEL	8,102	8,163
TOTAL GENERATION IN PERU	8,102	8,163
ENERGY SALES (GWh)	2008	2009
EDEGEL	8,461	8,321
TOTAL SALES IN PERU	8,461	8,321

(1) Certified by Bureau Veritas according to the operating regulations of Endesa Chile, No.38 "Regulation for Defining the Maximum Capacity of Hydroelectric and Thermal Plants of Endesa Chile".

(2) In September 2009, the gas turbine relating to the expansion of the Santa Rosa plant began operating, with 193.18 MW gross capacity. On November 28, an increase in capacity of 6.65 MW was recognized, thus the capacity of the gas turbine rose to 199.83 MW. On April 30, 2009 an increase in capacity was also recognized of 0.61 MW in the 7 thGas Turbine of the Santa Rosa plant.



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## ACTIVITIES AND PROJECTS

### EDEGEL S.A.A.



#### Expansion of Santa Rosa Thermal Plant

The project contemplated the expansion of the Santa Rosa thermal plant through the construction and start-up of a gas turbine in open cycle of 188.6 MW of gross capacity, operating with natural gas from Camisea.

On August 1, 2009, the unit successfully carried out its synchronization with the Peruvian electricity grid and started operating commercially on September 2, 2009, four months ahead of schedule, with 193.18 MW of gross capacity.

#### Contracting of dual capacity of the UTI units of the Santa Rosa plant with Electroperú

On January 29, 2009, Edegel signed a contract for a “Service of additional generating capacity through the conversion of equipment to the dual generation system”, with the state company Electroperú. Under this contract, Edegel was committed to convert 94 MW of capacity of the UTI units to the natural gas-diesel dual generation system and thus ensure a certain level of availability of this capacity, with penalties. Electroperú committed to pay the price offered by Edegel over the term of the contract that runs from June 15, 2009 to December 31, 2010.

This contract falls within the framework of Urgent Decree 037-2008 of August 21, 2008, by which, in the event of an internal shortage of electricity due to strong growth in demand and the natural gas transportation restrictions from Camisea, authorizes state companies to contract existing conversion units that operate with natural gas for their dual operation with diesel, passing the costs involved through a special charge in the capacity tariff.

The conversion to dual system of the UTI groups TG5 and TG6 of the Santa Rosa plant were therefore carried out by the Wood Group between April 23 and May 31, 2009.

The conversion consisted basically of replacing the fuel injection equipment consisting of shut-off valves, modulators and bungs, plus filters, pipes and hoses.

#### Classification as dual units of the TG3 and TG4 units of Ventanilla and TG7 of Santa Rosa

In order to increase the reliability of the electricity system by increasing its reserve, Decree 1041, published on June 26, 2008, established a special remuneration for generating units that normally operate with natural gas and have the alternative of operating with another fuel (dual operation). This was perfected by OSINERGMIN with the publication of the respective procedure which establishes, among other things, the form of remunerating the dual units and the requirements to be classified as such.

Edegel therefore requested OSINERGMIN the dual classification for its units TG3 and TG4 gas turbines in open cycle of the Ventanilla plant (324 MW) and unit TG7 of the Santa Rosa plant (120 MW), which were granted in July and October respectively, and their effective remuneration began from August 4 and November 4 respectively. The costs associated with this remuneration are assumed by the demand, collected by the generators and assigned to Edegel by order of the COES.

This dual classification has not led to any additional investment by Edegel as these three plants already operated with diesel before being converted to natural gas (due to the Camisea project) and their operation was always planned to be with either fuel.

Edegel is the only company in the system that offers the dual operation of its thermal units.

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## Purchase of Edegel’s shares by Endesa Chile

On October 9, 2009, Endesa Chile acquired 29.39% of its Peruvian generating subsidiary Edegel. The shares were acquired at market price from Generalima S.A.C., which in turn is a subsidiary of Endesa Latinoamérica. With this transaction, Endesa Chile became the direct and indirect holder of 62.46% of the share capital of Edegel.

## Chinango S.A.C.

The contract for the financing of the Yanango and Chimay projects, signed on March 14, 2000 between Edegel and Peruana de Energía S.A.A. contained an option in favor of the latter whereby, after the expiry of the fifth year, this would have the right to request Edegel to transfer all the assets, liabilities, concessions, authorizations, permits and licenses related to these projects to an affiliated company of Edegel to be constituted with the transfer of these assets and intangible assets to which the integrity of the liabilities associated with such assets will be also transferred.

Should Peruana de Energía S.A.A. exercise the option, it would receive a participation in the capital of the new company equivalent to 20% of its capital, and Edegel 80%. On December 1, 2005, Peruana de Energía S.A.A. exercised the option and, on March 24, 2008, Edegel constituted the company Chinango S.A.C.

On May 31, 2009, a simple reorganization of Edegel took effect, approved by its shareholders meeting of January 30, 2009 and the annual shareholders meeting of March 30, 2009. By this reorganization, Edegel contributed to Chinango equity consisting of all the assets, liabilities, rights, concessions, authorizations, permits and licenses associated to the Yanango and Chimay hydroelectric plants and their related transmission systems.

## Inspection of hot gases route of unit TG3 of the Ventanilla thermal plant

In 2009, an inspection was made of the hot gases route of the TG3 gas turbine of the Ventanilla plant and improvements were made to the machine, including a bump test of the Siemens generator, the recoating of the blades of the four first axial compressor rows, the change of the blades of the first three rows of the turbine and the start of the installation of the new unit start-up system.



## STUDIES

During 2009, studies were made to identify suitable locations for the installation of combined-cycle thermal plants of up to 400 MW.

The feasibility study was also completed for the Curibamba hydroelectric project which would have an installed capacity of 188 MW and be located in the department of Junín, using the waters of the rivers Comas and Uchubamba, in the river Tulumayo basin.

In the area of renewable energies, work continued on the creation of a portfolio of wind-generating projects which has reached a total of 1,000 MW in temporary concessions. A measurement campaign begun to evaluate the potential of these areas.

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# Other Businesses

## INGENDESA

The revenues of Ingendesa in 2009 were Ch\$27,545 million, of which 78% originated from services to related companies and 22% to third parties.

## ENERGY

Ingendesa maintained its presence in large investment projects related to electricity generation in Chile.

Notable were the services provided to HidroAysén and its Aysén Hydroelectric Project, for which it continued with the studies associated with the first works of the Baker and Pascua plants, referring both to the plants’ design and the transmission system, including the infrastructure works. Ingendesa worked also on the preparation of responses to the Consolidated Report on Request for Clarifications, Rectifications and Expansions (ICSARA) No.1, relating to the project’s EIA.

For Endesa Chile, Ingendesa continued to provide engineering services for the Neltume and Los Cóndores projects, including both the project and the technical management. The latter includes basic design, works management and inspection for the soundings and topography contracts, preparation of technical and administrative specifications of the camp-sites in the study areas. Ingendesa concluded the EIA for the Neltume project.

Also for Endesa Chile, but in the field of thermal-plant projects, it provided services related to the expansion project Bocamina Unit II, which includes the management of the project and technical, owner engineering, construction administration and technical inspection of the works.

For the Quintero plant project, Ingendesa terminated the services of technical direction, owner engineering, construction administration and technical

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inspection of works at the end of 2009. However, Ingendesa will continue to support Endesa Chile during the commercial operation of the plant in activities relating to the environmental management and follow-up of the commitments contained in the project’s environmental qualification resolution.

For the Punta Alcalde plant project, Endesa Chile contracted Ingendesa to prepare a feasibility study which also included the development and/or supervision of various studies carried out in the area of the project, as well as the preparation of the EIA.

In Peru, services were provided to Edegel for the expansion of the Santa Rosa thermal plant, for which Ingendesa has terminated those of technical direction, owner engineering, construction administration and technical inspection of works. Also for Edegel, Ingendesa concluded the feasibility study for the Curibamba hydroelectric project, which service included the supervision of the soundings and topography contracts.

In Colombia, for Emgesa and its El Quimbo hydroelectric project, Ingendesa continued to provide its owner engineering services that include the basic design and technical support during the tender process for the civil works and equipment contracts.

In Chile, for Empresa Eléctrica Diego de Almagro S.A. and its Emelda project, Ingendesa provided the service of revision and rehabilitation of control systems, instrumentation and low-tension electricity related to two GE MS6000B turbines.

In the area of transmission systems, notable are the services provided to Transelec for its Las Palmas selective substation (related to the Canela wind farm), the Bocamina-Lagunillas 220 kV high-tension line and the Charrúa-Lagunillas 220 kV high-tension line. During 2009 Ingendesa prepared the detailed design for each of these.



For Minera Escondida and its Escondida Power Transmission project, the engineering subsidiary of Endesa Chile concluded the basic design of the associated lines and substations, which included also the project direction and the preparation of economic studies.

In the area of non-conventional renewable energies (NCRE), it provided important services to Endesa Eco for its Canela II wind farm project, for which Ingendesa terminated the technical direction, owner engineering, construction administration and technical inspection of works. For the Piruquina mini-hydroelectric plant project, Ingendesa developed the basic engineering in order to optimize and prepare the related technical specifications.

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## INFRASTRUCTURE

Ingendesa has had an important participation in the consortium with ARA Worley-Parsons in services provided to Metro S.A. During 2009, technical assistance was concluded during the construction stage of the Line 1–Los Dominicos Extension, including the stations Manquehue, Hernando de Magallanes and Los Dominicos and the inter-station sections. For the Line 5–Extension to Maipú, which includes the stations Santiago Bueras and Plaza Maipú, the design of details continued of the civil works and architecture, plus technical assistance during the construction of the underground works.

### SOCIEDAD CONCESIONARIA TÚNEL EL MELÓN S.A.

During 2009, a total of 1,886,642 vehicles used the El Melón tunnel of which 68.4% were light vehicles and 31.6% heavy vehicles. Over the same period, the traffic using the whole system, i.e. the hill road and the tunnel, totaled 3,308,079 vehicles, implying that 57% of the motorists preferred to use the installations of Sociedad Concesionaria Túnel El Melón S.A. Tunnel traffic increased by 3.1 % in 2009 while the total hill-plus-tunnel traffic increased by 5.6%. Toll revenues amounted to Ch\$6,097 million, 6% more than 2008, implying new record for the company. This, together with active management of operating and administrative expenses, enabled it to obtain a record operating income of Ch\$3,076 million. These results, plus the fact that the company has no financial debt since 2007 and benefits from the effect of deferred tax from the recoverability of tax losses, translated into a net income for the year of Ch\$4,932 million, which enabled Sociedad Concesionaria Túnel El Melón S.A. to transfer to its parent company a cash flow of Ch\$5,658 million.

Progress was also made in 2009 in actions for incorporating Túnel El Melón in the plan for improvement of serviceability and safety standards of highway concessions, led by the Ministry of Public Works. Improved proposals for Túnel El Melón are expected to be implemented in 2010.

Also for improvements, the company has decided to take the necessary actions to comply with the standards of safety and occupational health contained in the international standard OHSAS 18,001 for the concession’s exploitation and maintenance works. With this, Sociedad Concesionaria Túnel El Melón S.A. obtained the standard adopted by its parent in this area.

Finally, Sociedad Concesionaria Túnel El Melón S.A. in 2009 put into practice a new and better manner of providing the highway emergency service, as stated in the respective tender bases. The growing traffic and level of users over the years make it advisable to contract a company specialized in attending users, that provides suitable personnel for rescue and attention work for those suffering an emergency.



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Investments and Financial Activities

INVESTMENTS

Endesa Chile and its subsidiaries invested a total equivalent to US\$1,173 million in 2009, as follows:

	Investment (millions of dollars) (1)
<b>Argentina</b>	
Endesa Costanera S.A.	35.40
Hidroeléctrica El Chocón S.A.	0.86
<b>Total Investment in Argentina</b>	<b>36.26</b>
<b>Chile</b>	
Endesa Chile	473.19
Pehuenche S.A.	1.03
Pangue S.A.	1.23
San Isidro S.A.	11.79
Celta S.A.	2.88
Ingendesa	0.45
Endesa Eco Individual	5.72
Canela S.A.	87.09
GasAtacama (50%)	9.65
HidroAysén (51%)	25.11
Enigesa	0.62
<b>Total Investment in Chile</b>	<b>618.75</b>
<b>Colombia</b>	
Emgesa S.A.	39.07
<b>Total Investment in Colombia</b>	<b>39.07</b>
<b>Peru</b>	
Edegel S.A.A.	66.19
<b>Total Investment in Peru</b>	<b>66.19</b>
<b>Total Material Investment in Companies</b>	<b>760.27</b>
<b>Total Financial Investment (2)</b>	<b>412.44</b>
<b>Total Consolidated Investment Endesa Chile</b>	<b>1,172.71</b>

(1) Exchange rate at end of 2009 used, equivalent to Ch\$507.1 per dollar.  
(2) Includes the purchase of 29.4% shareholding in Edegel made on October 9, 2009, amounting to US\$ 375 million.

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## FINANCIAL ACTIVITIES

### ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS 2009

Net Income attributable to Endesa Chile’s shareholders for 2009 was Ch\$627,053 million, representing a 44.8% increase over the previous year, which was Ch\$433,177 million.

Operating Income for the period increased by Ch\$ 142,767 million, from Ch \$874,164 million to Ch\$ 1,016,931 million as of December 2009, representing an increase of 16.3%. The main reason behind this increase was the decrease in our operating costs.

EBITDA, or Gross Operating Income, was Ch\$ 1,257,072 million in 2009, an 18.5% increase compared to 2008. This does not include the contribution of the investment in Endesa Brasil which is not consolidated by Endesa Chile.

In Chile, operating income for 2009 amounted to Ch\$ 640,040 million, a 13% increase over 2008. This growth is mainly explained by a 41% fall in operating costs as a result of the positive hydrology conditions accumulated during 2009, improving the production mix. This led to 61% lower energy purchases and to reduce fuel consumption by 43%. Although energy sold on the spot market rose by 26% as of December 2009, which allowed overall physical sales to increase by 4%, the lower average prices led revenues to decrease by 15%. The generation of 22,239 GWh in 2009 represented a 5% improvement over 2008. EBITDA, or gross operating income, of our business in Chile amounted to Ch\$ 780,225 million through December 2009, compared to Ch\$ 663,697 million through December 2008.

In Argentina, operating income for 2009 was Ch\$ 42,951 million, compared to Ch\$ 37,284 million reported the year before, implying a 15% increase. El Chocón showed better reservoirs levels, as a results of accumulation during beginning of the year, thus providing greater hydroelectric availability. As a result, its operating results increased by 103% to Ch\$ 38,700 million as of December 2009, due to 61% higher physical sales compared to the same period of 2008. On the other hand, the operating income of Endesa Costanera amounted to Ch\$ 4,380 million, 76% below than in 2008. Physical sales fell by 3%, which basically explains the 4% decrease in revenues as of December 2009 compared to previous year. Operating costs of the company increased by 1% comparing both periods, mainly explained by energy purchases costs 39% higher. Overall, the combined EBITDA of our operations in Argentina experienced an increased of 13.2% as of December 2009, reaching Ch\$ 65,593 million.

Operating income of our business in Colombia reached Ch\$ 250,811 million during 2009, 16% higher than in 2008. This improvement is mainly explained by an increase of average prices measured in local currency given lower hydrology conditions during the period as well as an increase of physical sales of 3% over 2008. This situation led to a less efficient production mix, increasing 43% operating costs, in which energy purchases increased as well as fuel consumption expenses for thermal generation by 95.1% and 91.5%, respectively. EBITDA, or gross operating income, increased 16% in the period, reaching Ch\$ 287,328 million in 2009.



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Operating income in Peru was Ch\$ 76,212 million, showing an increase of 47% over 2008. This is mainly explained by a better production mix given the positive hydrology conditions during the year. Edegel hydro generation increased 376 GWh in 2009. This situation allowed operating costs to reduce by 27% compared to 2008, with lower fuel consumption and costs of energy purchases by 18% and 65% respectively. The drop in costs of energy purchases also reflects a reversal of a provision for energy purchases for distributors without contracts. EBITDA of Peru amounted to Ch\$ 114,425 million in 2009, compared to Ch\$ 88,179 million in 2008.

The company’s financial result as of December 2009 was negative Ch\$ 170,794 million, 9.6% lower than 2008. This is mainly explained by lower financial expenses of Ch\$10,071 million, mainly in Chile, as a result of the lower average debt and lower interest rate and by the Ch\$9,275 million positive results from adjustments of debt denominated in Unidades de Fomento (U.F.) in Chile as a result of lower inflation.

This was partially offset by a net loss from exchange rate difference of Ch\$ 17,017 million, which was mainly generated in Chile by the appreciation of the Chilean peso in relation to the dollar which impacted the net assets denominated in dollars, and by lower financial income of Ch\$ 9,007 million.

Other results reached Ch\$ 98,433 million in December 2009, increasing by 19% over 2008. These results mostly reflect the proportional contribution of the affiliate Endesa Brasil S.A., which increased due to better results in CIEN, given a higher level of energy transmission and better results of Fortaleza due to higher generation and the growth of physical sales in the spot market. This was partly offset by lower prices in the spot market and the decrease in sales of Cachoeira Dourada. As a result, results of associates accounting for using the equity method increased by 20%, reaching Ch\$ 98,458 million.

Taxes decreased by Ch\$ 37,709 million as of December 30, 2009 compared to the same period of 2008.

Total Assets decreased Ch\$509,553 million in December 2009 compared to December 2008, which is mainly explained by:

Current Assets decreased Ch\$299,478 million, equal to 24.1%, as a result of reductions in cash and cash equivalents of Ch\$ 272,780 million, mainly lower dividends and debt payments, an also due to the reduction of trade account and other accounts receivable of Ch\$ 13,995 million.

Non-current assets decreased Ch\$210,075 million, mainly due to a reduction in net property, plant and equipment of Ch\$ 213,905 million, basically because of the effect of the translation of the local currency of each country and the exchange rate effect of approximately Ch\$ 364,000 million and the depreciation for the period of Ch\$ 192,773 million. This was partially compensated by additions in the period of approximately Ch\$315,590 million; and also due to a reduction in trade account and other accounts receivables of Ch\$ 86,696 million, due to the transfer to the short term of the account receivable from the affiliate company Atacama Finance Co. and the reduction of deferred taxes and other assets of Ch\$ 18,151 million. This was partially compensated by the increase in investments from affiliate companies of Ch\$ 37,394 million, mainly the higher result of Endesa Brasil, higher exchange rate differences, and the increase of



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intangible assets of Ch\$ 71,230 million, mainly due to the goodwill generated by the acquisition of 29.4% of Edegel.

The company’s Total Liabilities and Shareholders’ Equity decreased by Ch\$509,553 million from the period ended on December 2008, largely due to:

Decrease in Current Liabilities of Ch\$ 374,542 million, a 27.6%, is mainly explained by a reduction of Ch\$ 394,762 million in interest-bearing loans, mainly due to the payment of bonds (put option and Yankee bonds) plus interest accrued and the interest rate effect in Endesa Chile for Ch\$ 280,100 million, explained by the loans and bonds payment of Emgesa for Ch\$ 91,390 million and of Edegel for Ch\$ 38,140 million, partially compensated by the transfer to short term of the debt of GasAtacama for Ch\$ 34,637 million and the a reduction in accounts payable to related companies of Ch\$ 46,842 million. This was partially compensated by the increase in trade account payables and other accounts payable of Ch\$ 26,197 million, mainly higher suppliers for energy purchases, dividends payable to third parties and the increase of accounts payable and taxes payable of Ch\$ 39,979 million.



Non-current liabilities declined by Ch\$ 388,058 million, mainly explained by a reduction in interest-bearing loans of Ch\$ 342,563 million, mainly in Endesa Chile due to a lower exchange rate and a reduced restatement of debt denominated in Unidades de Fomento (U.F.) due to lower inflation, and in Endesa Costanera, Chocón and Edegel due to loan repayments and a reduced exchange rate, and the transfer to short term of the debt of Gas Atacama, partially offset by increases in loans of Emgesa and the lower deferred tax liabilities for Ch\$ 51,498 million. This was partially compensated by an increase in previous of \$ 16,870 million.

Equity rose by Ch\$ 253,048 million over December 2008. Equity attributable to Shareholders of the Company increased by Ch\$ 470,356 million, mainly explained by higher earnings of the period of Ch\$ 627,053 million, the increase of cash flow hedge reserve for Ch\$ 185,568 million and other reserves for Ch\$ 13,965 million. This was partially compensated by the effect of the controller in the conversion differences over the investments and capital gain of Ch\$ 124,473 million, dividend payment of Ch\$ 130,371 million, of which Ch\$ 86,730 million were provisioned in December 31, 2009, and the reduction of the minimum dividend for Ch\$ 188,116 million. The participation of minority holdings decreased by Ch\$ 217,308 million, as a consequence of the conversion net effects, minimum dividend, coverage derivatives reserves and minorities net income.

## CREDIT RATINGS

The positive outlook of the financial and operational profile has been reflected in an improvement in the credit rating by Fitch Ratings and Standard & Poor’s in January and February 2010 respectively. The corporate rating for foreign-currency debt by Fitch Ratings and Standard & Poor’s rose from BBB to BBB+ with stable outlook. The local credit rating by Fitch was raised from AA- to AA.

As of December 2009, the credit rating for Endesa Chile’s external debt by Moody’s was ratified as Baa3 with stable outlook.

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The domestic bonds of Endesa Chile are rated at AA- with stable outlook, by Feller Rate, and at AA with stable outlook by Fitch. Both Feller Rate and Fitch rate the shares as 1st Class Level 1.

## INSURANCE

### OPERATIONAL

In June 2009, Endesa Chile and subsidiaries renewed the terms of their regional all-risk and civil-liability insurance program, through an annual automatic extension clause. These policies were therefore renewed until June 2010.

The characteristics of the current insurance cover for all the subsidiaries of Endesa Chile in Argentina, Chile, Colombia and Peru and the associates in Brazil, are:

- All-risk insurance cover of physical assets and business interruption, with a limit per claim of US\$300 million, which protects the generation plants and the principal transmission substations against the risks of earthquake, avalanches, fire, explosions, flooding, machinery breakdown and operating faults.

- Civil extra-contractual liability insurance for up to US\$150 million annually, which covers the company for physical damages that its activity causes to others and for which it is liable to pay damages.

Effective January 1, 2009 and for a term of one year, insurance against terrorist acts and political risks subject to a limit of US\$80 million was renewed.

The subsidiaries of Endesa Chile also have sea, land and air transport insurance cover for movements of machinery, equipment and supplies, life and personal accident insurance for personnel traveling, and that which current legislation requires to be covered.

### INSURANCE OF WORKS

Endesa Chile has maintained current insurance for construction and start-up delays for the works developed by it (currently Quintero, Canela II and Bocamina II). These policies were contracted following a private tender in which the principal insurers were invited to participate.

The insurance program for all the projects contemplates cover for all construction and assembly risks, transport, civil liability and start-up delays, with limits and deductibles according to the company's risk policy.

## FINANCING

At the end of 2009, Endesa Chile had no need to seek financing, basically due to a large cash generation plus the issue of Series M domestic bonds for UF 10 million made in December 2008. With respect to financial activities, the put option was partially exercised in February 2009 by holders of Yankee bonds for US\$ 220 million maturing in 2037. The level of exercise of this option was



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US\$ 149.2 million, or 67.8% of the total bond issue. The balance will mature in 2037. On the other hand, principally making use of the proceeds of the above-mentioned bond, Endesa Chile repaid a Yankee bond for US\$ 400 million on its maturity in April 2009.

In terms of liquidity, four commercial paper lines were signed in April 2009 for a total of US\$ 200 million which have so far not been used. An International line of credit for US\$200 million expired in December 2009 which was not drawn. In December 2009, Endesa Chile signed committed loan agreements for a total of US\$ 100 million with domestic banks for a 3-year term. This financial resource is part of Endesa Group’s strategy for ensuring its long-term liquidity and again confirms the excellent relations of trust and commitment that the company enjoys with the financial sector. As of December 2009, Endesa Chile has US\$ 300 million overall in committed available lines and US\$ 200 million in a commercial paper line.

In July 2009, Endesa Chile signed a first supplement to the Yankee bond indenture with The Bank of New York Mellon as trustee, the representative of United States bond-holders, after having ended successfully its request for amendments to the indenture of January 1, 1997. The amendments required the consent of more than 50% in each of the bond series of Endesa Chile, a quorum that was reached with some ease. The amendments to the indenture refer to Section 501 (4), the cross default / cross acceleration clause, so that this clause only applies to Endesa Chile and its Chilean subsidiaries. The definition of Significant Subsidiary, used in Sections 501 (5) and (6) was also changed, so that it is limited only to Chilean Significant Subsidiaries. Therefore, a potential bankruptcy or situation of insolvency by a foreign subsidiary would no longer affect Endesa Chile in its Yankee bonds. In brief, these amendments leave Endesa Chile protected, in the Yankee bonds, from any contractual default by its international subsidiaries, and is part of the risk mitigation policy that it has followed systematically in recent years.

Regarding the financial activities of the foreign subsidiaries of Endesa Chile, a series of operations were carried out in 2009 to refinance short-term loans and increase the average life of the debt, which is currently seven years.

The two foreign subsidiaries with greatest financing activity through domestic bond issues were Emgesa, in Colombia, and Edegel, in Peru.

In 2009, Emgesa made six issues for a total of 665,000 million Colombian pesos (approximately US\$325 million), with terms between 5 and 15 years and interest rates between 4.3% and 5.8% equivalent in dollars. The proceeds of these placements were used to refinance programmed maturities.

The Peruvian subsidiary Edegel made four domestic bond issues in 2009 for a total of US\$ 34.6 million, with terms between 6 and 10 years and Interest rates between 5.2% and 6.4% equivalent in dollars.

With respect to Argentina, Chocón closed in December a syndicated loan for 120 million Argentine pesos (equivalent to US\$ 32 million) for 3 years, at an interest rate of BPC+5.75%. The purpose was to refinance short-term maturities.

At the end of December 2009, the consolidated financial debt of Endesa Chile amounted to US\$ 4,172 million, 5.8% less than at the end of 2008.

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# Dividends

## DIVIDENDS

In accordance with the General Rule No.283 article 5, the following are the company’s dividends policies for the years 2010 and 2009.

### DIVIDEND POLICY 2010

#### 1. GENERAL

In accordance with the Chilean Superintendency of Securities and Insurance Circular 687 of February 13, 1987, the following is the dividend policy of the board of the Company.

#### 2. DIVIDEND POLICY

The board intends to distribute an interim dividend against the earnings for 2010, of up to 15% of the earnings to September 30, 2010, as shown in the financial statements as at that date, payable in December 2010.

The board intends to propose to the Ordinary Shareholders Meeting to be held in the first four months of 2011, to distribute as a final dividend an amount equal to 60% of the earnings for the year 2010.

The final dividend will be that defined by the Ordinary Shareholders Meeting to be held in the first four months of 2011

Compliance with this policy will be subject, In terms of dividends, to the earnings actually obtained, the results of projections made by the company periodically or the existence of certain conditions.

#### 3. PROCEDURE FOR THE PAYMENT OF DIVIDENDS OF ENDESA CHILE

For the payment of dividends, whether interim or final, and in order to avoid their incorrect collection, Endesa Chile offers the following methods:

1. Deposit in a bank checking account which holder is a shareholder.
2. Deposit in a bank savings account which holder is a shareholder.
3. Dispatch of a nominative check or banker’s draft by registered post to the address of the shareholder that appears in the shareholders register.



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- Collection of a check or banker’s draft at the offices of DCV Registros S.A., as the registrar of the shares of Endesa Chile or at the bank and its branches determined for this purpose and that will be advised in a notification published on the payment of dividends.

For these purposes, the bank checking or savings accounts may be at any location in Chile.

It should be noted that the payment method chosen by each shareholder will be used by DCV Registros S.A. for all dividend payments unless the shareholder indicates their intention in writing to change it and records another option.

Shareholders who have not registered a payment method will be paid in accordance with method No.4 above.

Should checks or banker’s drafts be returned by mail to DCV Registros S.A., these will remain in its custody until collected or requested by the shareholder.

In the case of deposits in bank checking accounts, Endesa Chile may request, for safety reasons, the checking of these by the corresponding banks. If the accounts indicated by shareholders are objected, whether in the prior checking process or for any other reason, the dividend will be paid according to method No.4 above.

The company has adopted and will continue adopting in the future all the safety measures necessary in the payment of dividends in order to protect the interests of both the shareholder and Endesa Chile.

## DIVIDEND POLICY 2009 (1)

### 1. GENERAL

In accordance with SVS Circular 687 of February 13, 1987, the following is the dividend policy of the board of the Company.

### 2. DIVIDEND POLICY

The board intends to propose to the Shareholders Meeting to distribute as a final dividend an amount equal to 60% of the earnings for the year 2009.

In relation to the above, the board intends to distribute an interim dividend against the earnings for 2009, of up to 15% of the earnings to September 30, 2009, as shown in the financial statements as at that date, payable in December 2009.

(1) Material Information filed with the SVS on February 26, 2010:  
In accordance with clauses 9 and 10.2 of the Securities Market Law 18,045 and General Rule No.30, and duly authorized by the board of the Company for this purpose, I inform the Superintendency of the following material information:  
  
The board of the Company, at its ordinary meeting, agreed today to amend the Dividend Policy for 2009 informed at the General Shareholders’ Meeting held on April 15, 2009. The amendment consists in reducing from 60% to 35.11% the percentage of the distributable net income as dividends attributable to the annual period ended on December 31st, 2009.  
  
Accordingly, the board will propose to the General Shareholders’ Meeting of Endesa Chile, to be held in April, 2010, to distribute a total dividend of Ch\$26.84285 per share, which would represent a total distribution of Ch\$220,158,467,928. From this amount, the interim dividend of Ch\$9.31235 per share, paid in December 2009, would be deducted. Consequently, if this amendment is approved by the General Shareholders’ Meeting, the final dividend to be distributed to the shareholders will amount to Ch\$17.53050 per share, which will be paid at a date yet to be determined by the Company.

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The final dividend will be that defined by the Ordinary Shareholders Meeting to be held in the first four months of 2010.

Compliance with this policy will be subject, In terms of dividends, to the earnings actually obtained, the results of projections made by the company periodically or the existence of certain conditions.

DIVIDENDS DISTRIBUTED IN RECENT YEARS							
Dividend No.	Type of Dividend	Closing Date	Payment Date	Pesos per Share	Imputed to the Year	Annual Dividend	% of earnings
39	Final	12-04-2005	18-04-2005	4.13	2004	4.13	50%
40	Final	24-03-2006	30-03-2006	5.82	2005	5.82	50%
41	Interim	16-12-2006	22-12-2006	2.57	2006		
42	Final	15-05-2007	22-05-2007	10.84	2006	13.41	60%
43	Interim	19-12-2007	26-12-2007	2.1926	2007		
44	Final	23-04-2008	29-04-2008	11.5647	2007	13.7573	60%
45	Interim	12-12-2008	18-12-2008	5.3512	2008		
46	Final	06-05-2009	12-05-2009	15.933	2008	21.2842	40%
47	Interim	10-12-2009	16-12-2009	9.31235	2009		

## DISTRIBUTABLE EARNINGS 2009

Distributable earnings for the year 2009 are as follows:

Millions of pesos	
Earnings for year attributable to dominant company	627,053
Distributable earnings	627,053

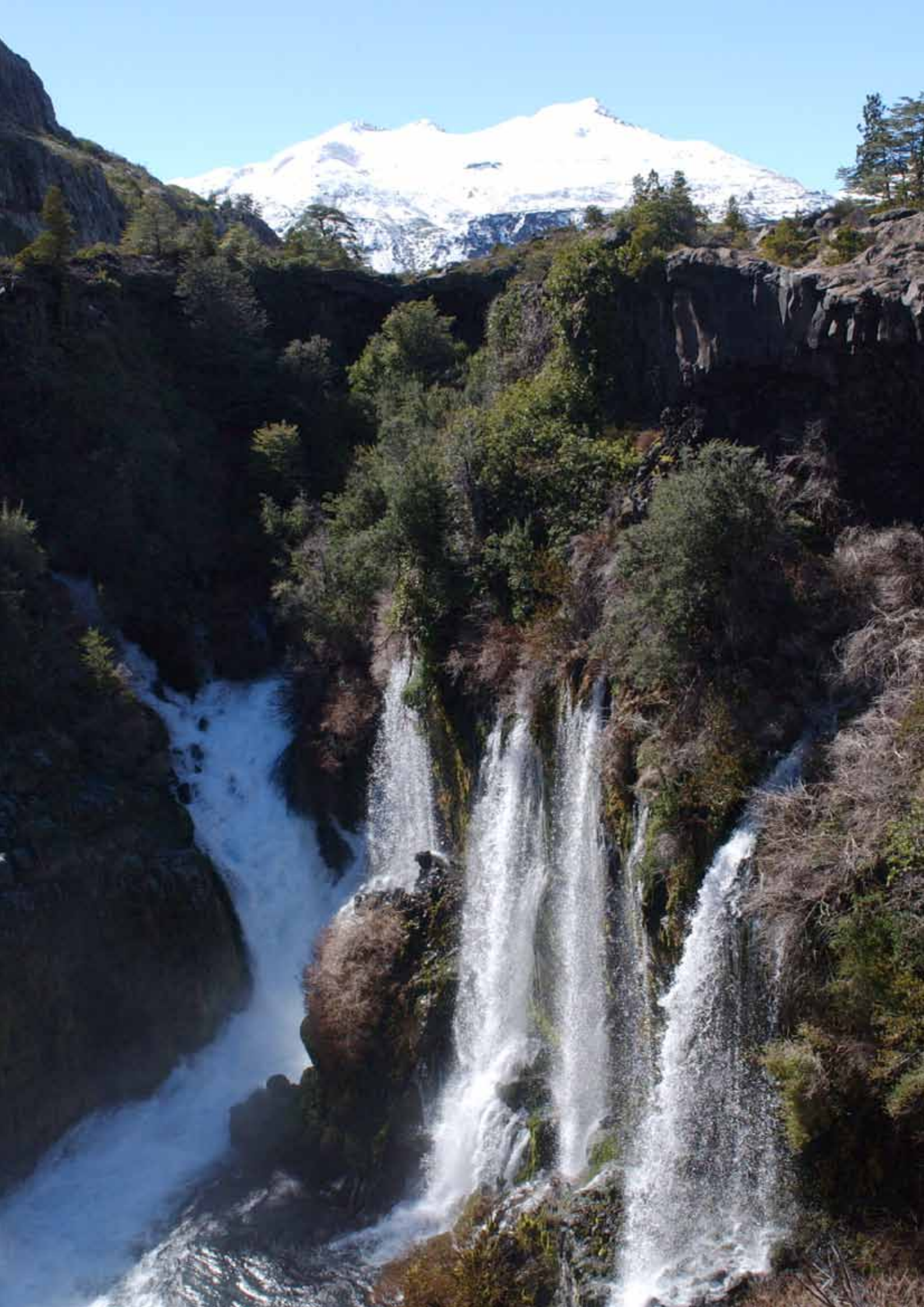


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Consolidated Material Information

- On February 23, 2009, and in accordance with clauses 9 and 10.2 of Law N°18,045, and General Rules N°30 and N°210 of the Superintendency, and under the powers conferred to me, I inform you the following as material information:
  1. In accordance with the agreement filed as an “essential fact” on October 11, 2007, ACCIONA S.A. and ENEL ENERGY EUROPE S.r.l., signed an agreement on March 26, 2007 for the joint management of ENDESA, S.A. ENDESA, S.A., through its Spanish subsidiary Endesa Latinoamérica, S.A. (formerly Endesa Internacional, S.A.), holds 60.62% of Enersis S.A.’s share capital, and that Enersis S.A. is in turn holds 59.98% of Endesa Chile’s share capital.
  2. On February 20, 2009, ACCIONA, S.A., and ENEL S.p.A., announced that they had reached an agreement through which ACCIONA, S.A., directly and indirectly, will transfer to ENEL ENERGY EUROPE S.r.l. 25.01% of ENDESA, S.A.’s share capital. The transfer is subject to the approval by relevant authorities and legal authorizations, among others. As a result, ENEL ENERGY EUROPE S.r.l., 100% controlled by ENEL S.p.A., will hold 92.06% of ENDESA, S.A.’s share capital. In accordance with the agreement mentioned above, ENEL committed to pay ACCIONA a total amount of 11,107,440,979 Euros.
  3. Additionally, ENDESA, S.A. has agreed to transfer to ACCIONA eolic and hydroelectric energy assets in Spain and Portugal for an amount of 2,889,522,000 Euros.
  4. In accordance with the foregoing, we inform you that the transfer of shares and assets specified above may be extended until the end of August 2009. The agreement executed between ENEL S.p.A. and ACCIONA, S.A., was notified to the Spanish CNMV (Comisión Nacional del Mercado de Valores) as “essential fact” on February 20, 2009 and may be found on this entity’s web site (www.cnmv.es).
- On February 27, 2009, and in accordance with article 63 of Law 18,046, it is reported that the board of the company agreed to call the Regular Shareholders’ Meeting for April 15, 2009, at 10 a.m., at the Espacio Riesco convention center at Avda. El Salto 5000, Huechuraba, Santiago.

The Regular Shareholders’ Meeting will have the purpose to acknowledge and resolve the following matters:

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1. Approval of the Annual Report, Financial Statements and Report of the Independent Accountants and Inspectors of Accounts for the year ended December 31, 2008;
2. Approval of the Distribution of Profits and Dividends;
3. Information of the Company’s dividends policy and of the procedures for the dividends distribution;
4. Approval of the Investment and Financing Policy proposed by the Board of Directors;
5. Fixing the compensation of the Board of Directors;
6. Setting the compensation of the Directors Committee and the Audit Committee and approval of their budgets;
7. Information contained in the Directors Committee Report;
8. Appointment of External Auditors;
9. Election of two Accounts Inspectors and their alternates, and setting their compensation;
10. Other matters of corporate interest and the competence of the Meeting and information of the transactions referred to in article 44 of Law 18,046.

- On March 26, 2009, and in accordance with clauses 9 and 10.2 of the Securities Market Law 18,045 and General Rule No.30 and 210, and in the use of the powers conferred upon me, I duly inform the Superintendence of the following material information:

Directors Pío Cabanillas Alonso and Juan Gallardo Cruces resigned from their positions at the beginning of the board meeting of Endesa Chile held today. Juan Gallardo was the Vice-Chairman of the board.

The board agreed to appoint José María Calvo-Sotelo Ibáñez-Martín and Andrea Brentan to replace the resigned directors. Andrea Brentan was appointed as Vice-Chairman of the board.

At the end of the board meeting, the director Raimundo Valenzuela Lang resigned from his position. The board agreed not to appoint a replacement.

As a result of these resignations, the upcoming Endesa Chile General Ordinary Shareholders’ Meeting to be held on April 15, 2009 will renew the entire board of the Company through the election of its members, following the provisions of article 32, final paragraph, of the Corporations Law.

Having already informed the Superintendence of Securities and Insurance, on February 27, 2009, of the Notice for the aforementioned General Ordinary Shareholders’ Meeting mentioned, accompanied by an agenda which did not contemplate the election of the board of directors, it is now necessary to inform you that such election will be carried out. The definitive agenda for the General Ordinary Shareholders’ Meeting of Empresa

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Nacional de Electricidad S.A., to be held on April 15, 2009 at 10 a.m. at the Espacio Riesco Conventions Center, located at Avda. El Salto 5000, Huechuraba, Santiago, will be the following:

1. Approval of Annual Report, Balance Sheet, Financial Statements, and Report of the External Auditors and Accounts Inspectors for the year ended on December 31, 2008.
  2. Profit distribution for the period and dividend payments.
  3. Information of the dividend policy and of the procedures for the dividend distribution.
  4. Approval of the Investments and Financing policy proposed by the Board of Directors.
  5. Election of the Board of Directors.
  6. Setting the compensation of the Board of Directors.
  7. Setting the compensation of the Directors’ Committee and Audit Committee and budget determinations for 2009.
  8. Report of the Directors’ Committee.
  9. Appointment of Independent External Auditors.
  10. Appointment of two Accounts Inspectors including two deputies, and setting of their compensation.
  11. Other matters of corporate interest, and competence of the General Ordinary Shareholders’ Meeting and information regarding transactions referred to in Article 44 of Law 18,046.
- On March 26, 2009, and in accordance with clauses 9 and 10.2 of the Securities Market Law 18,045 and General Rule No.30, and duly authorized by the board of the Company for this purpose, I inform the Superintendency of the following material information:

The board of the Company, at its ordinary meeting, agreed today to amend the Dividend Policy for 2008 informed at the General Shareholders’ Meeting held on April 1, 2008. The amendment consists of reducing the percentage of net income to be distributed as dividends attributable to 2008 from 60% to 40%.

Accordingly, the board will propose to the General Shareholders’ Meeting of Endesa Chile, to be held on April 15, 2009, to distribute a final dividend amounting to Ch\$15.9330 per share which, if approved by the General Shareholders’ Meeting, will be paid on a date yet to be determined.

- On March 30, 2009, and in accordance with clauses 9 and 10.2 of the Securities Market Law 18,045 and General Rule No.30, and in the use







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of the powers conferred upon me, I inform the Superintendent of the following material information:

On March 27, 2009, the Company was notified of the favorable arbitration resolution in the case “Empresa Nacional de Electricidad S.A. (Endesa Chile) with CMPC Celulosa S.A. (CMPC)”, issued by the arbitration tribunal composed by Luis Morand Valdivieso and Víctor Vial del Río, who gave their majority vote to the sentence, and Antonio Bascuñán Valdés, who voted in the minority.

The arbitration arose from differences that occurred during the term of the current electricity supply contract between the parties which Endesa Chile executed with this non-regulated customer following a tender called by CMPC for the supply of electricity for all its Santa Fe, Inforsa, Laja and Pacifico plants. This contract was executed on May 31, 2003, with the supply starting on January 1, 2004. The contract expires in December 2011 and may be extended unilaterally by the non-regulated customer until December 2013.

Having noticed Endesa Chile that the actual consumption of the non-regulated customer increased considerably since 2006 over that projected in its own tender conditions, Endesa Chile began negotiations with the customer to reach an agreement with respect to this larger consumption. As no agreement was reached in these negotiations, Endesa Chile decided to submit these differences to the arbitration process stated in the contract.

The arbitration decision stated the following:

- It accepted the demand of Endesa Chile and determined that it has no obligation to supply the consumptions of the chlorate plant of ERCO (Chile) Limitada.
- It accepted the reservation of rights requested by Endesa Chile to charge damages for the consumption of ERCO (Chile) Limitada, determining that the damages suffered can be charged from the date of notification of the demand.
- It accepted the demand of Endesa Chile in the sense that Celulosa cannot require unlimited energy for its important plants, setting a limit equivalent to the estimates presented in the tender conditions for these, plus 50%. This limit comes into effect from the date of notification of the sentence.
- It accepted the demand of Endesa Chile establishing the obligation of Celulosa to operate its own generating units at full capacity.

Regarding the economic consequences of the arbitration judgment for Endesa Chile from the date of bringing the demand until now, the Company will soon proceed to start actions for charging the damages caused, either voluntarily or through the courts.

- On April 8, 2009, and in accordance with articles 9 and 10 of the Securities Market Law and General Rule No.30 of the Superintendence, and duly authorized by the Board, I inform you the following material information:

Empresa Nacional de Electricidad S.A. today entered into an electricity purchase contract for 500 GWh/year with its subsidiary Empresa Eléctrica Pehuenche S.A.

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The contract has a 15 year-term, from January 1, 2010. The contracted price for the period from January 2010 to December 2011 will be linked to the energy marginal cost in the Central Interconnected System. Starting January 1, 2012, and until December 31, 2024, the contract price will be an amount between US\$ 96.8/MWh and US\$103.7/MWh, according to the supply point and will be indexed to changes in the American CPI.

This contract is a consequence of the participation by Empresa Nacional de Electricidad S.A., with its own energy and that of its generating subsidiaries, in the recent Central Interconnected System distribution company bidding process.

This contract was analyzed and approved regarding its market conditions by the Board and its Directors’ Committee, for being a transaction between related companies.

- On April 16, 2009, and in accordance with current legislation and regulations, I inform you that the General Ordinary Shareholders’ Meeting of Empresa Nacional de Electricidad S.A., held yesterday, appointed a new Board of Directors of the Company for a period of three years from the date of the meeting.

The members of the Board as of April 15, 2009 are:

Mario Valcarce Durán  
Andrea Brentan  
Francesco Buresti  
José María Calvo-Sotelo Ibáñez-Martín  
Fernando D’Ornellas Silva  
Borja Prado Eulate  
Jaime Estévez Valencia  
Leonidas Vial Echeverría  
Gerardo Jofré Miranda

At an extraordinary Board meeting held on the same day, the Board agreed to appoint Mario Valcarce Durán as Chairman and Andrea Brentan as the Vice-Chairman of the Board.

During the same meeting, the Board agreed to appoint Jaime Estévez Valencia, Gerardo Jofré Miranda and Mario Valcarce Durán as members of the Directors’ Committee. Likewise, the Board agreed to appoint Fernando D’Ornellas Silva, Jaime Estévez Valencia and Borja Prado Eulate as members of the Audit Committee.

- On April 16, 2009, and in accordance with the provisions set forth on Circular 660 of October 22, 1986 of the Superintendency, I hereby inform you that the shareholders at the General Ordinary Shareholders’ Meeting held on April 15, 2009 agreed to distribute Ch\$15.9330 per share as the final dividend, payable in cash and attributable to net income of 2008, payable on May 12, 2009. Shareholders registered in the Shareholders Registry as of May 6, 2009 are entitled to this dividend.
- On June 25, 2009, and in accordance with clauses 9 and 10.2 of the Securities Market Law 18,045 and General Rules Nos.30 and 210, and in





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the use of the powers conferred upon me, I inform the Superintendency of the following material information:

1. As was reported as Material Information on October 11, 2007, the companies ACCIONA, S.A. and ENEL ENERGY EUROPE S.r.L. on March 26, 2007, formalized an agreement for the joint management of ENDESA, S.A. It should be recalled that ENDESA, S.A., through its Spanish subsidiary Endesa Latinoamérica, S.A. (previously called Endesa Internacional, S.A.) holds 60.62% of the share capital of Enersis S.A., which in turn holds 59.98% of the share capital of Endesa Chile.
2. As reported as Material Information on February 23, 2009, the companies ACCIONA, S.A. and ENEL S.p.A. announced on February 20, 2009 having reached an agreement whereby ACCIONA, S.A. would transfer directly and indirectly to ENEL ENERGY EUROPE S.r.L. its 25.01% shareholding in ENDESA, S.A. The transfer was conditioned to the approval by the relevant authorities and legally required authorizations, among others. ENEL ENERGY EUROPE S.r.L., thus controlled 100% by ENEL S.p.A., would be the holder of 92.06% of the share capital of ENDESA, S.A. In accordance with the agreement indicated in 1. above, ENEL has agreed to pay ACCIONA a total amount of € 1,107,440,979.
3. In addition, ENDESA, S.A. agreed to transfer to ACCIONA certain of its wind and hydroelectric energy production assets in Spain and Portugal for an amount of € 634,000,000 once the appropriate adjustments and the agreed exclusion of certain assets have been carried out.
4. We therefore inform you that on June 25, 2009, the transfer of the shares and assets indicated respectively in points 2 and 3 above has been made and ENEL S.p.A. is therefore the final controller of Endesa Chile by having obtained a 92.06% shareholding in ENDESA, S.A. This share transfer was reported to the Spanish National Securities Market Commission (CNMV) as material information on June 25, 2009, the text of which may be found on the web site of that organism ([www.cnmv.es](http://www.cnmv.es)).
- On July 24, 2009, and in accordance with clauses 9 and 10.2 of the Securities Market Law 18,045 and General Rules Nos.30 and 210, I inform the Superintendency of the following Material Information:

As it was duly reported as Material Information in several communications, Endesa Chile executed in January 1997 an Indenture for Yankee Bond issuances, governing several series issued between 1997 and 2003.

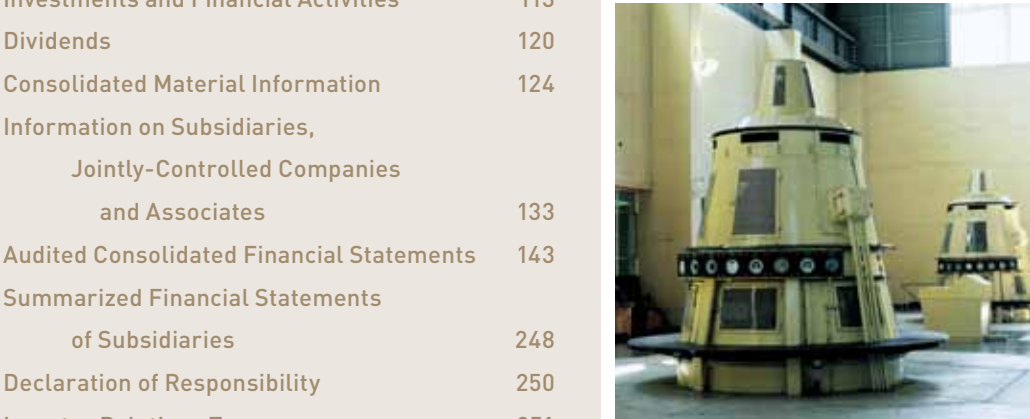
On July 8, 2009 Endesa Chile started a consent solicitation process to amend the Indenture dated January 1, 1997 governing the Yankee Bonds, with an outstanding amount of \$ 917 millions. The amendments to the Indenture refer to Section 501 (4), the cross default clause, so that it applies only to Endesa Chile and Chilean subsidiaries, the definition of “Significant Subsidiary” has been amended also so it is limited to only those Chilean Significant Subsidiaries. The concept of Significant Subsidiary is used in Sections 501 (5) y (6), the bankruptcy and insolvency clauses.

As of today, the Company has received consents from Yankee Bond holders of a majority in aggregate principal amount outstanding of each series, and were executed the amendments to the Indenture abovementioned.



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- On October 9, 2009, and in accordance with clauses 9 and 10 of the Securities Market Law and duly authorized by the board of the Company, I inform you the following material information with respect to the company, its businesses and its publicly-traded securities:

In a stock-market transaction carried out today on the Lima Stock Exchange, Peru, Endesa Chile acquired 674,279,043 shares in its Peruvian electricity-generating subsidiary Edegel S.A.A., representing 29.3974% of its share capital, at a cost of 1.61 nuevos soles per share, which results in a total share acquisition cost of US\$375,000,000. The shares were acquired from the Peruvian company Generalima S.A.C., a subsidiary of Endesa Latinoamérica S.A., in turn an affiliate of Endesa Chile. The opening price of the shares of Edegel S.A.A. on the Lima Stock Exchange was 1.62 nuevos soles, while the closing price was 1.61 nuevos soles.

Endesa Chile is the controlling shareholder in the Peruvian subsidiary Generandes S.A., with an ownership stake of 61.00% of its share capital. Generandes S.A. in turn holds 54.20% of the share capital of Edegel S.A.A. As a result of the transaction reported here, Endesa Chile becomes the direct and indirect holder of 62.46% of the shares of Edegel S.A.A., an electricity generator having a 28% market share in Peruvian electricity generation.

- On October 28, 2009, and in accordance with clauses 9 and 10 of the Securities Market Law and duly authorized by the board of the Company, I inform you the following material information:

In the ordinary session of Endesa Chile’s Board of Directors, which took place today, Mr. Mario Valcarce Durán proceeded to resign as Director and President of the Board of Directors of Endesa Chile.

The Board of Directors did not proceed to assign a replacement in the board upon the resignation presented.

- On October 30, 2009, and in accordance with Articles 9 and 10.2 of Law 18,045, as well as General Rule N°30 of the Superintendency, I hereby inform you that the board of Endesa Chile on October 28, 2009 agreed to distribute a Provisional Dividend of Ch\$ 9.31235 per share, payable on December 16, 2009. This Dividend accounts for 15% of net earnings for the period ended on September 30, 2009, against the net income for 2009, in accordance with the current dividend policy. Shareholders registered in the Shareholders Registry as of December 10, 2009 will be entitled to this dividend.

- On November 6, 2009, and in accordance with clauses 9 and 10 of the Securities Market Law and with the current regulations of the Superintendence, I inform you the following material information:

Through a letter dated today, addressed to Mr. Paolo Bondi, Endesa Chile’s Vice-Chairman, Mr. Rafael Mateo Alcalá presented his resignation as Chief Executive Officer of the Company. This resignation will be effective as of the date of the next ordinary Board of Directors’ meeting of the Company.

- On November 20, 2009, and in accordance with clauses 9 and 10 of the Securities Market Law and with the current regulations of the Superintendence, I inform you the following material information:

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The board of Endesa Chile at its meeting that took place today, agreed to appoint Mr. Joaquín Galindo Vélez as the new Chief Executive Officer of the company starting today, replacing Mr. Rafael Mateo Alcalá, whose resignation was informed as material information on November 6.

- On December 17, 2009, and in accordance with clauses 9 and 10 of the Securities Market Law and with the current regulations of the Superintendence, I inform you the following material information:

The board of Endesa Chile at its meeting held today agreed to appoint Mr. Jorge Rosenblut as a new director and Chairman of Endesa Chile, effective as of today, replacing Mr. Mario Valcarce, whose resignation was informed as material information on October 28, 2009.

- On December 18, 2009, and in accordance with articles 9 and 10 of Law 18,045 and the administrative regulations of the Superintendency of Securities and Insurance, I inform you the following material information:

The board of the Company at its meeting held on December 17, 2009, has adopted the following provisional policy with respect to habitual transactions related to the ordinary course of business, to be effective from January 1, 2010 until the next ordinary shareholders meeting, and allows the transactions with related parties without complying with the requirements and procedures set out in Nos. 1 to 7 of article 147 of Law 18,046:

### PROVISIONAL POLICY ON HABITUAL TRANSACTIONS

1. Habitual transactions are financial transactions between companies belonging to the same business group, and being classified as trading current accounts and/or structured financial loans, are carried out for the optimization of the cash management of the companies.
2. Considered as habitual are those transactions between related parties that are related to electricity supply contracts subject to regulated prices or that derive from electricity supply tenders.
3. Considered as habitual are those transactions of a financial nature or financial intermediation made by the Company in a normal and permanent way with banking companies and their subsidiaries, such as fixed-income financial investments, currency trading, financial derivatives, repurchase agreements, time deposits, overdraft lines, loans against promissory notes, letters of credit, performance bonds, stand-by letters of credit, etc. and which are booked as transactions between related parties, when they may be subject to confrontation of market prices in an auditable way.



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Information on Subsidiaries,  
Jointly-Controlled Companies and Associates

<b>ENDESA ARGENTINA S.A.</b>	ALTERNATE DIRECTORS - Roberto José Fagan - Damián Camacho - Francisco Domingo Monteleone - Miguel Ortiz Fuentes - Bernardo Iriberrí - Alfredo Mauricio Vitolo - Vacant - Vacant	- Juan Carlos Nayar - Gustavo Brockerhof - José María Hidalgo Martín-Mateos - Vacant - Vacant	<b>SOUTHERN CONE POWER ARGENTINA S.A.</b>
KIND OF COMPANY Type of Entity: Corporation constituted in the city of Buenos Aires, Argentina. Address: Suipacha 268, piso 12, Buenos Aires, Argentina.	CHIEF EXECUTIVE OFFICER Fernando Claudio Antognazza	CHIEF EXECUTIVE OFFICER Fernando Claudio Antognazza	KIND OF COMPANY Type of Entity: Corporation constituted in the city of Buenos Aires, Argentina. Address: Av. España 3301, Buenos Aires, Argentina.
CORPORATE PURPOSE Investments in companies for the production, transport and distribution of electricity and its sale, and financial activities, with the exception of those reserved for banks by law.	SENIOR EXECUTIVES - José Miguel Granged Bruñen CHIEF EXECUTIVE OFFICER - Fernando Carlos Luis Boggini MANAGER, ADMINISTRATION AND FINANCE - Rodolfo Silvio Bettinsoli MANAGER, HUMAN RESOURCES - Jorge Burlando Bonino MANAGER, PLANNING AND CONTROL - Sergio Schmois COMMERCIAL MANAGER - Francisco Domingo Monteleone PRODUCTION MANAGER	COMMERCIAL RELATIONS WITH ENDESA CHILE There is a contract by which Endesa Chile assumes responsibility for the operation of Hidroeléctrica El Chocón S.A., committing to provide this company with services related to the following areas: supervision and technical advice, operations, commercial, administration, management, personnel administration, procurement, environment and internal audit.	CORPORATE PURPOSE For its own or third party’s account, usual purchase and sale of electricity in the wholesale market produced by other parties and to be consumed by others. It may also hold participations in companies dedicated to electricity generation.
PAID CAPITAL Ch\$81,188,759 thousand.			PAID CAPITAL Ch\$3,135,978 thousand.
DIRECTORS - José Miguel Granged Bruñen CHAIRMAN - Néstor José Belgrano VICE CHAIRMAN - Francisco Martín Gutiérrez	COMMERCIAL RELATIONS WITH ENDESA CHILE The company has a loan of US\$ 7 million with Endesa Chile.	<b>HIDROINVEST S.A.</b>	DIRECTORS - José Miguel Granged Bruñen CHAIRMAN - Roberto José Fagan VICE CHAIRMAN - Fernando Claudio Antognazza
ALTERNATE DIRECTORS - Hugo Pedro Lafalce - María Inés Corrá - Marcelo Alejandro Den Toom		KIND OF COMPANY Type of Entity: Corporation constituted in the city of Buenos Aires, Argentina. Address: Av. España 3301, Buenos Aires, Argentina.	ALTERNATE DIRECTOR - Juan Carlos Blanco
COMMERCIAL RELATIONS WITH ENDESA CHILE None.	<b>HIDROELÉCTRICA EL CHOCÓN S.A.</b>	CORPORATE PURPOSE The acquisition and holding of a majority shareholding in Hidroeléctrica El Chocón S.A.	COMMERCIAL RELATIONS WITH ENDESA CHILE None.
<b>ENDESA COSTANERA S.A.</b>	KIND OF COMPANY Type of Entity: Corporation constituted in the city of Buenos Aires, Argentina. Address: Av. España 3301, Buenos Aires, Argentina.	PAID CAPITAL Ch\$33,021,025 thousand.	<b>INGENDESA DO BRASIL LTDA.</b>
KIND OF COMPANY Type of Entity: Corporation constituted in the city of Buenos Aires, Argentina. Address: Av. España 3301, Buenos Aires, Argentina.	CORPORATE PURPOSE The production of electricity and its blocks sale.	DIRECTORS - Vacant CHAIRMAN - José Miguel Granged Bruñen VICE CHAIRMAN - Miguel Ortiz Fuentes - Fernando Claudio Antognazza - Julio Valbuena Sánchez MANAGER, PLANNING AND CONTROL, ENDESA CHILE - Francisco Domingo Monteleone - Roberto José Fagan - Carlos Martín Vergara LEGAL COUNSEL, ENDESA CHILE	KIND OF COMPANY Type of Entity: Limited partnership constituted in Brazil with headquarters in Río de Janeiro. Address: -Rua Álvaro Alvim, 21, pavimento 3, Centro, Río de Janeiro, Brazil.
CORPORATE PURPOSE The production of electricity and its blocks sale.	PAID CAPITAL Ch\$47,114,465 thousand.	ALTERNATE DIRECTORS - Daniel Garrido - Jorge Burlando Bonino - Juan Carlos Blanco - Rodolfo Bettinsoli - Fernando Boggini - Rodrigo Quesada - José María Hidalgo Martín-Mateos - Vacant	CORPORATE PURPOSE The provision of engineering services, studies projects, technical consultancy, administration, inspection and supervision of works, inspection and reception of materials and equipment, of laboratory, of proficiency, commercial representation of national and foreign engineering firms, and other services permitted by law in the practice of engineering, architecture, agronomy, geology and meteorology professions, in all the special skills.
PAID CAPITAL Ch\$27,031,045 thousand.	DIRECTORS - Vacant CHAIRMAN - José Miguel Granged Bruñen VICE CHAIRMAN - Julio Valbuena Sánchez MANAGER, PLANNING AND CONTROL, ENDESA CHILE - Miguel Ortiz Fuentes - Carlos Martín Vergara LEGAL COUNSEL, ENDESA CHILE - Alex Daniel Horacio Valdéz - Orlando Díaz - Vacant - Vacant	COMMERCIAL RELATIONS WITH ENDESA CHILE None.	PAID CAPITAL Ch\$133,845 thousand.
DIRECTORS - José María Hidalgo Martín-Mateos CHAIRMAN - Máximo Luis Bomchil VICE CHAIRMAN - Julio Valbuena Sánchez MANAGER, PLANNING AND CONTROL, ENDESA CHILE - César Fernando Amuchástegui - Eduardo Javier Romero - Simón Dasensich - Carlos Martín Vergara LEGAL COUNSEL, ENDESA CHILE - Fernando Claudio Antognazza	ALTERNATE DIRECTORS - Fernando Claudio Antognazza - Francisco Domingo Monteleone - Juan Carlos Blanco - Héctor Osvaldo Mendiberri	REPRESENTATIVE Sergio Ribeiro Campos	COMMERCIAL RELATIONS WITH ENDESA CHILE None.

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CENTRAL EÓLICA CANELA S.A.

KIND OF COMPANY  
Type of Entity: Private Company constituted in Santiago, Chile.  
Tax No.: 76.003.204-3  
Address: Santa Rosa 76, piso 12, Santiago, Chile.

CORPORATE PURPOSE  
To promote and develop renewable energy projects, mainly in wind generation, identify and develop clean development mechanism (CDM) projects and act as depositary and trader of emission-reduction certificates obtained from these projects. The company may also generate, transport, distribute, supply and sell electricity for which it may acquire and use the respective concessions and benefits.

PAID CAPITAL  
Ch\$12,284,743 thousand.

DIRECTORS  
- Juan Benabarre Benaiges  
CHAIRMAN  
REGIONAL MANAGER, PRODUCTION AND TRANSPORT, ENDESA CHILE  
- Claudio Iglesias Guillard  
VICE CHAIRMAN  
MANAGER, GENERATION, ENDESA CHILE  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER, INGENDESA  
- Sebastián Fernández Cox  
REGIONAL MANAGER, ENERGY PLANNING, ENDESA CHILE  
- Cristóbal García-Huidobro Ramírez

ALTERNATE DIRECTORS  
- Aníbal Bascuñán Bascuñán  
- Alan Fisher Hill  
- Julio Montero Montegu  
- Claudio Betti Pruzo  
- Juan Cristóbal Pavéz Recart

GENERAL MANAGER  
Wilfredo Jara Tirapegui

COMMERCIAL RELATIONS WITH ENDESA CHILE  
On November 1, 2007 a contract was signed with Endesa Chile to sell it all the production of energy and firm capacity of its wind farm as recorded by the CDEC-SIC.

COMPAÑÍA ELÉCTRICA SAN ISIDRO S.A. (SAN ISIDRO S.A.)

KIND OF COMPANY  
Type of Entity: Private Company corporation constituted in Santiago, Chile.  
Tax No.: 96.783.220-0  
Address: Santa Rosa 76, Santiago, Chile.

CORPORATE PURPOSE  
The generation, transportation, distribution and supply of electricity.

PAID CAPITAL  
Ch\$39,005,904 thousand.

DIRECTORS  
- Alejandro García Chacón  
CHAIRMAN  
- Alan Fisher Hill  
VICE CHAIRMAN  
- Pedro Gatica Kerr  
- Claudio Iglesias Guillard  
MANAGER. GENERATION, ENDESA CHILE  
- Ricardo Santibáñez Zamorano

ALTERNATE DIRECTORS  
- Osvaldo Muñoz Díaz  
- Carlo Carvallo Artigas  
- Claudio Betti Pruzo  
- Rodrigo Naranjo Martorell  
- Enrique Lozán Jiménez

GENERAL MANAGER  
Claudio Iglesias Guillard

COMMERCIAL RELATIONS WITH ENDESA CHILE AND SUBSIDIARIES  
San Isidro S.A. has a contract with Endesa Chile for the operation and maintenance of its plant and administrative and commercial services, and a energy and power sale contract.

It has contracts with Transmisora Eléctrica de Quillota S.A for the use of transmission systems to enable it to transmit energy to the SIC, and a natural gas transportation contract with Electrogas S.A.

COMPAÑÍA ELÉCTRICA TARAPACÁ S.A. (CELTA S.A.)

KIND OF COMPANY  
Type of Entity: Private Company corporation constituted in Santiago, Chile.  
Tax No.: 96.770.940-9  
Address: Santa Rosa 76, Santiago, Chile.

CORPORATE PURPOSE  
Principally to exploit the production, transport, distribution and supply of electricity, national or international, being able to obtain, acquire and enjoy for these purposes the respective concessions.

PAID CAPITAL  
Ch\$103,099,643 thousand.

DIRECTORS  
- Alejandro García Chacón  
CHAIRMAN  
- Alan Fischer Hill  
- Lionel Roa Burgos

GENERAL MANAGER  
Eduardo Soto Trincado

COMMERCIALS RELATIONS WITH ENDESA CHILE AND SUBSIDIARIES  
Celta has a contract with Endesa Chile for operation, maintenance, administration and selling.

EMPRESA DE INGENIERÍA INGENDESA S.A. (INGENDESA)

KIND OF COMPANY  
Type of Entity: Private Company corporation constituted in Santiago, Chile.  
Tax No.: 96.588.880-4  
Address: Santa Rosa 76, Santiago, Chile.

CORPORATE PURPOSE  
The provision of engineering services, inspection of works, inspection and reception of materials and equipment, of laboratory, of proficiency, business management in all fields, environmental advice including coming out environmental impact studies and in general consultancy services in all subjects, in Chile or abroad.

PAID CAPITAL  
Ch\$2,600,176 thousand.

DIRECTORS  
- Juan Benabarre Benaiges  
CHAIRMAN  
REGIONAL MANAGER, PRODUCTION AND TRANSPORT, ENDESA CHILE  
- Rafael De Cea Chicano  
- Aníbal Bascuñán Bascuñán

GENERAL MANAGER  
Rodrigo Alcaíno Mardones

COMMERCIAL RELATIONS WITH ENDESA CHILE AND SUBSIDIARIES  
Ingendesa provides services to Endesa Chile, subsidiaries and related companies comprising various consultancies and engineering development for works which these companies are carrying out or planning to carry out.

EMPRESA ELÉCTRICA PANGUE S.A. (PANGUE S.A.)

KIND OF COMPANY  
Type of Entity: Private Company corporation constituted in Santiago, Chile.  
Tax No.: 96.589.170-6  
Address: Santa Rosa 76, Santiago, Chile.

CORPORATE PURPOSE  
The exploitation of the production, transport, distribution and supply or electricity at the Pangue hydroelectric plant in the Bío Bío river basin.

PAID CAPITAL  
Ch\$91,041,497 thousand.

DIRECTORS  
- Claudio Iglesias Guillard  
CHAIRMAN  
MANAGER, GENERATION, ENDESA CHILE  
- Alan Fischer Hill  
VICE CHAIRMAN  
- Alejandro García Chacón

GENERAL MANAGER  
Lionel Roa Burgos

COMMERCIAL RELATIONS WITH ENDESA CHILE  
Pangue S.A. has a contract with Endesa Chile for the operation and maintenance of its plant and its commercial and financial management, plus an energy and power sale contract. Pangue S.A. also has a loan with Endesa Chile for UF 4 million (approximately US\$ 95 million).

EMPRESA ELÉCTRICA PEHUENCHE S.A. (PEHUENCHE S.A.)

KIND OF COMPANY  
Type of Entity: Publicly-held Company constituted in Santiago, Chile.  
Tax No.: 96.504.980-0  
Address: Santa Rosa 76, Santiago, Chile.

CORPORATE PURPOSE  
The generation, transport, distribution and supply of electricity, being able to acquire and enjoy the respective concessions.

PAID CAPITAL  
Ch\$200,319,020 thousand.

DIRECTORS  
- Claudio Iglesias Guillard  
CHAIRMAN  
MANAGER GENERATION, ENDESA CHILE  
- Alan Fischer Hill  
VICE CHAIRMAN  
- Daniel Bortnik Ventura  
- Alejandro García Chacón  
- Pedro Gatica Kerr  
- Enrique Lozán Jiménez  
- Osvaldo Muñoz Díaz

GENERAL MANAGER  
Lucío Castro Márquez

COMMERCIAL RELATIONS WITH ENDESA CHILE AND SUBSIDIARIES  
Pehuenche S.A. has a contract with Endesa Chile for the operation and maintenance of its plant and its commercial and financial management, plus an energy and power sale contract. Pehuenche S.A. also has granted a loan to Endesa Chile for US\$ 25 million.

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ENDESA ECO S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in Santiago,  
Chile.  
Tax No.: 76.313.310-9  
Address: Santa Rosa 76, piso 12,  
Santiago, Chile.

CORPORATE PURPOSE  
To promote and develop renewable  
energy projects, such as mini-  
hydroelectric, wind, geothermal,  
solar, generation, biomass and  
others; identify and develop clean  
development mechanism (CDM)  
projects and act as depositary  
and trader of emission-reduction  
certificates obtained from these  
projects.

PAID CAPITAL  
Ch\$681,845 thousand.

DIRECTORS  
- Juan Benabarre Benaiges  
CHAIRMAN  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- Renato Fernández Baeza  
MANAGER, COMMUNICATIONS,  
ENDESA CHILE  
- Vacant

GENERAL MANAGER  
Wilfredo Jara Tirapegui

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
It signed a contract with Endesa  
Chile on May 23, 2008 to sell to it  
all the production of energy and firm  
capacity of the Ojos de Agua plant  
that is recorded by the CDEC-SIC  
and entered at the injection point of  
the SIC.

ENDESA INVERSIONES  
GENERALES S.A. (ENIGESA)

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in Santiago,  
Chile.  
Tax No.: 96.526.450-7  
Address: Santa Rosa 76, Santiago,  
Chile.

CORPORATE PURPOSE  
The acquisition, sale, management  
and exploitation for its own or third  
party's account all kinds of movable  
assets, real estate, securities and  
other commercial paper; make studies  
and provide consultancy; provide all  
kinds of services; participate in all  
kinds of investments, especially those  
related to electricity; participate in all  
kinds of companies and carry out all  
operations, acts and contracts related  
to compliance with these objects.

PAID CAPITAL  
Ch\$3,055,838 thousand.

DIRECTORS  
- Vacant  
CHAIRMAN  
- Eduardo Escaffi Johnson  
FINANCE MANAGER  
- Pietro Corsi Misle  
MANAGER, HUMAN RESOURCES

GENERAL MANAGER  
- Pietro Corsi Misle

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
Enigesa, as the owner of some  
of the properties occupied by  
Endesa Chile and subsidiaries in the  
Santiago Metropolitan Region and  
the administrator of the corporate  
building, provides Endesa Chile with  
the services of office rentals, parking  
spaces and store-rooms and sports  
installations.

INVERSIONES ENDESA NORTE S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in Santiago,  
Chile.  
Tax No.: 96.887.060-2  
Address: Santa Rosa 76, Santiago,  
Chile.

CORPORATE PURPOSE  
To make investments in energy  
projects in the north of Chile related  
to the companies of the Gas Atacama  
project.

PAID CAPITAL  
Ch\$92,571,642 thousand.

DIRECTORS  
- Vacant  
CHAIRMAN  
- Daniel Bortnik Ventura  
- Vacant

ALTERNATE DIRECTORS  
- Claudio Iglesias Guillard  
MANAGER GENERATION, ENDESA  
CHILE  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- Raúl Arteaga Errázuriz

GENERAL MANAGER  
Juan Benabarre Benaiges

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

SOCIEDAD CONCESIONARIA  
TÚNEL EL MELÓN S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in Santiago,  
Chile.  
Tax No.: 96.671.360-7  
Address: Santa Rosa 76, Santiago,  
Chile.

CORPORATE PURPOSE  
The execution, construction and  
exploitation of the public works  
called the Túnel Supply El Melón and  
complementary services as authorized  
by the Ministry of Public Works.

PAID CAPITAL  
Ch\$46,709,460 thousand.

DIRECTORS  
- Vacant  
CHAIRMAN  
- Jorge Alé Yarad  
- Renato Fernández Baeza  
MANAGER COMMUNICATIONS,  
ENDESA CHILE

GENERAL MANAGER  
Maximiliano Ruiz Ortíz

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
There is a contract with Endesa Chile  
for services like accounting, treasury,  
administration, computerization,  
money desk, insurance, personnel,  
training, welfare, risk prevention,  
controller and contracts.

EMGESA S.A. E.S.P. (EMGESA)

KIND OF COMPANY  
Type of Entity: Public utility domiciled  
in Bogotá D.C., Colombia.  
Address: Carrera 11 N° 82-76, piso 4  
Bogotá, D.C. Colombia.

CORPORATE PURPOSE  
Principally the generation and sale  
of electricity, plus all other similar,  
complementary and related activities.

PAID CAPITAL  
Ch\$259,460,190 thousand.

DIRECTORS  
- José A. Vargas Lleras  
CHAIRMAN  
- Sebastián Fernández Cox  
- Lucio Rubio Díaz  
- Luisa Fernanda Lafourie  
- Mónica De Greiff  
- Juan Ricardo Ortega  
- José Iván Velásquez

ALTERNATE DIRECTORS  
- José Venegas Maluenda  
- Fernando Gutiérrez Medina  
- Gustavo Gómez Cerón

- Andrés López Valderrama  
- Henry Navarro Sánchez  
- María Camila Uribe  
- Manuel Jiménez Castillo

SENIOR EXECUTIVES  
- Lucio Rubio Díaz  
GENERAL MANAGER  
- Andrés Caldas Rico  
LEGAL MANAGER  
- Luis Fermín Larumbe  
FINANCE MANAGER  
- Fernando Gutiérrez Medina  
COMMERCIAL MANAGER  
- Gustavo Gómez Cerón  
PRODUCTION MANAGER  
- María Celina Restrepo  
MANAGER, COMMUNICATIONS AND  
INSTITUTIONAL RELATIONS  
- Roberto Ospina Pulido  
MANAGER, PLANNING AND  
CONTROL  
- Rafael Carbonell Blanco  
MANAGER, ORGANIZACIÓN AND  
HUMAN RESOURCES  
- Omar Serrano  
REGULATIONS MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

SOCIEDAD PORTUARIA CENTRAL  
CARTAGENA S.A.

KIND OF COMPANY  
Type of Entity: Corporation domiciled  
in Bogotá D.C., Colombia.  
Address: Carrera 13 N° 93-66, piso 2,  
Bogotá, D.C. Colombia.

CORPORATE PURPOSE  
Principally investment in construction  
and maintenance of ports, port  
management, stevedoring services,  
port storage and other services  
directly related to port activity and the  
development and exploitation of a  
multi-purpose port.

PAID CAPITAL  
Col\$5,800,000

DIRECTORS  
- Fernando Gutiérrez Medina  
- Luis Fermín Larumbe  
- Roberto Ospina Pulido

ALTERNATE DIRECTORS  
- Gustavo Gómez Cerón  
- Juan Manuel Pardo  
- Luis Fernando Salamanca

SENIOR EXECUTIVES  
- Fernando Gutiérrez Medina  
GENERAL MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.



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CHINANGO S.A.C.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in Lima, Peru.  
Address: Av. Víctor Andrés Belaúnde  
147, Edificio Real 4, Piso 7, San Isidro,  
Lima, Peru.

CORPORATE PURPOSE  
Principally the generation,  
commercialization and transmission of  
electricity, being able to carry out all  
acts and sign all contracts permitted  
under Peruvian law.

PAID CAPITAL  
Ch\$45,086,557 thousand.

GENERAL MANAGER  
- EDEGEL S.A.A., represented by  
Julián Cabello Yong.

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

EDEGEL S.A.A. (EDEGEL)

Type of Entity: Publicly-held company  
constituted in Lima, Peru.  
Address: Av. Víctor Andrés Belaúnde  
147, Edificio Real 4, Piso 7, Centro  
Empresarial Camino Real, San Isidro,  
Lima, Peru.

CORPORATE PURPOSE  
Mainly, and in general, carry out  
electricity generation activities. It  
can also execute the civil, industrial,  
commercialand any other act or  
operation relating or leading to the  
principal purposes.

PAID CAPITAL  
Ch\$374,326,011 thousand.

DIRECTORS  
- Vacant  
CHAIRMAN  
- Alberto Triulzi Mora  
- Giora Almogy  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- Reynaldo Llosa Barber  
- Ignacio Blanco Fernández  
- Francisco Garcia-Calderon Portugal

ALTERNATE DIRECTORS  
- Rosa María Flores-Araoz Cedrón  
- Milagros Noriega Cerna  
- Roberto Cornejo Spickernagel  
- Julián Cabello Yong  
- Arrate Gorostidi Aguirresarobe  
- Teobaldo José Cavalcante Leal  
- Vacant

SENIOR EXECUTIVES  
- Carlos Alberto Luna Cabrera  
GENERAL MANAGER  
- Christian Schroder Romero

MANAGER, LEGAL ADVISER.  
- Milagros Noriega Cerna  
FINANCE MANAGER  
- Julián Cabello Yong  
OPERATIONS MANAGER  
- Rosa María Flores-Araoz Cedrón  
COMMERCIAL MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

GENERANDES PERÚ S.A.

Type of Entity: Corporation  
constituted in Lima, Peru.  
Address: Av. Víctor Andrés Belaúnde  
147, Edificio Real 4, Piso 7, San Isidro,  
Lima, Peru.

CORPORATE PURPOSE  
To carry out activities related to  
electricity generation, directly and/or  
through companies formed for this  
purpose.

PAID CAPITAL  
Ch\$164,297,758 thousand.

DIRECTORS  
- Vacant  
CHAIRMAN  
- Javier García Burgos Benfield  
VICE CHAIRMAN  
- Giora Almogy  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- José Chueca Romero  
- Ignacio Blanco Fernández  
- Vacant  
- Alberto Triulzi Mora

ALTERNATE DIRECTORS  
- Julián Cabello Yong  
- Milagros Noriega Cerna  
- Roberto Cornejo Spickernagel  
- Rosa María Flores-Araoz Cedrón  
- Carlos Rosas Cedillo  
- Guillermo Lozada Pozo  
- José María Hidalgo Martín-Mateos  
- Juan Carlos Camogliano Pazos

SENIOR EXECUTIVES  
- Carlos Luna Cabrera  
GENERAL MANAGER PERU  
- Milagros Noriega Cerna  
FINANCE MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

AYSÉN TRANSMISIÓN S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in  
Santiago, Chile, registered in the  
Securities Register of the SVS. On  
February 2, 2009 an Extraordinary  
Shareholders Meeting changed the

company’s name from HidroAysén  
Transmisión S.A. to Aysén  
Transmisión S.A.  
Tax No.: 76.041.891-9  
Address: Miraflores 383, Office 1302  
Santiago, Chile.

CORPORATE PURPOSE  
Develop and, alternatively or  
additionally, manage the electricity  
transmission systems required by the  
hydroelectric project that HidroAysén  
is planning to build in the Region  
of Aysén, at General Carlos Ibáñez  
del Campo. Its business therefore  
includes: a) the design, development,  
construction, operation, ownership,  
maintenance and exploitation of  
electricity transmission systems, b)  
the transportation of electricity, and  
c) the provision of related services.  
In meeting its purpose, the company  
may act for its own or third party’s  
account, and may obtain, acquire and  
enjoy the required concessions.

PAID CAPITAL  
Ch\$24,157 thousand.

DIRECTORS  
- Antonio Albarrán Ruiz-Clavijo  
CHAIRMAN  
- Joaquín Galindo Vélez  
CHIEF EXECUTIVE, ENDESA CHILE  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- Bernardo Larraín Matte  
- Luis Felipe Gazitúa Achondo  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER,INGENDESA

ALTERNATE DIRECTORS  
- Carlos Martín Vergara  
LEGAL COUNSEL, ENDESA CHILE  
- Sebastián Fernández Cox  
REGIONAL MANAGER, ENERGY  
PLANNING, ENDESA CHILE  
- Claudio Iglesias Guillard  
MANAGER GENERATION, ENDESA  
CHILE  
- Eduardo Morel Montes  
- Juan Eduardo Vásquez  
- Cristián Morales Jaureguiberry

GENERAL MANAGER  
Tulio Carrillo Tomic

COMMERCIAL RELATIONS WITH  
ENDESA CHILE ABD SUBSIDIARIES  
None.

CENTRALES HIDROELÉCTRICAS DE  
AYSÉN S.A. (HIDROAYSÉN)

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in Santiago,  
Chile, registered in the Securities  
Register of the SVS.  
Tax No.: 76.652.400-1

Addresses: Miraflores 383, Office  
1302 Santiago, and Baquedano 260,  
Coyhaique, Chile.

CORPORATE PURPOSE  
The development, financing,  
ownership and exploitation of a  
hydroelectric project in the Region  
of Aysén, with an estimated capacity  
of 2,355 MW through five plants,  
called the Aysén Project. Its business  
includes the following activities: a)  
the production and transportation  
of electricity; b) the supply and sale  
of electricity to its shareholders; c)  
the management, operation and  
maintenance of hydraulic works,  
electrical systems and hydroelectric  
generating plants; and d) the  
provision of services related to its  
objects. In meeting its purpose, the  
company may act for its own or third  
party’s account, and may obtain,  
acquire and enjoy the required  
concessions.

PAID CAPITAL  
Ch\$72,916,665 thousand.

DIRECTORS  
- Antonio Albarrán Ruiz-Clavijo  
CHAIRMAN  
- Joaquín Galindo Vélez  
CHIEF EXECUTIVE, ENDESA CHILE  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- Bernardo Larraín Matte  
- Luis Felipe Gazitúa Achondo  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER, INGENDESA

ALTERNATE DIRECTORS  
- Carlos Martín Vergara  
LEGAL COUNSEL, ENDESA CHILE  
- Sebastián Fernández Cox  
REGIONAL MANAGER, ENERGY  
PLANNING, ENDESA CHILE  
- Claudio Iglesias Guillard  
MANAGER GENERATION, ENDESA  
CHILE  
- Eduardo Morel Montes  
- Juan Eduardo Vásquez  
- Cristián Morales Jaureguiberry

GENERAL MANAGER  
Hernán Salazar Zencovich

COMMERCIAL RELATIONS WITH  
ENDESA CHILE AND SUBSIDIARIES  
HidroAysén S.A. will sell energy and  
power generated by it to Endesa  
Chile under 30-year PPA contracts.

CONSORCIO ARA -  
INGENDESA LTDA.

KIND OF COMPANY  
Type of Entity: Limited partnership  
constituted in Santiago, Chile.  
Tax No.: 77.625.850-4.  
Address: Santa Rosa 76 piso 10,  
Santiago, Chile.

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CORPORATE PURPOSEL  
Provision of engineering services, comprising the projection, planning and execution of engineering studies and projects, consultancies, technical and management assistance and information, inspection and development of projects and works. Also, for its own or third party's account, all kinds of works, assemble and start up all kinds of establishments, industrial or not, selling the goods or services produced.

PAID CAPITAL  
Ch\$1,000 thousand.

REPRESENTATIVES  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER, INGENDESA  
- Alejandro Santolaya de Pablo

ALTERNATE REPRESENTATIVES  
- Vacant  
- Julio Montero Montegú  
- Elías Arce Cyr  
- Cristián Araneda Valdivieso

COMMERCIAL RELATIONS WITH ENDESA CHILE  
None.

CONSORCIO INGENDESA–  
MINMETAL LTDA.

KIND OF COMPANY  
Type of Entity: Limited partnership constituted in Santiago, Chile.  
Tax No.: 77.573.910-K.  
Address: Santa Rosa 76, Santiago, Chile.

CORPORATE PURPOSE  
The provision of engineering services, also carrying out, for its own or third party's account, all kinds of works, assemble and start up all kinds of establishments, industrial or not, selling the goods or services produced. The special purpose of the company is the adjudication and execution of construction and engineering works under the contract called LD-14.1 Technical and Administrative Advice in the Fiscal Inspection of the Construction contract LD -4.1 of the Laja - Diguillín project.

PAID CAPITAL  
Ch\$2,000 thousand.

REPRESENTATIVES  
- Rodrigo Muñoz Pereira  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER, INGENDESA

ALTERNATE REPRESENTATIVES  
- Vacant  
- Osvaldo Dinner Reich  
- Carlos Freire Canto

COMMERCIAL RELATIONS WITH ENDESA CHILE  
None.

GASATACAMA CHILE S.A.

KIND OF COMPANY

Type of Entity: Private Company constituted in Santiago, Chile.  
It became a Private Company on December 17, 2003, and on November 28, 2008 changed its name from GasAtacama Generación S.A. to the current one.  
Tax No.: 78.932.860-9.  
Address: Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile.

CORPORATE PURPOSE  
To: a) exploit the generation, transmission, purchase, distribution and sale of electricity or any other nature; b) purchase, extract, exploit, process, distribute, commercialize and sell solid, liquid and gaseous fuels; c) sell and provide engineering services; d) obtain, sell, transfer, rent, charge and exploit in any way the concessions referred to in the General Electrical Services Law, whether concessions and rights to use waters of any kind; e) transport natural gas by its own means or jointly with others within Chile or in other countries, including the construction, positioning and exploitation of gas pipelines and other activities related directly or indirectly with it; f) invest in all kinds of assets; g) organize and constitute all kinds of companies whose objects are related or linked to energy in any of its forms or that have electricity as their main input, or that relate to any of the above activities.

PAID CAPITAL  
Ch\$93,826,272 thousand.

DIRECTORS  
- Vacant  
CHAIRMAN  
- Vacant  
- Raúl Sotomayor Valenzuela  
- Gonzalo Dulanto Letelier

ALTERNATE DIRECTORS  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION AND TRANSPORT, ENDESA CHILE  
- Claudio Iglesias Guillard  
MANAGER GENERATION, ENDESA CHILE  
- Pedro Pablo Errázuriz Domínguez  
- Eduardo Ojea Quintana

GENERAL MANAGER  
Rudolf Araneda Kauert

COMMERCIAL RELATIONS WITH ENDESA CHILE  
The company has two contracts with Endesa Chile for natural gas transportation to its Taltal plant in Chile's II Region.

GASATACAMA S.A.  
(GASATACAMA)

KIND OF COMPANY

Type of Entity: Private Company constituted in Santiago, Chile.  
It changed its name from Administradora Proyecto Atacama S.A. to the current are one on October 11, 2002.  
Tax No.: 78.932.860-9.  
Address: Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile.

CORPORATE PURPOSE  
To: a) administer and manage the companies Gasoducto Atacama Chile Limitada, Gasoducto Atacama Argentina Limitada, GasAtacama Generación Limitada and other companies agreed by the partners; b) invest its resources for its own or third party's account in all kinds of assets, securities, shares and commercial paper.

PAID CAPITAL  
Ch\$147,811,581 thousand.

DIRECTORS  
- Joaquín Galindo Vélez  
CHAIRMAN  
CHIEF EXECUTIVE, ENDESA CHILE  
- Vacant  
- Raúl Sotomayor Valenzuela  
- Gonzalo Dulanto Letelier

ALTERNATE DIRECTORS  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION AND TRANSPORT, ENDESA CHILE  
- Claudio Iglesias Guillard  
MANAGER GENERATION, ENDESA CHILE  
- Pedro Pablo Errázuriz Domínguez  
- Eduardo Ojea Quintana

GENERAL MANAGER  
Rudolf Araneda Kauert

COMMERCIAL RELATIONS WITH ENDESA CHILE  
None.

GASODUCTO ATACAMA  
ARGENTINA S.A. (GASODUCTO  
ATACAMA ARGENTINA)

KIND OF COMPANY  
Type of Entity: Private Company constituted in Santiago, Chile. The company was transformed in to a corporation on December 17, 2003. The company established an agency in Argentina with the name “Gasoducto Cuenca Noroeste Limited Argentine Brands” for a pipeline between Cornejo, Province of Salta and the Argentine-Chilean frontier close to the Jama pass in the II Region.

Tax No.: 78.952.420-3.  
Address: Isidora Goyenechea 3365, piso 8, Las Condes, Santiago, Chile.

CORPORATE PURPOSE  
The transportation of natural gas by own or third party means within Chile or other countries, including the construction, positioning and exploitation of gas pipelines and other activities related directly or indirectly to those purposes.  
The purpose of the agency in Argentina is to carry out a gas pipeline between Cornejo, Province of Salta and the Argentine-Chilean frontier close to the Jama pass in the II Region.

PAID CAPITAL  
Ch\$105,564,591 thousand.

DIRECTORS  
- Pedro De la Sotta Sánchez  
- Luis Vergara Aguilar  
- Rafael Zamorano Chaparro

GENERAL MANAGER  
Rudolf Araneda Kauert

COMMERCIAL RELATIONS WITH ENDESA CHILE  
The company has a gas transportation contract with Endesa Chile for its Taltal plant in Chile's II Region.

GASODUCTO TALTAL S.A.

KIND OF COMPANY  
Type of Entity: Private Company constituted in Santiago, Chile. The company was transformed into a corporation on February 26, 2004, the shareholders retaining their holdings.  
Tax No.: 77.032.280-4.  
Address: Santa Rosa 76, Santiago.

CORPORATE PURPOSE  
The transport, commercialization and distribution of natural gas by own means or jointly with others, within Chile, especially between the towns of Mejillones and Paposo in the II Region, including the construction, positioning and exploitation of gas pipelines and other activities related directly or indirectly to those purposes.

PAID CAPITAL  
Ch\$11,914,172 thousand.

DIRECTORS  
- Rudolf Araneda Kauert  
- Pedro De la Sotta Sánchez  
- Rafael Zamorano Chaparro  
- Luis Vergara Aguilar

ALTERNATE DIRECTORS  
- Luis Cerda Ahumada  
- Alejandro Sáez Carreño  
- Gustavo Venegas Castro  
- Verónica Cortez Silva

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GENERAL MANAGER  
Rudolf Araneda Kauert

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None

INVERSIONES GASATACAMA  
HOLDING LIMITADA

KIND OF COMPANY  
Type of Entity: Limited partnership  
constituted in Santiago, Chile.  
Tax No.: 76.014.570-K.  
Address: Santiago, Chile.

CORPORATE PURPOSE  
a) Participation directly or indirectly  
through any kind of association in  
companies whose objects include  
one or more of the following: i)  
the transportation of natural gas  
in any form; ii) the generation,  
transmission, purchase, distribution  
and sale of electricity, iii) financing  
of the activities stated in i) and ii)  
that related parties develop, and b)  
the receipt and investment of assets  
that are invested, related to lucrative  
activities related to the above.

PAID CAPITAL  
Ch\$169,127,583 thousand.

DIRECTORS  
- Joaquín Galindo Vélez  
CHIEF EXECUTIVE, ENDESA CHILE  
- Vacant  
- Raúl Sotomayor Valenzuela  
- Gonzalo Dulanto Letelier

ALTERNATE DIRECTORS  
- Juan Benabarre Benaiges  
REGIONAL MANAGER, PRODUCTION  
AND TRANSPORT, ENDESA CHILE  
- Claudio Iglesias Guillard  
MANAGER GENERATION, ENDESA  
CHILE  
- Pedro Pablo Errázuriz Domínguez  
- Eduardo Ojea Quintana

GENERAL MANAGER  
Rudolf Araneda Kauert

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

PROGAS S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
constituted in Santiago, Chile.  
Address: Isidora Goyenechea 3356, 8°  
 piso, Santiago, Chile.

CORPORATE PURPOSE  
Develop the following businesses  
in Chile’s I, II and III Regions: a) the  
acquisition, production, storage,  
transport, distribution, transformation  
and commercialization of natural  
gas; b) the acquisition, production,  
storage, transport, distribution,  
transformation and commercialization  
of other oil by-products and fuels in  
general; c) the provision of services,  
manufacture, commercialization  
of equipment and materials and  
execution of related works or  
necessary for their execution and  
development; d) all other activities  
necessary or related to compliance  
with the purposes stated.

PAID CAPITAL  
Ch\$965 thousand.

DIRECTORS  
- Rudolf Araneda Kauert  
- Luis Cerda Ahumada  
- Pedro De la Sotta Sánchez

GENERAL MANAGER  
Alejandro Sáez Carreño

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

SOCIEDAD CONSORCIO  
INGENDESA - ARA LTDA.

KIND OF COMPANY  
Type of Entity: Limited partnership  
constituted in Santiago, Chile.  
Tax No.: 76.197.570-6.  
Address: Santa Rosa 76 piso 10,  
Santiago, Chile.

CORPORATE PURPOSE  
Provision of engineering services,  
and execution of all kinds of  
works, assemble and up all kinds  
of establishments, industrial or  
not, selling the goods or services  
produced. A special purpose will be  
the adjudication and execution of  
the Advisory Contract to the Fiscal  
Inspection of concession contract  
of the central courts of justice of  
Santiago.

PAID CAPITAL  
Ch\$1,000 thousand.

REPRESENTATIVES  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER, INGENDESA  
- Alejandro Santolaya de Pablo

ALTERNATE REPRESENTATIVES  
- Cristián Araneda Valdivieso  
- Elías Arce Cyr  
- Julio Montero Montegú  
- Vacant

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

TRANSMISORA ELÉCTRICA  
DE QUILLOTA LTDA.  
(TRANQUILLOTA)

KIND OF COMPANY  
Type of Entity: Limited partnership  
constituted in Santiago, Chile.  
Tax No.: 77.017.930-0.  
Address: Santa Rosa 76, Santiago,  
Chile

CORPORATE PURPOSE  
The transport, distribution and supply  
of electricity for own or third party’s  
account.

PAID CAPITAL  
Ch\$4,404,446 thousand.

REPRESENTATIVES  
- Juan Eduardo Vásquez Moya  
- Gabriel Carvajal Menególlez  
- Enrique Donoso Moscoso  
- Ricardo Santibáñez Zamorano

ALTERNATE REPRESENTATIVES  
- Alfonso Bahamondes Morales  
- Carlos Ferruz Bunster  
- Enrique Sánchez Novoa  
- Ricardo Sáez Sánchez

COMMERCIAL RELATIONS WITH  
ENDESA CHILE AND SUBSIDIARIES  
It has contracts with Endesa Chile  
and San Isidro S.A. for the use of the  
transmission systems that enable it to  
transport electricity to the SIC.

ATACAMA FINANCE CO.

KIND OF COMPANY  
Type of Entity: Exempt company  
constituted in Cayman Islands, BWI.  
Address: Caledonian House P.O. Box  
265 G, George Town, Grand Cayman,  
Cayman Islands.

CORPORATE PURPOSE  
Principally borrowing in the financial  
market through loans or bond issues  
or other papers and grant loans to  
other companies, particularly those  
related to the Atacama Project.

PAID CAPITAL  
Ch\$3,194,730 thousand.

DIRECTORS  
- Daniel Bortnik Ventura  
- Vacant  
- Ricardo Rodríguez  
- Horacio Reyser

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

ENERGEX CO.

KIND OF COMPANY  
Type of Entity: Exempt company  
constituted in Cayman Islands, BWI.  
Address: Caledonian House P.O. Box  
265 G, George Town, Grand Cayman,  
Cayman Islands.

CORPORATE PURPOSE  
Any business or activity permitted by  
Cayman Islands legislation. In the case  
of business related to the financial  
area, excepted are those that the  
law reserves for banks. Neither may  
it do business with firms or persons  
domiciled in the Cayman Islands.

PAID CAPITAL  
Ch\$5,071 thousand.

DIRECTORS  
- Daniel Bortnik Ventura  
- Vacant  
- Ricardo Rodríguez  
- Horacio Reyser

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

COMPAÑÍA DE TRANSMISIÓN DEL  
MERCOSUR S.A. (CTM)

KIND OF COMPANY  
Type of Entity: Corporation  
constituted in Buenos Aires,  
Argentina.  
Address: Bartolomé Mitre 797, Piso  
13, Buenos Aires, Argentina.

CORPORATE PURPOSE  
High-tension electricity transport  
services, related to national or  
international electricity grids, in  
accordance with current legislation,  
in order to participate in national  
or international tenders, become  
an electricity transport public-utility  
concession-holder in high tension and  
carry out all activities necessary for  
meeting these purposes.

PAID CAPITAL  
Ch\$2,236,873 thousand.

DIRECTORS  
- José María Hidalgo Martín-Mateos  
CHAIRMAN  
- Guilherme Lencastre  
- Arturo Pappalardo

ALTERNATE DIRECTORS  
- José Venegas Maluenda  
REGIONAL MANAGER TRADING  
AND COMMERCIALIZATION, ENDESA  
CHILE  
- Juan Carlos Blanco  
- Roberto José Fagan

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.



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DISTRILEC INVERSORA S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation, foreign  
Address: San José 140, Buenos Aires,  
Argentina.

CORPORATE PURPOSE  
Exclusively the investment in  
companies constituted or to be  
constituted whose principal activity  
is electricity distribution or which  
directly or indirectly participate in  
companies with that principal activity  
through all kinds of financial and  
investment activities, except those  
covered by financial-entity laws,  
the purchase and sale of public and  
private securities, bonds, shares,  
negotiable Instruments and granting  
of loans, and the placement of funds  
in bank deposits of any kind.

PAID CAPITAL  
Ch\$67,457,527 thousand.

DIRECTORS  
Claudio Fontes Nunes  
Rafael López Rueda  
Ramiro Alfonsín Balza  
(Regional Manager, Planning and  
Control of Enersis)  
Daniel Casal  
Santiago Daireaux  
María Inés Justo  
Gabriel Marchione  
Rigoberto Mejía Aravena  
Gonzalo Vial Vial

ALTERNATE DIRECTORS  
Pedro Eugenio Aramburu  
Manuel María Benites  
Vacant  
Mónica Diskin  
Roberto José Fagan  
Martín Mandarano  
Jean Yatim Morillas  
Enrique Rosello  
Jorge Vugdelija  
(There are currently two vacancies on  
the board)

SENIOR EXECUTIVE  
José María Hidalgo Martín-Mateos

ENDESA CEMSA S.A.

KIND OF COMPANY  
Type of Entity: Corporation  
constituted in Buenos Aires,  
Argentina. The company changed  
its name from Comercializadora de  
Energía del Mercosur S.A. to the  
current one.  
Address: Pasaje Ing. E. Butty 220, Piso  
16, Buenos Aires, Argentina.

CORPORATE PURPOSE  
The wholesale trading in electricity  
power and energy for its own or  
third party’s account and produced  
or consumed by third parties,  
including their import and export

and the commercialization of  
royalties, and the provision of services  
related to the above mentioned  
activity, all in accordance with the  
law and regulations. It may also  
trade natural gas for its own or  
third party’s account, and/or its  
transport, including the import and  
export of natural gas and/or the  
commercialization of royalties, and  
the provision of services related to  
the above activity, all in accordance  
with the law and regulations. It may  
also trade liquid fuels and crude oil  
for its own or third party’s account,  
and/or their transport, including the  
import and export of liquid fuels and/  
or the commercialization of royalties,  
and the provision of services related  
to the above mentioned activity,  
all in accordance with the law and  
regulations.

PAID CAPITAL  
Ch\$1,869,732 thousand.

DIRECTORS  
- José María Hidalgo Martín-Mateos  
CHAIRMAN  
- José Venegas Maluenda  
VICE CHAIRMAN  
REGIONAL MANAGER, TRADING  
AND COMMERCIALIZATION, ENDESA  
CHILE  
- Fernando Claudio Antognazza

ALTERNATE DIRECTORS  
- Arturo Pappalardo  
- Roberto José Fagan  
- Pedro Cruz Viné

GENERAL MANAGER  
Juan Carlos Blanco

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
The company has an agreement since  
November 17, 2006 with Endesa  
Chile to provide a daily operative  
report on Argentine gas for a monthly  
charge of US\$1,500.

TERMOELÉCTRICA JOSÉ DE SAN MARTÍN S.A.

KIND OF COMPANY  
Type of Entity: Corporation  
constituted in Buenos Aires,  
Argentina.  
Address: Hipólito Bouchard 547, Piso  
27, Buenos Aires, Argentina.

CORPORATE PURPOSE  
The production of electricity and  
its commercialization in blocks  
and especially the purchase of  
equipment, construction, operation  
and maintenance of a thermal plant  
in accordance with the “definitive  
agreement for the management and  
operation of the projects for the  
re-adaptation of the MEM within  
the framework of Resolution SE  
1427/2004”, approved by Resolution  
SE 1193/2005.

PAID CAPITAL  
Ch\$73,430 thousand.

DIRECTORS  
- Bernardo Velar de Irigoyen  
CHAIRMAN  
- José María Vázquez  
VICE CHAIRMAN  
- José Miguel Granged Bruñen  
- Fernando Claudio Antognazza  
- Milton Gustavo Tomás Pérez  
- Jorge Aníbal Rauber  
- Horacio Jorge Turri  
- Guillermo Luis Fiad  
- Fermín Óscar Demonte

ALTERNATE DIRECTORS  
- Juan Carlos Blanco  
- Roberto José Fagan  
- Adrián Gustavo Salvatore  
- Leonardo Pablo Katz  
- Patricio Ricardo Testorelli  
- Omar Ramiro Algacibiur  
- Brian Robert Henderson  
- Sergio Raúl Sánchez  
- Rigoberto Orlando Mejía Aravena

SENIOR EXECUTIVES  
- Claudio Omar Majul  
GENERAL MANAGER  
- Alberto Garmendia Rodriguez  
ASSISTANT TO THE GENERAL  
MANAGEMENT  
- Armando Federico Duvo  
TECHNICAL MANAGER  
- Claudio Majul  
MANAGER, ADMINISTRATION AND  
FINANCE  
- Marcelo Walter Holmgren  
COMMERCIAL MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

TERMOELÉCTRICA MANUEL BELGRANO S.A.

KIND OF COMPANY  
Type of Entity: Corporation  
constituted in Buenos Aires,  
Argentina.  
Address: Suipacha 268, Piso 12,  
Buenos Aires, Argentina.

CORPORATE PURPOSE  
The production of electricity and  
its commercialization in blocks  
and especially the purchase of  
equipment, construction, operation  
and maintenance of a thermal plant  
in accordance with the “definitive  
agreement for the management and  
operation of the projects for the  
re-adaptation of the MEM within  
the framework of Resolution SE  
1427/2004”, approved by Resolution  
SE 1193/2005.

PAID CAPITAL  
Ch\$73,430 thousand.

DIRECTORS  
- José Miguel Granged Bruñen

CHAIRMAN  
- Fernando Claudio Antognazza  
VICE CHAIRMAN  
- Adrián Salvatore  
- José María Vázquez  
- Milton Gustavo Tomás Pérez  
- Jorge Aníbal Rauber  
- Horacio Jorge Turri  
- Guillermo Luis Fiad  
- Rigoberto Orlando Mejía Aravena

ALTERNATE DIRECTORS  
- Juan Carlos Blanco  
- Roberto José Fagan  
- Bernardo Velar de Irigoyen  
- Leonardo Pablo Katz  
- Patricio Testorelli  
- Omar Ramiro Algacibiur  
- Brian Henderson  
- Sergio Raúl Sánchez  
- Vacant

GENERAL MANAGER  
Miguel Ortiz Fuentes

SENIOR EXECUTIVES  
- Gustavo Manífesto  
TECHNICAL MANAGER  
- Óscar Zapiola  
MANAGER, ADMINISTRATION AND  
FINANCE  
- Daniel Garrido  
COMMERCIAL MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

TRANSPORTADORA DE ENERGÍA S.A. (TESA)

KIND OF COMPANY  
Type of Entity: Corporation  
constituted in Buenos Aires,  
Argentina.  
Address: Bartolomé Mitre 797, Piso  
13, Buenos Aires, Argentina.

CORPORATE PURPOSE  
The provision of electricity transport  
services in high tension, related to  
national and international systems,  
according to current legislation, in  
order to participate in national or  
international tenders, to become  
a high-tension electricity transport  
public-utility concession-holder and  
carry out all activities necessary for  
meeting these purposes. Expressly  
excluded are activities covered by the  
financial entities law and any other  
that involve public savings.

PAID CAPITAL  
Ch\$8,759,405 thousand.

DIRECTORS  
- José María Hidalgo Martín-Mateos  
CHAIRMAN  
- Guilherme Lencastre  
VICE CHAIRMAN  
- Arturo Pappalardo

ALTERNATE DIRECTORS  
- José Venegas Maluenda

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REGIONAL MANAGER, TRADING  
AND COMMERCIALIZATION, ENDESA  
CHILE  
- Juan Carlos Blanco  
- Roberto José Fagan

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

AMPLA ENERGÍA E SERVIÇOS S.A.

KIND OF COMPANY  
Type of Entity: Publicly-held Company  
constituted under the laws of the  
Federal Republic of Brazil.  
Address: Praça Leoni Ramos, N° 01  
– São Domingos, Niterói, Rio de  
Janeiro, Brazil.

CORPORATE PURPOSE  
To study, plan, project, construct  
and explore electricity production,  
transmission, transformation,  
distribution and trading systems, and  
provide related services that have  
been or may be conceded; make  
investigations in the energy sector  
and participate in other companies  
in the energy sector as shareholder,  
including in Brazil’s privatization  
programs.

PAID CAPITAL  
Ch\$279,961,754 thousand.

DIRECTORS  
- Mario Fernando de Melo Santos  
CHAIRMAN  
- Antonio Basilio Pires e Albuquerque  
VICE CHAIRMAN  
- Ramiro Alfonsin Balza  
- Cristóbal Sánchez Romero  
- Ramón Castañeda Ponce  
- Nelson Ribas Visconti  
- Luiz Felipe Palmeira Lampreia  
- José Alves de Mello Franco  
- Eduardo dos Santos Machado

SENIOR EXECUTIVES  
- Marcelo Llévenes Rebolledo  
PRESIDENT  
- José Alves de Mello Franco  
REGULATION MANAGER  
- Luciano Alberto Galasso Samaria  
COMMERCIAL MANAGER  
- Carlos Ewandro Naegele Moreira  
MANAGER, HUMAN RESOURCES  
- Claudio Rivera Moya  
MANAGER, ENERGY LOSSES  
- Luiz Carlos Laurens Ortins de  
Bettencourt  
MANAGER, FINANCE AND INVESTOR  
RELATIONS  
- Déborah Meirelles Rosa Brasil  
LEGAL ADVISER  
- Albino Motta da Cruz  
TECHNICAL MANAGER  
- André Moragas da Costa  
MANAGER, COMMUNICATIONS AND  
INSTITUTIONALRELATIONS  
- Aurélio Bustilho Oliveira

MANAGER, PLANNING AND  
CONTROL

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

AMPLA INVESTIMENTOS E  
SERVIÇOS S.A.

KIND OF COMPANY  
Type of Entity: Publicly-held Company  
constituted under the laws of the  
Federal Republic of Brazil.  
Address: Praça Leoni Ramos, N°  
01 – São Domingos, Niterói, Rio de  
Janeiro, Brazil.

CORPORATE PURPOSE  
To study, plan, project, construct  
and explore electricity production,  
transmission, transformation,  
distribution and trading systems, and  
provide related services that have  
been or may be conceded; provide  
services of any kind to concession  
holders or those authorized by  
the electricity service and to their  
customers and participate in other  
companies in the electricity sector as  
shareholders.

PAID CAPITAL  
Ch\$33,662,736 thousand.

DIRECTORS  
- Mario Fernando de Melo Santos  
CHAIRMAN  
- Antonio Basilio Pires e Albuquerque  
VICE CHAIRMAN  
- Ramiro Alfonsin Balza  
- Cristóbal Sánchez Romero  
- Nelson Ribas Visconti  
- Luiz Felipe Palmeira Lampreia  
- José Alves de Mello Franco  
- Rafael López Rueda  
- Marcelo Llévenes Rebolledo

SENIOR EXECUTIVES  
- MarceloLlévenes Rebolledo  
PRESIDENT  
- Luiz Carlos Laurens Ortins de  
Bettencourt  
VICE PRESIDENT, ADMINISTRATION  
AND FINANCE  
- José Alves de Mello Franco  
COMMERCIAL MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

CENTRAIS ELÉTRICAS CACHOEIRA  
DOURADA S.A.

KIND OF COMPANY  
Type of Entity: Private Company  
corporation constituted in te state of  
Goias in Brazil.  
Address: Rodovia GO 206, Km 0,  
Cachoeira Dourada, Goiás, Brazil.

CORPORATE PURPOSE  
The making of studies, planning,  
construction, installation, operation  
and exploitation of electricity  
generating plants and sales related  
to these activities. The company  
may promote or participate in other  
companies constituted to produce  
electricity within or outside the state  
of Goiás, by the subscription of any  
number of shares or rights.

PAID CAPITAL  
Ch\$81,071,089 thousand.

DIRECTORS  
- Guilherme Lencastre  
PRESIDENT  
- José Renato Ferreira  
- Marcelo Llévenes Rebolledo

SENIOR EXECUTIVES  
- Guilherme Lencastre  
GENERAL MANAGER  
- Manuel Herrera Vargas  
COMMERCIAL MANAGER  
- José Ignácio Pires Medeiros  
TECHNICAL MANAGER  
- Carlos Ewandro Naegele Moreira  
HUMAN RESOURCES MANAGER  
- Eugenio Cabanes Durán  
MANAGER, INSTITUTIONAL  
RELATIONS AND COMMUNICATIONS  
- Luiz Carlos Laurens Ortins de  
Bettencourt  
FINANCE MANAGER  
- José Alves de Mello Franco  
REGULATION MANAGER  
- Ana Cláudia Goncalves Rebello  
LEGAL ADVISER  
- Aurélio Ricardo Bustilho de Oliveira  
MANAGER, PLANNING AND  
CONTROL  
- Nelson Ribas Visconti  
MANAGER

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

CENTRAL GERADORA  
TERMELÉTRICA FORTALEZA S.A.  
(CGTF)

KIND OF COMPANY  
Type of Entity: Foreign Private  
Company constituted in the state of  
Ceará in Brazil.  
Address: Rodovia CE 422, Km 1,  
Complexo Industrial e Portuário de  
Pecém, Caucaia – Ceará.

CORPORATE PURPOSE  
The making of studies, planning,  
construction and exploitation of  
electricity production, transmission,  
distribution and commercialization  
systems that have been or may be  
conceded, permitted or authorized,  
and the exercise of other activities  
related to the above; the acquisition,  
obtaining and exploration of

any right, concession or privilege  
related to the above activities, and  
the practice of all other acts and  
businesses necessary for meeting  
the purpose; and the participation  
in the capital of other companies as  
shareholder, partner or participation  
account, whatever their purpose.

PAID CAPITAL  
Ch\$42,639,466 thousand.

DIRECTORS  
- Guilherme Lencastre  
CHAIRMAN  
- Marcelo Llévenes Rebolledo  
VICE CHAIRMAN  
- Luciano Galasso

SENIOR EXECUTIVES  
- Manuel Herrera Vargas  
GENERAL MANAGER  
- Raimundo Câmara Filho  
HUMAN RESOURCES MANAGER  
- Luiz Carlos Laurens Ortins de  
Bettencourt  
FINANCE MANAGER  
- José Ignácio Pires Medeiros  
TECHNICAL MANAGER  
- Aurelio de Oliveira  
MANAGER, PLANNING AND  
CONTROL  
- Eugenio Cabanes Durán  
MANAGER, INSTITUTIONAL  
RELATIONS AND COMMUNICATIONS  
- José Alves de Mello Franco  
REGULATION MANAGER  
- Ana Cláudia Goncalves Rebello  
LEGAL ADVISER  
- Manuel Herrera Vargas  
MANAGER, TRADING AND  
COMMERCIALIZATION (Interim)

COMMERCIAL RELATIONS WITH  
ENDESA CHILE  
None.

COMPANHIA ENERGÉTICA DO  
CEARÁ (COELCE)

KIND OF COMPANY  
Type of Entity: Private Company  
constituted under the laws of the  
Federal Republic of Brazil.  
Address: Rua Padre Valdevino, 150,  
Centro, Fortaleza, Ceará, Brazil.

CORPORATE PURPOSE  
Explore the distribution of electricity  
and related services in the state of  
Ceará.

PAID CAPITAL  
Ch\$121,465,440 thousand.

DIRECTORS  
- Mario Fernando de Melo Santos  
CHAIRMAN  
- Marcelo Llévenes Rebolledo  
VICE CHAIRMAN  
- Cristóbal Sánchez Romero  
- Gonzalo Vial Vial

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- José Alves de Mello Franco
- Aurelio Ricardo Bustilho Oliveira
- Jorge Parente Frota Júnior
- Cristián Eduardo Fierro Montes
- Fernando de Moura Avelino
- Roberto de Paula Macieira
- Francisco Honório Pinheiro Alves

ALTERNATE DIRECTORS

- Antonio Basilio Pires e Albuquerque
- Luciano Alberto Galasso Samaria
- Nelson Ribas Visconti
- Teobaldo José Cavalcante Leal
- José Caminha Aripe Júnior
- Luiz Carlos Laurens Ortins Bettencourt
- José Renato Ferreira Barreto
- José Távora Batista
- Juarez Ferreira de Paula
- Vládía Viana Regis
- José Nunes de Almeida Neto

SENIOR EXECUTIVES

- Abel Alves Rochinha

PRESIDENT

- José Nunes de Almeida Neto

MANAGER, INSTITUTIONAL RELATIONS AND COMMUNICATIONS

- Olga Jovanna Carranza Salazar

COMMERCIAL MANAGER

- José Távora Batista

TECHNICAL MANAGER

- Aurélio Ricardo Bustilho de Oliveira

MANAGER, PLANNING AND CONTROL

- José Renato Ferreira Barreto

HUMAN RESOURCES MANAGER

- Luiz Carlos Laurens Ortins Bettencourt

MANAGER, FINANCE AND INVESTOR RELATIONS

- Sílvia Cunha Saraiva Pereira

LEGAL ADVISER

- José Alves de Mello Franco

REGULATION MANAGER

COMMERCIAL RELATIONS WITH ENDESA CHILE

None.

**COMPANHIA DE INTERCONEXÃO ENERGÉTICA (CIEN)**

KIND OF COMPANY

Type of Entity: Private Company constituted in Brazil.

Address: Praça Leoni Ramos, nº 1, piso 6, Bloco 2 - parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

CORPORATE PURPOSE

The production, industrialization, distribution and commercialization of electricity, including its import and export. In complying with this, the company may promote the study, planning and construction of installations relating to electricity production, transmission, conversion and distribution systems, making and attracting investments for the works to be carried out and providing

services. The company may also promote the implementation of associated projects, and activities inherent, accessory or complementary to the services and works it may provide. It may also participate in other companies for achieving its objects.

PAID CAPITAL

Ch\$79,948,998 thousand.

DIRECTORS

- Marcelo Llévenes Rebolledo

CHAIRMAN

- Guilherme Lencastre

VICE CHAIRMAN

- José Venegas Maluenda

REGIONAL MANAGER, TRADING AND COMMERCIALIZATION, ENDESA CHILE

SENIOR EXECUTIVES

- Guilhere Lencastre

GENERAL MANAGER

- Manuel Herrera Vargas

MANAGER, TRADING AND COMMERCIALIZATION

- José Ignácio Pires Medeiros

TECHNICAL MANAGER

- Carlos Ewandro Naegele Moreira

HUMAN RESOURCES MANAGER

- Eugenio Cabanes Durán

MANAGER, INSTITUTIONAL RELATIONS AND COMMUNICATIONS

- Luiz Carlos Laurens Ortins de Bettencourt

FINANCE MANAGER

- José Alves de Mello Franco

REGULATION MANAGER

- Ana Cláudia Goncalves Rebello

LEGAL ADVISER

- Aurélio Ricardo Bustilho de Oliveira

MANAGER, PLANNING AND CONTROL

- Marcelo Smichti

MANAGER

COMMERCIAL RELATIONS WITH ENDESA CHILE

None.

**EN-BRASIL COMÉRCIO E SERVIÇOS S.A.**

KIND OF COMPANY

Type of Entity: Private Company constituted in Brazil.

Address: Praça Leoni Ramos, nº 01 – parte, São Domingos, Niterói, Rio de Janeiro, Brazil.

CORPORATE PURPOSE

To participate in the capital of other companies in Brazil or abroad in trade in general, including imports and exports, retail or wholesale, of different products, and the provision of services in general for the electricity and other sectors.

PAID CAPITAL

Ch\$3,020 thousand.

MANAGEMENT

- Ricardo da Silva Correa

GENERAL MANAGER

- Leonardo de Paula Freitas

Guimarães.

MANAGER

COMMERCIAL RELATIONS WITH ENDESA CHILE

None.

**ENDESA BRASIL S.A.**

KINDOF COMPANY

Type of Entity: Corporation constituted undfer the laws of Brazil.

Address: Praça Leoni Ramos, nº 1, 7º andar, bloco 2, Niterói, RJ, Brazil.

CORPORATE PURPOSE

The participation in the capital of other companies constituted to act directly or indirectly in any segment of the electricity sector, including companies providing services to companies in that sector, in Brazil or abroad, as partner or shareholder, within the legal limitations and subject to the necessary regulatory approvals; the provision of electricity transmission, distribution, generation or commercialization activities and related activities and the participation alone or through a joint venture, company, consortium or other similar forms of association, in tenders, projects and enterprises for the carrying out of the above mentioned services and activities.

PAID CAPITAL

Ch\$226,099,641 thousand.

DIRECTORS

- Mario Fernando de Melo Santos

CHAIRMAN

- José María Calvo-Sotelo

VICE CHAIRMAN

- Vacant
- Antonio Basilio Pires de Carvalho e Albuquerque
- Vacant
- Ignacio Antoñanzas Alvear

CHIEF EXECUTIVE, ENERSIS S.A.

SENIOR EXECUTIVES

- Marcelo Llévenes Rebolledo

GENERAL MANAGER

- Luiz Carlos Laurens Ortins de Bettencourt

MANAGERR, FINANCE AND INVSTOR RELATIONS

- Aurelio de Oliveira

MANAGER, PLANNING AND CONTROL

- Eugenio Cabanes

MANAGER, INSTITUTIONAL RELATIONS AND COMMUNICATIONS

- Antonio Basilio Pires de Carvalho e Albuquerque

LEGAL ADVISER

- José Alves de Mello Franco

REGULATION MANAGER

- Carlos Ewandro Naegele Moreira

HUMAN RESOURCES MANAGER

- Enrique de las Morenas

DEVELOPMENT MANAGER

COMMERCIAL RELATIONS WITH ENDESA CHILE

None.

**EÓLICA FAZENDA NOVA O GERAÇÃO E COMERCIALIZAÇÃO DE ENERGIA S.A.**

Type of Entity: Private Company constituted under the laws of Brazil.

Address: Rua Felipe Camarão, nº 507, sala 104, Ciudad de Natal, Rio Grande do Norte, Brazil.

CORPORATE PURPOSE

(i) The generation, transmission, distribution and commercialization of energy; (ii) participate in other companies as partner or shareholder and (iii) import machinery and equipment for the generation, transmission, distribution and commercialization of electricity from wind sources.

PAID CAPITAL

Ch\$555,428 thousand.

MANAGEMENT

- Marcelo Llévenes Rebolledo

PRESIDENT

- Guilherme Gomes Lencastre
- Enrique de las Morenas

COMMERCIAL RELATIONS WITH ENDESA CHILE

None.

**INVESTLUZ S.A.**

KIND OF COMPANY

Type of Entity: Corporation constituted under the laws of Brazil.

Address: Rua Padre Valdevino, nº 150 – Parte Fortaleza, Ceará, Brazil.

CORPORATE PURPOSE

To participate in the capital of Companhia Energética do Ceará and other companies, in Brazil and abroad, as partner or shareholder.

PAID CAPITAL

Ch\$267,899,274 thousand.

MANAGEMENT

- Abel Alves Rochinha

PRESIDENT

- Luis Carlos Ortins de Bettencourt

VICE PRESIDENT FINANCE

- Olga Jovana Carranza Salazar
- José Renato Ferreira Barreto
- Sílvia Cunha Saraiva Pereira

COMMERCIAL RELATIONS WITH ENDESA CHILE

None.



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CONSORCIO ARA – INGENDESA – SENER LIMITADA

KIND OF COMPANY  
Type of Entity: Limited partnership constituted in Santiago, Chile.  
Tax No.: 76.738.990-6.  
Address: Santa Rosa 76 piso 10, Santiago, Chile.

CORPORATE PURPOSE  
The company's special purpose is to execute and carry out contracts awarded to the company and entered into with Empresa de Transporte de Pasajeros Metro S.A.

PAID CAPITAL  
Ch\$1,000 thousand.

REPRESENTATIVES  
- Rodrigo Alcaíno Mardones  
GENERAL MANAGER, INGENDESA  
- Alejandro Santolaya de Pablo  
- Ernesto Ferrandiz Doménech

ALTERNATE REPRESENTATIVES  
- Vacant  
- Julio Montero Montegú  
- Elías Arce Cyr  
- Cristián Araneda Valdivieso  
- Joaquín Botella Malagón  
- Angel Ares Montes

COMMERCIAL RELATIONS WITH ENDESA CHILE  
None.

ELECTROGAS S.A.

KIND OF COMPANY  
Type of Entity: Private Company constituted in Santiago, Chile.  
Tax No.: 96.806.130-5.  
Address: Alonso de Córdova 5900, Oficina 401,Las Condes, Santiago, Chile.

CORPORATE PURPOSE  
To provide transport services for natural gas and other fuels, for its own or third party’s account, for which it may construct, operate and maintain gas, oil and multi-purpose pipelines and complementary installations.

PAID CAPITAL  
Ch\$10,784,067 thousand.

DIRECTORS  
- Claudio Iglesias Guillard  
CHAIRMAN  
MANAGER GENERATION, ENDESA CHILE  
- Juan Eduardo Vásquez Moya  
VICE CHAIRMAN  
- Pedro Gatica Kerr  
- Enrique Donoso Moscoso  
- Rosa Herrera Martínez

ALTERNATE DIRECTORS  
- Jorge Bernardo Larraín Matte  
- Ricardo Santibáñez Zamorano  
- Juan Pablo Salinas Barrera  
- Cristián Morales Jaureguiberry  
- Juan Oliva Vásquez

GENERAL MANAGER  
Carlos Andreani Luco

COMMERCIAL RELATIONS WITH ENDESA CHILE  
Electrogas S.A. has a contract for the firm transport of natural gas and another for diesel transport with Compañía Eléctrica San Isidro S.A. Electrogas S.A. also has contracts with Endesa Chile for the transport of interruptible gas and of firm gas. There is also a contract between Endesa Chile and Electrogas S.A. for the transport of diesel and another contract for the operation and maintenance of an oil pipeline for the supply of diesel to the Quintero thermal plant.

GNL CHILE S.A.

KIND OF COMPANY  
Type of Entity: Private Company corporation constituted in Santiago, Chile with the name Gestora del Proyecto GNL S.A. It changed its name to the current one on February 27, 2006.  
Tax No.: 76.418.940-K.  
Address: Rosario Norte 530, Office 1303, Las Condes, Santiago.

CORPORATE PURPOSE  
a) Contract the services of the liquefied natural gas (LNG) company GNL Quintero S.A. (“GNL”) and use all the storage, processing, re-gasification capacity and deliver natural gas and LNG from its re-gasification terminal, including its expansion if any and any other matter stipulated in the contracts that the company signed to use the re-gasification terminal; b) import LNG on a delivery-ex-ship basis (DES) from LNG suppliers in accordance with the LNG sale contracts; c) the sale and delivery of natural gas and LNG in accordance with the contracts signed by the company with its customers; d) manage and coordinate the programming and ordering of LNG shipments, and the delivery of natural gas and LNG among the different customers; and e) comply with all its obligations and require compliance with all its rights under these contracts and coordinate all the activities subject to these and in general carry out all acts or contracts that may be necessary, useful or convenient for compliance with these objects

PAID CAPITAL  
Ch\$1,534,485 thousand.

DIRECTORS  
- Rodrigo Azócar Hidalgo  
CHAIRMAN  
- Eduardo Morandé Montt  
- Vacant

ALTERNATE DIRECTORS  
  
- Rosa Herrera Martínez  
- Gonzalo Palacios Vásquez  
- José Venegas Maluenda

GENERAL MANAGER  
Eric Ahumada Gómez

COMMERCIAL RELATIONS WITH ENDESA CHILE  
The company has commercial relations with GNL Chile S.A. under gas supply contracts arising from the re-gasification of LNG. The shareholders of GNL Chile S.A. have granted loans to the company, the amount currently outstanding in favor of Endesa Chile S.A. being US\$1.7 million.

GNL QUINTERO S.A. (GNLQ)

KIND OF COMPANY  
Type of Entity: Private Company constituted in Santiago, Chile on March 9, 2007 by public deed signed before the Santiago notary Eduardo Avello Concha.  
Tax No.: 76.788.080-4  
Address: Rosario Norte 530, office 1604, Las Condes, Santiago, Chile

CORPORATE PURPOSE  
a) The development, financing, design, engineering, supply, construction, start up, operation and maintenance of an LNG storage and re-gasification plant and its corresponding sea terminal for loading and unloading LNG and its expansions, if any, including the installations and connections necessary for the delivery of LNG through a truck-loading yard and/ or one or more LNG pipeline delivery points; and any other activity leading or related to such purpose; and b) the provision of management and administrative advice services in general, necessary for the correct operation of the company to GNL Chile S.A. The company may carry out all kinds of acts or contracts that are necessary, useful or convenient for meeting this purpose.

PAID CAPITAL  
Ch\$99,331,942 thousand.

DIRECTORS  
- William Jude Way  
CHAIRMAN  
- Eduardo Morandé Montt  
- Rodrigo Azócar Hidalgo  
- Elizabeth Grace Spomer  
- Vacant

ALTERNATE DIRECTORS  
- Patricio Silva Barroilhet  
- Francisco Gazmuri Schleyer  
- Rosa Herrera Martínez  
- Diego Hollweck  
- Claudio Iglesias Guillard

GENERAL MANAGER  
Antonio Bacigalupo Gittins

COMMERCIAL RELATIONS WITH ENDESA CHILE  
None.

INVERSIONES ELECTROGAS S.A.

KIND OF COMPANY  
Type of Entity: Private Company constituted in Santiago, Chile.  
Tax No.:96.889.570-2  
Address: Alonso de Córdova 5900, Office 401, Las Condes, Santiago, Chile.

CORPORATE PURPOSE  
To buy, sell, invest and hold shares in the Private Company Electrogas S.A.

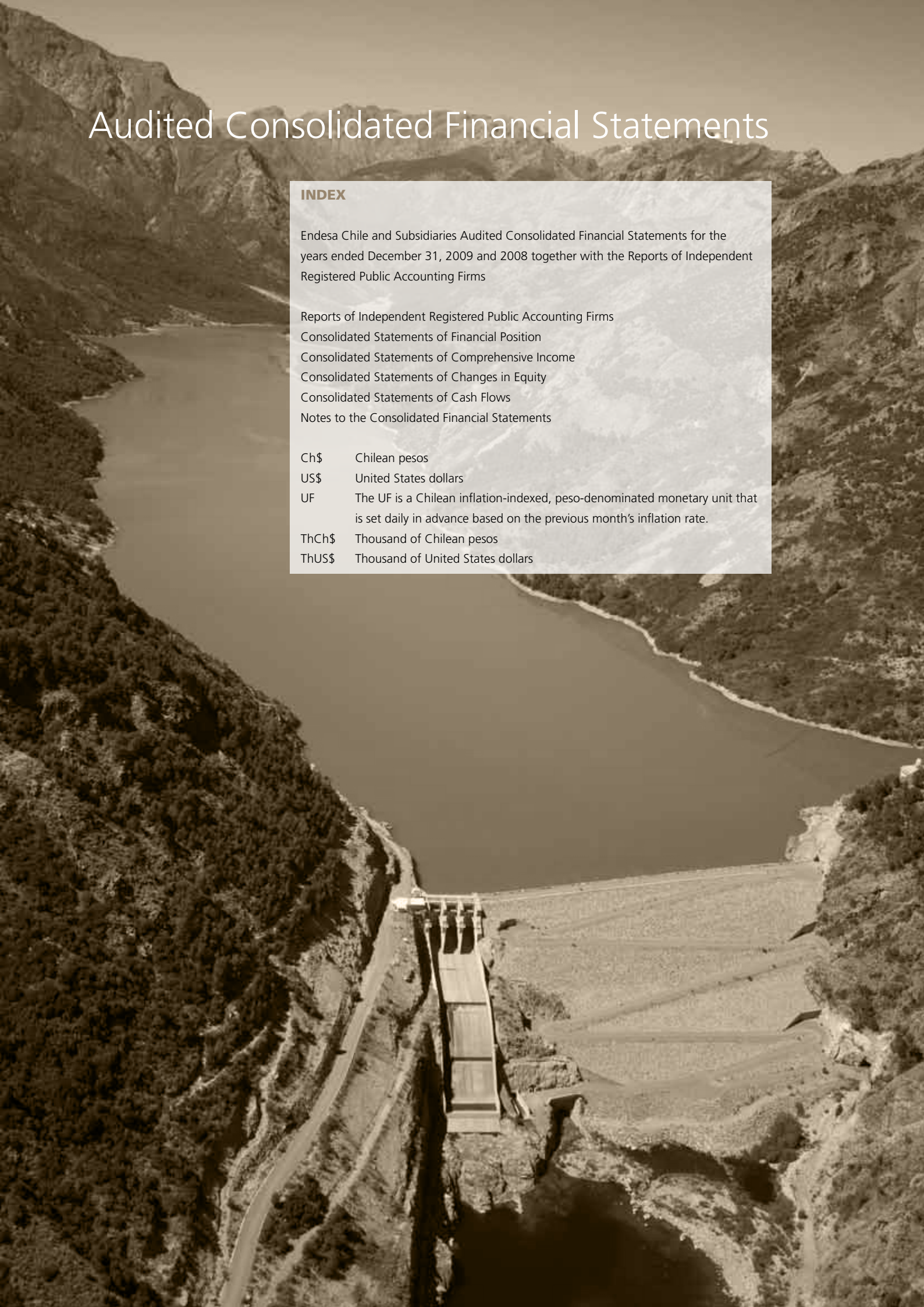
PAID CAPITAL  
Ch\$13,196,432 thousand.

DIRECTORS  
- Claudio Iglesias Guillard  
CHAIRMAN  
- Juan Eduardo Vásquez Moya  
VICE CHAIRMAN  
- Pedro Gatica Kerr  
- Enrique Donoso Moscoso  
- Rosa Herrera Martínez

ALTERNATE DIRECTORS  
- Jorge Bernardo Larraín Matte  
- Ricardo Santibáñez Zamorano  
- Juan Pablo Salinas  
- Cristián Morales Jaureguiberry  
- Juan Oliva Vásquez

GENERAL MANAGER  
Carlos Andreani Luco

COMMERCIAL RELATIONS WITH ENDESA CHILE  
None



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<b>KPMG Auditores Consultores Ltda.</b>	Phone	+56 (2) 798 1000
3520 Isidora Goyenechea Av., 2 <sup>nd</sup> floor	Fax	+56 (2) 798 1001
Las Condes, Santiago, Chile	<b>www.kpmg.cl</b>	

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of  
Empresa Nacional de Electricidad S.A. (Endesa-Chile):

We have audited the accompanying consolidated statements of financial position of Endesa-Chile and subsidiaries (the Company) as of December 31, 2009 and 2008, and January 1, 2008, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the December 31, 2009 and 2008 financial statements of certain subsidiaries and nonsubsidiary investees carried on the equity method of accounting, which statements reflect total assets constituting 33.02 percent and 32.63 percent of the Company’s consolidated total asset position as of December 31, 2009 and 2008, respectively, and total revenues constituting 23.48 percent and 18.09 percent of the Company’s consolidated revenues for the years ended December 31, 2009 and 2008, respectively. Those consolidated financial statements prepared in accordance with the local statutory accounting basis were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those entities on such basis of accounting, is based solely on the reports of the other auditors. Accordingly, we have audited the conversion adjustments to the financial statements of these subsidiaries and nonsubsidiary investees prepared in accordance with the local statutory accounting basis to conform them to the Company’s accounting basis referred to below.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Endesa-Chile and subsidiaries as of December 31, 2009 and 2008 and January 1, 2008, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2009, in conformity with International Financial Reporting Standards (IFRS).

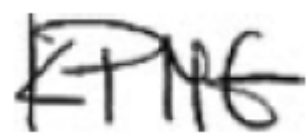
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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Endesa-Chile’s internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 25, 2010, expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.



**KPMG Auditores Consultores Ltda.**

Santiago,  
May 25, 2010

Chile

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<b>KPMG Auditores Consultores Ltda.</b>	Phone	+56 (2) 798 1000
3520 Isidora Goyenechea Av., 2 <sup>nd</sup> floor	Fax	+56 (2) 798 1001
Las Condes, Santiago, Chile	<b>www.kpmg.cl</b>	

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of  
Empresa Nacional de Electricidad S.A. (Endesa-Chile):

We have audited Endesa-Chile’s internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Endesa-Chile’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on Endesa-Chile’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

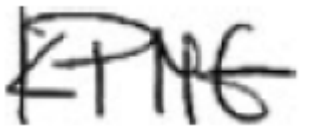
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In our opinion, Endesa-Chile maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial position of Endesa-Chile and subsidiaries as of December 31, 2009, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and our report dated May 25, 2010 expressed an unqualified opinion on those consolidated financial statements.



**KPMG Auditores Consultores Ltda.**

Santiago,  
May 25, 2010

Chile

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Deloitte Touche Tohmatsu  
Auditores Independentes  
Av. Presidente Wilson, 231  
22º andar  
Rio de Janeiro - RJ -  
20030-021  
Brasil

Tel: +55 (21) 3981-0500  
Fax: +55 (21) 3981-0600  
www.deloitte.com.br

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders ofEndesa Brasil S.A.Niterói - RJ

1. We have audited the accompanying consolidated balance sheets of Endesa Brasil S.A . and subsidiaries (the "Company") as of December 31, 2009 and 2008 , and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements, prepared in accordance with accounting practices adopted in Brazil and presented in Brazilian real, are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provide a reasonable basis for our opinion .
3. In our opinion such consolidated financial statements present fairly, in all material respects, the financial position of Endesa Brasil S.A. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, changes in shareholders' equity, and cash flows for the years then ended in accordance with accounting practices adopted in Brazil.
4. As mentioned in note 1 to the consolidated financial statements, the subsidiary Companhia de Interconexao Energetica - CIEN is seeking alternatives for new businesses, including the discussions with the regulatory agencies to change CIEN 's "trading" activity to "transmission" activity in order to obtain the Allowed Annual Revenue (RAP).

**DELLOITE TOUCHE TOHMATSU**  
Auditores Independentes

Rio de Janeiro  
May 25, 2010

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Deloitte & Touche Ltda.  
Cra. 7 N° 94 - 09  
A.A. 075874  
Nit. 860.005.813-14  
Bogotá D.C.  
Colombia

Tel: +57(1) 5461810 - 5461815  
Fax: +57(1) 2178088  
[www.deloitte.com/co](http://www.deloitte.com/co)

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Emgesa S.A. E.S.P.:

We have audited the accompanying balance sheets of EMGESA S.A. E.S.P. (the "Company") as of December 31, 2009 and 2008, and the related statements of income, shareholders' equity, changes in financial position 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 conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008, and the results of its operations, changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in Colombia.

Deloitte & Touche Ltda.

May 25, 2010 Bogotá, Colombia

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ENDESA CHILE AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2009, December 31, 2008 and January 1, 2008  
(in thousands of Chilean pesos – ThCh\$)

ASSETS	Note	12-31-2009	12-31-2008	01-01-2008
		ThCh\$	ThCh\$	ThCh\$
CURRENT ASSETS		942,361,242	1,241,838,883	660,033,911
Current Operating Assets		942,361,242	1,241,838,883	660,033,911
Cash and cash equivalents	5	446,438,229	719,217,980	115,095,865
Financial assets at fair value with changes through net income	17	1,493,492	-	-
Other financial assets		42,657	-	-
Trade accounts receivable and other receivables, net	6	328,265,468	342,260,677	318,419,894
Accounts receivable from related companies	7	69,160,836	66,245,062	89,781,454
Inventories	8	40,179,588	49,141,746	55,282,262
Prepayments		7,184,076	4,708,584	2,941,305
Current tax receivable	9	44,392,298	54,911,904	75,355,490
Other assets		5,204,598	5,352,930	3,157,641
NON-CURRENT ASSETS		5,226,991,370	5,437,066,482	4,735,240,709
Available-for-sale financial assets	10	2,487,796	2,432,507	2,441,449
Other financial assets		1,063,377	1,655,343	339,638
Trade accounts receivable and other receivables, net	6	66,716,465	153,412,332	95,328,090
Accounts receivable from related companies	7	-	-	369
Investments in associates accounted for using the equity method	11	574,097,291	536,703,030	481,019,140
Intangible assets, net	12	148,183,957	76,954,412	70,144,288
Property, plant and equipment, net	13	4,326,989,360	4,540,894,618	3,977,814,818
Deferred tax assets	14	94,924,126	110,326,384	96,612,703
Hedging instruments	17	590,622	-	-
Other assets		11,938,376	14,687,856	11,540,214
TOTAL ASSETS		6,169,352,612	6,678,905,365	5,395,274,620

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



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## ENDESA CHILE AND SUBSIDIARIES

### Consolidated Statements of Financial Position

As of December 31, 2009, December 31, 2008 and January 1, 2008  
(in thousands of Chilean pesos – ThCh\$)

LIABILITIES AND EQUITY		Note	12-31-2009	12-31-2008	01-01-2008
			ThCh\$	ThCh\$	ThCh\$
CURRENT LIABILITIES			981,101,681	1,355,644,128	802,145,326
Current Operating Liabilities			981,101,681	1,355,644,128	802,145,326
Interest-bearing loans	15	345,355,943	740,117,554	419,296,249	
Other financial liabilities	17	696,791	-	-	
Trade accounts payable and other payables	18	373,871,856	347,675,017	265,570,606	
Accounts payable to related companies	7	90,554,059	137,396,309	45,176,660	
Provisions	19	33,393,224	33,706,461	28,522,828	
Current tax payable	9	123,945,432	83,966,248	29,606,208	
Other liabilities		8,669,196	8,710,488	5,094,808	
Deferred revenues	21	448,467	449,245	686,118	
Post-employment benefit obligations	20	3,448,733	3,592,982	3,108,546	
Hedging instruments	17	717,980	29,824	3,877,756	
Other accrued liabilities		-	-	1,205,547	
NON-CURRENT LIABILITIES			2,233,249,079	2,621,307,019	2,117,857,841
Interest-bearing loans	15	1,791,980,967	2,134,544,298	1,688,324,335	
Trade accounts payable and other payables	18	7,569,739	13,252,372	10,023,043	
Accounts payable to related companies	7	-	-	195,828	
Provisions	19	20,160,585	3,290,525	2,462,449	
Deferred tax liabilities	14	347,876,619	399,374,385	360,951,167	
Other liabilities		34,336,712	33,436,414	27,786,390	
Deferred revenues	21	163,596	233,531	890	
Post-employment benefit obligations	20	28,231,131	29,880,296	26,704,566	
Hedging instruments	17	2,929,730	7,295,198	1,409,173	
EQUITY			2,955,001,852	2,701,954,218	2,475,271,453
Equity Attributable to Shareholders of the Company			2,069,085,642	1,598,730,012	1,537,699,011
Issued share capital	22	1,537,722,642	1,537,722,642	1,428,886,505	
Reserves	22	(769,182,142)	(744,745,964)	(363,658,095)	
Retained earnings	22	1,300,545,142	805,753,334	472,470,601	
Equity Attributable to Minority Interest			885,916,210	1,103,224,206	937,572,442
TOTAL LIABILITIES AND EQUITY			6,169,352,612	6,678,905,365	5,395,274,620

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

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ENDESA CHILE AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2009 and 2008

(in thousands of Chilean pesos– ThCh\$, except share data)

STATEMENT OF COMPREHENSIVE INCOME	Note	January - December	
		2009	2008
		ThCh\$	ThCh\$
Sales	23	2,408,239,446	2,531,568,173
Other operating income, total	23	10,679,909	4,820,266
<b>Total Revenues</b>		<b>2,418,919,355</b>	<b>2,536,388,439</b>
Consumption of raw and secondary materials	24	(976,145,889)	(1,304,453,135)
<b>Contribution Margin</b>		<b>1,442,773,466</b>	<b>1,231,935,304</b>
Employee expenses	25	(74,832,421)	(63,299,474)
Depreciation and amortization	26	(196,142,075)	(186,604,575)
Impairment losses	26	(43,999,600)	-
Other miscellaneous operating expenses	27	(110,868,779)	(107,867,715)
<b>Operating Income</b>		<b>1,016,930,591</b>	<b>874,163,540</b>
Total gain (loss) on sale of non-current assets not held for sale		64,972	(707,958)
Financial expenses	28	(188,368,384)	(198,439,587)
Gain (loss) from investments	29	25,225,652	35,339,570
Share of the profit (loss) of associates accounted for using the equity	11	98,457,836	82,131,590
Foreign currency exchange differences, net	28	(17,017,325)	(5,828,382)
Gain (loss) for indexed assets and liabilities	28	9,275,308	(18,950,333)
<b>Net Income Before Tax</b>		<b>944,568,650</b>	<b>767,708,440</b>
Income tax	30	(172,468,296)	(210,177,605)
<b>Net Income</b>		<b>772,100,354</b>	<b>557,530,835</b>

Attributable to:

Shareholders of the Company		627,053,406	433,177,184
Minority interest		145,046,948	124,353,651
<b>Net Income</b>		<b>772,100,354</b>	<b>557,530,835</b>

Earnings per Share - Common shares

Basic and diluted earnings per share	Ch\$ / share	<b>76.45</b>	<b>52.82</b>
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Statement of Other Comprehensive Income

<b>Net Income</b>		<b>772,100,354</b>	<b>557,530,835</b>
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Other Comprehensive Income

Available-for-sale financial assets		55,354	(55)
Cash flow hedge		226,196,062	(331,840,685)
Foreign currency translation		(251,677,776)	168,702,437
Share of other comprehensive income (loss) of associates		14,045,893	(13,749,102)
Actuarial gain (loss) on defined benefit pension plans		(1,143,392)	(1,884,234)
Income tax effect related to the components of other comprehensive		(36,594,489)	58,464,628
<b>Total Other Comprehensive Income</b>		<b>(49,118,348)</b>	<b>(120,307,011)</b>
<b>Total Comprehensive Income</b>		<b>722,982,006</b>	<b>437,223,824</b>

Attributable to:

Shareholders of the Company		703,772,844	248,631,881
Minority interest		19,209,162	188,591,943
<b>Total Comprehensive Income</b>		<b>722,982,006</b>	<b>437,223,824</b>

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

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ENDESA CHILE AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2009 and 2008  
(in thousands of Chilean pesos– ThCh\$)

Statement of Changes in Equity	Changes in Issued Capital			Changes in Reserves					Changes in Retained Earnings	Changes in Equity Attributable to Parent	Changes in Minority Interest		Changes in Equity, Total
	Common Shares			Proposed Dividend Reserves	Translation Reserves	Hedging Reserves	Available-for-Sale Reserves	Other Reserves					
	Share Capital	Share Premium											
Opening Balance at 01/01/2008	1,222,877,948	206,008,557		(38,433,991)	84,113,627	169,086,413	4,345	(578,428,489)	472,470,601	1,537,699,011	937,572,442	2,475,271,453	
Changes:													
Comprehensive income	-	-		-	101,367,756	(270,884,586)	(46)	(13,749,102)	431,897,859	248,631,881	188,591,943	437,223,824	
Declared cash dividends	-	-		(87,036,762)	-	-	-	-	(100,306,070)	(187,342,832)	(22,940,179)	(187,342,832)	
Transfers to( from) retained earnings	-	-		38,433,991	-	-	-	-	(38,433,991)	-	-	-	
Other increases (decreases) in net equity	108,836,137	-		-	-	-	-	(149,219,120)	40,124,935	(258,048)	-	(23,198,227)	
Changes in equity	108,836,137	-		(87,036,762)	101,367,756	(270,884,586)	(46)	(162,968,222)	333,282,733	61,031,001	165,651,764	226,682,765	
Ending Balance at 12/31/2008	1,331,714,085	206,008,557		(87,036,762)	185,481,383	(101,798,173)	4,299	(741,396,711)	805,753,334	1,598,730,012	1,103,224,206	2,701,954,218	
Opening Balance at 01/01/09	1,331,714,085	206,008,557		(87,036,762)	185,481,383	(101,798,173)	4,299	(741,396,711)	805,753,334	1,598,730,012	1,103,224,206	2,701,954,218	
Changes:													
Comprehensive income	-	-		-	(124,472,978)	185,568,236	45,791	16,465,996	626,165,799	703,772,844	19,209,162	722,982,006	
Declared cash dividends	-	-		(188,116,022)	-	-	-	-	(43,641,794)	(231,757,816)	(104,443,851)	(231,757,816)	
Transfers to (from) retained earnings	-	-		87,036,762	-	-	-	-	(87,036,762)	-	-	-	
Other increases (decreases) in net equity	-	-		-	-	(963,963)	-	-	(695,435)	(1,659,398)	(132,073,308)	(238,176,556)	
Changes in equity	-	-		(101,079,260)	(124,472,978)	184,604,273	45,791	16,465,996	494,791,808	470,355,630	(217,307,996)	253,047,634	
Ending Balance at 12/31/2009	1,331,714,085	206,008,557		(188,116,022)	61,008,405	82,806,100	50,090	(724,930,715)	1,300,545,142	2,069,085,642	885,916,210	2,955,001,852	

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



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ENDESA CHILE AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2009 and 2008

(In thousands of Chilean pesos– ThCh\$)

Net Cash Flows provided by (used in) Operating Activities, Indirect Method	Note	2009	2008
		ThCh\$	ThCh\$

Cash Flows provided by (used in) Operations, Indirect Method

Operating Cash Flows Before Changes in Working Capital

Reconciliation of Net Income to Operating Income

Net income		772,100,354	557,530,835
Financial expenses		179,093,076	217,389,920
Financial income		(25,315,918)	(34,323,234)
Income tax	30	172,468,296	210,177,605
Share of the (profit) loss of associates accounted for using the equity	11	(98,457,836)	(82,131,590)
Other adjustments to reconcile net income to operating income		17,042,619	5,520,004
Adjustments to reconcile net income to operating income, total		244,830,237	316,632,705
Operating income		1,016,930,591	874,163,540

Non-Monetary Adjustments:

Depreciation	26	192,772,740	182,631,235
Amortization of intangible assets	26	3,369,335	3,973,340
Impairment losses	26	43,999,600	-
Loss (gain) on sales of non-current assets not held for sale		(64,972)	707,958
Loss (gain) on investments		90,266	(1,016,336)
Increase of provisions		3,249,264	2,223,497
Decrease (increase) in deferred tax assets		(8,089,658)	4,019,875
Increase (decrease) in deferred tax liabilities		3,257,558	(1,591,803)
Other non-monetary adjustments		(12,624,485)	(4,329,329)
Non-monetary adjustments, total		225,959,648	186,618,437
Total Operating Cash Flows Before Changes in Working Capital		1,242,890,239	1,060,781,977

Increase (Decrease) in Working Capital:

Inventories		(793,538)	11,986,371
Trade accounts receivable and other receivables		13,387,623	(107,070,706)
Prepayments		(4,364,057)	(19,916,914)
Other assets		108,055,151	91,045,322
Trade accounts payable and other payables		(130,366,242)	14,956,481
Accruals		(13,316,393)	(7,953,946)
Taxes payable		(85,389,647)	(59,258,836)
Post-employment benefit obligations		6,391,938	(105,392)
Other liabilities		(41,674,765)	(14,185,391)
Decrease in working capital, total		(148,069,930)	(90,503,011)
Cash Flows provided by (used in) Other Operating Activities		1,094,820,309	970,278,966
Payments of income tax		(99,250,347)	(19,340,544)
Net Cash Flows Provided by (used in) Operating Activities		995,569,962	950,938,422

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ENDESA CHILE AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2009 and 2008

(In thousands of Chilean pesos– ThCh\$)

Net Cash Flows provided by (used in) investing and financing activities, Indirect Method	Note	2009 ThCh\$	2008 ThCh\$
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Net Cash Flows provided by (used in) Investing Activities

Proceeds from sales of property, plant and equipment		4,806,509	6,536,995
Proceeds from sales of other financial assets		-	7,730,911
Proceeds from sales or disposals of other assets		-	13,981
Other cash flows provided by (used in) investing activities		9,847,726	73,804,675
Proceeds from dividends received classified for investing purposes		75,347,648	35,462,910
Proceeds from interest received classified for investing purposes		2,441,046	3,025,736
Purchases of property, plant and equipment		(315,589,508)	(255,117,543)
Acquisitions of intangible assets		(411,575)	(2,487,916)
Loans to related companies		(8,974,911)	(47,066,212)
Other investment disbursements		(208,922,322)	(23,575,554)
Net Cash Flows Used In Investing Activities		(441,455,387)	(201,672,017)

Net Cash Flows provided by (used in) Financing Activities

Loans obtained		230,775,256	348,059,855
Proceeds from issuance of other financial liabilities		126,062,420	227,769,894
Proceeds from loans from related companies		11,436,262	58,060,070
Proceeds from other financing activities		-	448,471
Payments of loans		(231,907,013)	(137,386,174)
Repayments of other financial liabilities		(439,518,975)	(217,926,280)
Repayments of liabilities for financial leases		(3,171,884)	(6,996,069)
Payments of loans to related companies		(58,538,059)	(6,198,854)
Payment of interest classified for financing purposes		(114,393,219)	(163,445,494)
Dividends paid to minority interests		(164,683,053)	(146,871,431)
Dividends paid to shareholders of the Company		(156,415,189)	(101,987,826)
Net Cash Flows Used In Financing Activities		(800,353,454)	(146,473,838)

Net Increase (Decrease) in Cash and Cash Equivalents

Effects of foreign exchange rate variations on cash and cash equivalents		(26,540,872)	1,329,548
Beginning Balance of Cash and Cash Equivalents, Statements of Cash Flows		719,217,980	115,095,865
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The attached notes are an integral part of these consolidated financial statements.

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ENDESA CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

1. FINANCIAL STATEMENTS AND ACTIVITIES OF THE GROUP

Empresa Nacional de Electricidad S.A. (hereinafter, the “Parent Company” or the “Company”) and its subsidiaries compose the Endesa Chile Group (hereinafter, “Endesa Chile”, the “Group” or Endesa Chile and subsidiaries”).

Endesa Chile is a publicly -held corporation with its corporate domicile and principal offices at Avenida Santa Rosa 76, Santiago, Chile. The Company is registered as No. 114 in the securities registry of the Chilean Superintendency of Securities and Insurances (Superintendencia de Valores y Seguros or “SVS”). In addition, it is registered with the United States Securities and Exchange Commission and in the Spanish National Securities Market Commission. Its stock has traded on the New York Stock Exchange since 1994 and on the Latibex since 2001.

Endesa Chile is a subsidiary of Enersis S.A., a company which in turn is a subsidiary of ENDESA, S.A., a Spanish entity controlled by Enel S.p.A. (hereinafter, “Enel”).

The Company was incorporated by public deed on December 1, 1943. Its existence was authorized and its bylaws approved on January 3, 1994 by Supreme Decree No. 97 of the Ministry of the Treasury.

Endesa Chile’s corporate purpose involves generation, transmission, production and distribution of electricity. The Company also invests in financial assets, develops projects and engages in activities within the energy field and other areas in which electricity is essential, as well as participating in civil or hydraulic public works infrastructure concessions, either directly or through subsidiary or associated companies, both domestically or abroad.

The consolidated financial statements of Endesa Chile for the year 2008 were approved by its Board at its meeting held on January 28, 2009, and were subsequently presented for consideration at the General Shareholders’ Meeting held on April 15, 2009, where they were finally approved. Those annual financial statements were prepared in accordance with the generally accepted accounting principles in Chile, and therefore, do not match the balances from 2008 which have been included in the present consolidated financial statements, prepared in accordance with International Financial Reporting Standards (hereinafter IFRS). A detailed reconciliation of equity and income and cash flow for the year, along with a description of the principal adjustments made, can be found in note 36.

These consolidated financial statements are presented in thousands of Chilean pesos (unless otherwise mentioned) since this is the functional currency of the primary economic environment in which Endesa Chile operates. Foreign operations are included in accordance with the accounting policies established in notes 2.5 and 3.k.



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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

The consolidated financial statements of Endesa Chile and subsidiaries as of December 31, 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (hereinafter “IASB”), and approved by its Board of Directors’ at its meeting on January 27, 2010.

These consolidated financial statements present fairly the financial position of Endesa Chile and subsidiaries as of December 31, 2009, as well as the results of operations, changes in equity and cash flows for the year then ended.

The present consolidated financial statements have been prepared from accounting records maintained by the company and its subsidiaries. Each entity prepares its financial statements according to the accounting standards and principles in force in each country, and through the consolidation process, the corresponding adjustments and reclassifications have been made in order to adapt such standards and principles to IFRS.

The consolidated statements of financial position as of December 31, 2008 and January 1, 2008, as well as the consolidated statements of comprehensive income, equity and cash flows for the year ended December 31, 2008, which are included for comparative purposes, have also been prepared according to IFRS and accounting principles and standards applied consistently with those used during 2009.

2.2 New accounting pronouncements

As of the date of issuance of the present consolidated financial statements, the following accounting pronouncements have been issued by the IASB but their application was not yet mandatory:

Standards and Amendments	Mandatory application for:
IFRS 3 revised: <i>Business Combinations</i>	Annual periods beginning on or after July 1, 2009.
Amendment to IAS 39: <i>Eligible Hedged Items</i>	Annual periods beginning on or after July 1, 2009.
Amendment to IAS 27: <i>Consolidated and Separate Financial Statements</i>	Annual periods beginning on or after July 1, 2009.
Improvements to IFRS	The majority for annual periods beginning on or after July 1, 2009.
Amendment to IFRS 2: <i>Share-Based Payments</i>	Annual periods beginning on or after January 1, 2010.
Amendment to IAS 32: <i>Classification of Rights Issues</i>	Annual periods beginning on or after February 1, 2010.
IFRS 9: <i>Financial Instruments</i>	Annual periods beginning on or after January 1, 2013.
IAS 24 Revised: <i>Related party disclosures</i>	Annual periods beginning on or after January 1, 2011.

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Interpretations and Amendments	Mandatory application for:
IFRIC 17 <i>Distributions of Non-Cash Assets to Owners</i>	Annual periods beginning on or after July 1, 2009.
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity</i>	Annual periods beginning on or after July 1, 2010.
Amendment to IFRIC 14: <i>Prepayments of a Minimum Funding Requirement</i>	Annual periods beginning on or after January 1, 2011.

The Group’s Management estimates that the adoption of the aforementioned Standards, Amendments and Interpretations, will not have a significant impact on the consolidated financial statements of Endesa Chile and its subsidiaries in the period of their initial application.

### 2.3 Responsibility for the information and estimates made.

The information contained in these consolidated financial statements is the responsibility of the Company’s Board, which expressly states that IFRS principles and standards have been fully implemented.

In preparing the consolidated financial statements, certain estimates made by the Company’s Management have been used in order to quantify some assets, liabilities, income, expenses and commitments recorded in such statements.

These estimates basically refer to:

- The valuation of assets and goodwill to determine the existence of impairment losses (see note 3.c).
- The assumptions used to calculate the actuarial liabilities and obligations to employees (see note 20).
- The useful life of property, plant and equipment and intangible assets (see notes 3.a and 3.b).
- The assumptions used to calculate the fair value of financial instruments (see notes 3.e and 17).
- Energy supplied to customers and not invoiced at the end of each year.
- Certain magnitudes of the electrical system, including those of other companies, such as production, customer billing, energy consumption, etc. used on the estimations for electrical system settlements. These settlements must be finalized in the corresponding final settlements, which are pending emission as of the date of issuance of the financial statements, and could affect the balances of assets, liabilities, income and expenses registered in such statements.
- The probability of occurrence and the amount of uncertain or contingent liabilities (see note 3.j).
- Future disbursements for the closure of facilities and restoration of land (see note 3.a).
- The tax results of the various subsidiaries of Endesa Chile, that will be reported to the respective tax authorities in the future, which have served as the basis for recording different balances related to income taxes in the current consolidated financial statements. (See note 3.m).

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Although these estimates have been based on the best information available at the date of issuance of the current consolidated financial statements, it is possible that events may occur in the future that will require a change (increase or decrease) to these estimates in subsequent years, which would be done prospectively, recognizing the effects of such change in estimation in the corresponding future consolidated financial statements.

## 2.4 Subsidiaries and jointly-controlled entities

Subsidiaries are defined as entities in which the Parent Company controls the majority of the voting rights or, should that not be the case, is authorized to direct the financial and operating policies of such subsidiaries.

Jointly-controlled entities are entities in which the situation described in the foregoing paragraph exists as a result of an agreement with other shareholders and control is exercised jointly with them.

Appendix No. 1 of these consolidated financial statements, entitled “Endesa Chile Group Companies”, describes Endesa Chile’s relationship with each of its subsidiaries and jointly- controlled entities.

### 2.4.1 Changes in the scope of consolidation

During 2008 and 2009, there were no significant changes in the consolidation scope of Endesa Chile.

Appendix No. 2 of these consolidated financial statements, entitled “Changes in the scope of consolidation”, describes the entities that were included, and a description of the respective effect.

### 2.4.2 Companies fully consolidated although the percentage of ownership is less than 50%

Although the Endesa Chile Group holds less than a 50% share in Empresa Generadora de Energía Eléctrica S.A. (hereinafter “Emgesa”), it is considered a subsidiary since Endesa Chile exercises control over the entity, directly or indirectly, through contracts or agreements with shareholders, or as a consequence of its structure, composition and shareholder classes.

### 2.4.3 Companies not fully consolidated although the percentage of ownership is more than 50%

Although the Endesa Chile Group holds more than 50% of Centrales Hidroeléctricas de Aysén, S.A. (hereinafter “Hidroaysén”), it is considered to be a Jointly - Controlled Entity because the Group, through contracts and agreements with shareholders, exercises joint control of the entity.

## 2.5 Basis of consolidation and business combinations.

Subsidiaries are consolidated by the global integration method, incorporating into the consolidated financial statements all assets, liabilities, income, expenses and cash flows after making the corresponding adjustments and eliminations for intra-Group transactions.

Jointly-controlled entities are consolidated by the proportional integration method. Endesa Chile recognizes, line by line, its share of the assets, liabilities, income and expenses of such entities, so that the aggregation of balances and subsequent eliminations, takes place only in the proportions of Endesa Chile’s shares in them.

The results of subsidiaries and jointly-controlled entities are included in the consolidated comprehensive income statement, from the effective date of acquisition until the effective date of disposal or termination of joint control, as appropriate.



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The consolidation of the operations of the Parent Company and its subsidiaries, as well as the jointly-controlled entities, was performed applying the following basic principles:

1. At the date of acquisition, the assets, liabilities and contingent liabilities of the subsidiary or jointly-controlled entity are recorded at market value. In the event that there is a positive difference between the acquisition cost and the fair value of the assets and liabilities of the acquired entity, including contingent liabilities, corresponding to the parent’s share, this difference is recorded as goodwill. In the event that the difference is negative, it is recorded with a credit to earnings.
2. The value of minority shareholder interest in equity and the results of subsidiaries consolidated through global integration are presented, respectively, under the headings “Equity attributable to Minority Interest” in the consolidated statement of financial position and “Net Income attributable to minority interest” and “Other comprehensive income attributable to minority interest” in the consolidated statement of comprehensive income.
3. The conversion of the financial statements of foreign companies with functional currencies other than the Chilean peso is performed as follows:
  - a. For assets and liabilities, the prevailing exchange rate on the closing date of the financial statements is used.
  - b. For items in the comprehensive income statement, the average exchange rate for the year is used.
  - c. Equity remains at the historical exchange rate from the date of acquisition or contribution, and for retained earnings at the average exchange rate at the date of generation.

Exchange differences that occur in the conversion of the financial statements are registered under the heading “Translation reserves” within Equity (see Note 22.2).

Translation adjustments incurred up to the date that Endesa Chile transitioned to IFRS have been transferred to reserves, using the exemption for that purpose in IFRS 1 “First - time Adoption of IFRS” (See Note 36).

All balances and transactions between companies consolidated through global integration, as well as the share of the proportionally consolidated companies, were eliminated in the consolidation process.

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3. ACCOUNTING PRINCIPLES APPLIED

The main accounting principles applied in preparing the attached consolidated financial statements are detailed as follows:

a) Property, Plant and Equipment.

Property, Plant and Equipment are valued at acquisition cost, net of accumulated depreciation and any impairment losses it may have experienced. In addition to the price paid to acquire each item, the cost also includes, where appropriate, the following concepts:

- Finance expenses accrued during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which require a substantial period of time before being ready for use such as, for example, electricity generation or distribution facilities. The interest rate used is that of the specific financing or, if none exists, the mean financing rate of the company carrying out the investment. The mean financing rate depends principally on the geographic area and ranges between 2.66% and 5.19%. The amount capitalized for this concept amounted to ThCh\$ 3,385,207 and ThCh\$ 3,072,003 for the years ended December 31, 2009 and 2008, respectively.
- Employee expenses directly related to works in progress, capitalized for the years ended December 31, 2009 and 2008, amounted to ThCh\$ 731,901 and ThCh\$ 500,315, respectively.
- Future disbursements that Endesa Chile and subsidiaries must make to close their facilities are incorporated into the value of the asset at present value, recording the corresponding provision in accounting. On a yearly basis, Endesa Chile and subsidiaries review their estimate of these future disbursements, increasing or decreasing the value of the asset based on the results of this estimate.
- Items acquired before the date on which Endesa Chile transitioned to IFRS include within the acquisition cost, where appropriate, asset reappraisals permitted in various countries to adjust the value of Property, Plant and Equipment for inflation as of that date. (See Note 13).

Works in progress are transferred to operating assets once the testing period has been completed when they are available for use, at which time depreciation begins.

Expansion, modernization or improvement costs that represent an increase in productivity, capacity or efficiency or a longer useful life are capitalized as a greater cost for the corresponding assets.

The replacement or overhaul of whole components that increase the asset’s useful life, or its economic capacity, are recorded as an increase in value for the respective assets, derecognizing the replaced or overhauled components.

Periodic maintenance, conservation and repair expenses are recorded directly in income as an expense for the year in which they are incurred.

The Company, based on the outcome of impairment testing explained in note 3.c, believes that the book value of these assets does not exceed their net recoverable value.

Property, Plant and Equipment, net of its residual value, are depreciated by distributing the cost of the different items that compose it on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. Useful life estimates are periodically reviewed and, if appropriate, adjusted prospectively.

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The following tables detail the principal useful lives used to depreciate assets:

	Years of estimated useful life
<b>Generating facilities:</b>	
Hydroelectric power plants	
Civil works	35-65
Electromechanical equipment	10-40
Coal/fuel power plants	25-40
Combined-cycle power plants	10-25
Renewable energy power plant	35
<b>Transmission and distribution facilities:</b>	
High voltage network	10-60
Low and medium voltage network	10-60
Measurement and remote control equipment	3-50
Other facilities	4-25

The Hidroeléctrica El Chocón S.A. concession is the only administrative concession granted specifically for the Group and was not granted indefinitely. The following table details the period remaining until expiration:

Company	Country	Concession term	Period remaining until expiration
Hidroeléctrica El Chocón S.A.(Generation)	Argentina	30 years	14 years

Endesa Chile’s management evaluated the specific casuistry of the aforementioned concession, and concluded that no determining factors exist to indicate that the grantor, which in this case is a government entity, controls the infrastructure and, at the same time, can continuously set the price to be charged for services. Those requirements are essential for applying IFRIC 12 Service Concession Arrangements, which establishes how to record and value certain types of concessions (See Note 3b.2).

Gains or losses that arise from the sale or disposal of items of property, plant and equipment are recognized in income for the period and calculated as the difference between the sale value and the net book value.



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## b) Intangible assets

### b.1) Goodwill

Goodwill generated upon consolidation represents the difference between the acquisition cost and Endesa Chile's share of the fair value of assets and liabilities, including identifiable contingent assets and liabilities of a subsidiary as of the acquisition date.

Acquired assets and liabilities are temporarily valued as of the date the company takes control and reviewed within no more than a year after the acquisition date. Until the fair value of assets and liabilities is ultimately determined, the difference between the acquisition price and the book value of the acquired company is temporarily recorded as goodwill.

If goodwill is finally determined to exist in the financial statements the year following the acquisition, the prior year accounts presented for comparison purposes, are modified to include the value of acquired assets and liabilities and final goodwill from the acquisition date.

Goodwill generated from acquiring companies with functional currencies other than the Chilean peso is valued at the functional currency of the acquired company and converted to Chilean pesos using the exchange rate in effect as of the date of the statement of financial position.

Goodwill generated before the date of IFRS transition is maintained at its net value recorded as of that date, while goodwill originated afterwards is valued at acquisition cost (See Note 12.2 and 36).

Goodwill is not amortized, instead, at each period end, the Company estimates whether any impairment has reduced its recoverable value to an amount less than the net recorded cost and, if appropriate, immediately adjusts for impairment (See Note 3.c).

In cases where the Group acquires an additional interest in a company that it already controlled and consolidated using the global integration method, the difference between the price of the additional percentage and the balance of "Equity attributable to minority interest" that is derecognized as a result of the acquisition is recorded as goodwill. In cases where the Group sells part of its interest in a controlled company and maintains control after the sale and, therefore, continues to consolidate using the global integration method, the difference between the sale price and the balance of "Equity attributable to minority interest" that must be recognized as a result of the sale is recorded in earnings for the year.

### b.2) Concessions

IFRIC 12 *Service Concession Arrangements* provides guidance for accounting operators for public-to-private service concession arrangements. This accounting interpretation applies if:

- a) The grantor controls or regulates which services the operator should provide with the infrastructure, to whom it must provide them and at what price; and
- b) The grantor controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

If the aforementioned criteria are met simultaneously, an intangible asset is recognized on books to the extent the operator is entitled to charge the users for the specific use of the public service/facility, and if these charges are strictly based on the extent of use of the facility.

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These intangible assets are initially recognized at cost, which is defined as the fair value of the consideration paid, plus any other costs that are directly attributable to the operation. Subsequently, these intangibles are amortized over the period of the concession.

The Group operates various administrative concessions where the counterparty is a government entity. For the most part, these concessions are directly related to our electricity generation business (see Note 3.a). The El Melón Tunnel concession is the only concession where determining factors exist to conclude that both aforementioned requirements are met.

In the El Melón Tunnel concession, the Chilean Ministry of Public Works (hereinafter “MOP” in its spanish acronym) and our subsidiary Sociedad Concesionaria Túnel El Melón S.A. entered into a concession agreement establishing both the services that should be provided by the operator as well as the price to be charged for these services. The concession right expires in June 2016, at which time MOP will recover the right to operate the assets associated with the El Melón Tunnel concession, without having to meet any specific conditions.

The Group has applied the intangible asset approach established in IFRIC 12. It has not recognized any financial asset related to the El Melón Tunnel, as the contract signed with the MOP does not establish unconditionally guaranteed revenue.

### b.3) Research and development expenses

Endesa Chile and subsidiaries follow the policy of recording as intangible assets in the statement of financial position, the costs incurred in development projects as long as their technical viability and economic returns are reasonably assured.

Expenditures on research activities are recognized as an expense in the period in which they are incurred. In 2009 and 2008, no research and development expenses were recognized.

### b.4) Other intangible assets

These intangible assets correspond primarily to computer software, easements and water rights. They are initially recognized at acquisition or production cost and, subsequently, are valued at cost net of accumulated amortization and any impairment losses, where appropriate, that may have occurred.

This group of assets is amortized over its useful life, which in most cases is estimated to be between 4 and 5 years. Intangible assets with indefinite useful lives are not amortized because such contracts are by nature permanent or indefinite.

Criteria for recognizing impairment losses on these assets and, if appropriate, recovery of impairment losses recorded in prior years are explained in letter c) of this Note.

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### c) Asset impairment

During the period, and principally at period end, the company evaluates whether there is any indication that an asset has been impaired. Should any such indication exist, the company estimates the recoverable amount of that asset to determine, where appropriate, the amount of impairment. In the case of identifiable assets that do not independently generate cash flows, the company estimates the recoverability of the Cash Generating Unit to which the asset belongs, which is understood to be the smallest identifiable group of assets that generates independent cash inflows.

Notwithstanding the preceding paragraph, in the case of Cash Generating Units to which goodwill or intangible assets with an indefinite useful life have been allocated, a recoverability analysis is performed routinely at each period end.

The recoverable amount is the greater between the fair value less the cost needed to sell and the value in use, which is defined as the present value of the estimated future cash flows. In order to calculate the recoverable value of property, plant and equipment, goodwill and intangible assets, value in use criteria is used by the Group in practically all cases.

To estimate the value in use, the Group prepares future cash flow projections, before tax, based on the most recently available budgets. These budgets incorporate management’s best estimates of revenue and costs of Cash Generating Units using sector projections, past experience and future expectations.

These projections cover the next five years, estimating flows for subsequent years by applying reasonable growth rates between 3.7% and 8.3% that, in no case, are increasing nor exceed the average long-term growth rates for the particular sector and country.

These flows are discounted at a given pre-tax rate in order to calculate their present value. This rate reflects the cost of capital of the business and the geographical area in which it is carried on. In order to calculate it, the current time value of money and the risk premiums generally used by analysts for the business and the geographical area are taken into account.

The discount rates, before tax, expressed in nominal terms and applied in 2009 and 2008 are the following:

Country	Currency	2009		2008	
		Minimum	Maximum	Minimum	Maximum
Chile	Chilean peso	9.24%	9.53%	9.90%	10.40%
Argentina	Argentinean peso	19.51%		17.40%	
Brazil	Brazilian real	11.32%		12.10%	
Peru	Peruvian nuevo sol	9.09%		10.00%	
Colombia	Colombian peso	11.45%		11.90%	

If the recoverable amount is less than the net carrying amount of the asset, the corresponding provision for impairment loss is recorded for the difference, and charged to "Impairment losses" in the consolidated statement of comprehensive income.

Impairment losses recognized for an asset in prior periods are reversed when its estimated recoverable amount changes, increasing the asset's value with a credit to earnings, limited to the asset’s carrying amount if no adjustment had occurred. In the case of goodwill, adjustments that would have been made are not reversible.



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The following procedure is used to determine the need to adjust financial assets for impairment:

- In the case of commercial assets, Endesa Chile and subsidiaries have defined a policy for recording impairment provisions based on the age of past due balances, which is generally applied except in cases where a specific collectability analysis is advised.
- In the case of receivables of a financial nature, impairment is determined by specifically analyzing each case. As of the date of issuance of these consolidated financial statements, the Company had no significant past due non commercial financial assets.

d)   **Leases**

Leases that transfer substantially all the risks and rewards incidental to ownership are transferred to the lessee are classified as finance leases. All other leases are classified as operating leases.

Finance leases in which Endesa Chile and subsidiaries act as lessee are recognized when the agreement begins, recording an asset based on the nature of the lease and a liability for the same amount, equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments. Subsequently, the minimum lease payments are divided between finance expense and reducing the debt. The finance expense is recorded in the income statement and distributed over the period of the lease term, so as to obtain a constant interest rate for each period over the balance of the debt pending amortization. The asset is amortized in the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the asset will be amortized over the lesser term between the useful life of the asset and the term of the lease.

Operating lease payments are expensed on a straight line basis over the term of the lease unless another type of systematic basis of distribution is deemed more representative.

e)   **Financial instruments**

Financial instruments are contracts that give rise to both a financial asset for one company and a financial liability or equity instrument for another company.

e.1)   **Financial assets other than derivatives**

Endesa Chile and subsidiaries classify their financial investments, whether permanent or temporary, and excluding equity method investments (see Note 11) and investments held for sale, into four categories:

- **Trade accounts receivable and other receivables and Accounts receivable from related companies:** These are recorded at amortized cost, which corresponds to initial fair value less principal repayments made, plus interest accrued but uncharged, calculated using the effective interest rate method.

The effective interest rate method is used to calculate the amortized cost of a financial asset or liability (or a group of financial assets or liabilities) and is charged to financial income or expense over the relevant period. The effective interest rate is the discount rate that sets the cash flows receivable or payable estimated over the expected life of the financial instrument (or, when appropriate, over a shorter period) exactly equal to the net carrying amount of the financial asset or liability.
- **Held-to-maturity investments:** Investments that Endesa Chile intends to hold and is capable of holding until their maturity are accounted for at amortized cost as defined in the preceding paragraph.

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- **Financial assets at fair value with changes in net income:** This includes the trading portfolio and those financial assets that have been designated as such upon initial recognition and that are managed and evaluated using fair value criteria. They are valued in the consolidated statement of financial position at fair value, with changes in value recorded directly in income when they occur.
- **Available-for-sale financial assets:** These are financial assets specifically designated as available for sale or that do not fit within any of the three preceding categories and consist almost entirely of financial investments in equity instruments (See Note 10). These investments are recorded in the consolidated statement of financial position at fair value when it can be reliably determined. Changes in fair value, net of taxes, are recorded with a charge or credit to an equity reserve known as “Available-for-sale financial assets” until the investment is disposed of, at which time the amount accumulated in this account for that investment is fully charged to the comprehensive income statement. Should the fair value be less than the acquisition cost, if there is objective evidence that the asset has been more than temporarily impaired, the difference is recorded directly in the comprehensive income statement.

In the case of interests in unlisted companies or companies with very little liquidity, normally the market value cannot be reliably determined and, thus, when this occurs, they are valued at acquisition cost or a lesser amount if evidence of impairment exists.

Purchases and sales of financial assets are accounted for using their trade date.

### e.2) Cash and cash equivalents

This account within the statement of consolidated financial position includes cash on hand and in banks, time deposits and other highly-liquid, short-term investments that can be quickly converted into cash and have a low risk of value fluctuations.

### e.3) Financial liabilities other than derivatives

Financial liabilities are generally recorded based on cash received, net of any costs incurred in the transaction. In subsequent periods, these obligations are valued at their amortized cost, using the effective interest rate method.

In the particular case that a liability is the underlying item of a fair value hedge derivative, it will be exceptionally valued at its fair value for the portion of the hedged risk.

In order to calculate the fair value of debt, both for cases in which it is recorded in the statement of financial position and for information on its fair value included in Note 15, debt has been divided into fixed interest rate debt (hereinafter “fixed debt”) and variable interest rate debt (hereinafter "variable debt"). Fixed debt pays, throughout its life, coupon interest fixed, either explicitly or implicitly, at the beginning of the transaction. Variable debt is issued with variable interest rates (i.e. each coupon is set at the beginning of each period based on a referential interest rate). All debt has been valued by discounting expected future cash flows with a market-interest rate curve based on the payment currency.

### e.4) Derivative financial instruments and hedge accounting

Derivatives held by Endesa Chile and subsidiaries correspond primarily to transactions entered into to hedge interest and/or exchange rate risk, intended to eliminate or significantly reduce these risks in the underlying transactions being hedged.

Derivatives are recorded at fair value as of the date of the statement of financial position within “Hedging instrument”. If their value is positive, they are recorded in assets and if their value is negative, they are recorded within liabilities.

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Changes in fair value are recorded directly in income except when the derivative has been designated for accounting purposes as a hedge instrument and all of the conditions established under IFRS for applying hedge accounting are met, including that the hedge is highly effective, are met. In this case, changes are recorded as follows:

- **Fair value hedges:** The underlying portion for which the risk is being hedged is valued at its fair value as is the hedge instrument, recording any changes in the value of both in the comprehensive income statement by netting the effects in the same comprehensive income statement account.
- **Cash flow hedges:** Changes in the fair value of the effective portion of derivatives are recorded in an equity reserve known as "Hedging Reserves ". The cumulative loss or gain in this account is transferred to the comprehensive income statement to the extent that the underlying item impacts the comprehensive income statement because of the hedged risk, netting the effect in the same comprehensive income statement account. Gains or losses from the ineffective portion of the hedge are recorded directly in the comprehensive income statement.

A hedge is considered highly effective when changes in the fair value or the cash flows of the underlying item directly attributable to the hedged risk, are offset by changes in the fair value or the cash flows of the hedging instrument, with effectiveness ranging from 80% to 125%.

The Company does not apply hedge accounting to its investments abroad.

As a general rule, long-term commodity purchase or sale agreements are recorded in the consolidated statement of financial position at their fair value as of period end, recording any differences in value directly in income, except when all of the following conditions are met:

- The sole purpose of the agreement is for own use.
- Future projections by Endesa Chile and subsidiaries justify the existence of these agreements with the purpose of own use.
- Past experience with agreements shows that they have been utilized for own use, except in certain isolated cases in which they had to be used for exceptional reasons or reasons associated with logistical management issues outside the control and projections of Endesa Chile and subsidiaries.
- The agreement does not stipulate settlement by differences and the parties do not make it a practice to settle similar contracts by differences in the past.

The long-term commodity purchase or sale agreements maintained by Endesa Chile and subsidiaries, which are mainly for electricity, fuel and other supplies, meet the conditions described above. Thus, fuel purchase agreements are intended to be used to generate electricity, while electricity purchase agreements are used to make sales to end customers and electricity sale agreements are used to sell its own production.

The Company also evaluates the existence of embedded derivatives in contracts or financial instruments to determine if their characteristics and risk are closely related to the principal contract as long as the set is not being accounted for at fair value. If they are not closely related, they are recorded separately and changes in value are accounted for directly in the comprehensive income statement.



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The fair value of the various derivative financial instruments is calculated as follows:

- For derivatives traded on a formal market, by its quoted price as of year end.
- Endesa Chile and subsidiaries value derivatives not traded on formal markets, using discounted expected cash flows and generally accepted options valuation models, based on current and future market conditions as of year-end.

**f) Investments in associates accounted for using the equity method**

Investments in associates in which Endesa Chile has significant influence are recorded using the equity method. In general, significant influence is assumed in cases in which Endesa Chile has more than 20% interest.

The equity method consists of recording the investment in the statement of financial position based on the share of its equity that Endesa Chile’s interest represents in its capital, adjusted for, if appropriate, the effect of transactions with subsidiaries plus any goodwill generated in acquiring the company.

If the resulting amount were negative, zero is recorded for that investment in the statement of financial position, unless there is a commitment from Endesa Chile to support the company’s negative equity situation, in which case a provision is recorded.

Dividends received from these companies are deducted from the value of the investment and any profit or loss obtained from them to which Endesa Chile is entitled based on its interest is recorded within “Share of the profit of associates accounted for using the equity method”.

Appendix No. 3 of these consolidated financial statements, known as “Associates” describes the relationship that Endesa Chile has with each of its associates.

**g) Inventories**

Inventories are valued at the lesser of its weighted average acquisition price or its net realizable value.

**h) Treasury shares**

Treasury shares are deducted from equity in the consolidated statement of financial position and valued at acquisition cost.

Gains and losses obtained in disposing of the treasury shares are recorded within "Retained earnings" in the consolidated statement of financial position. As of December 31, 2009, the Company has no treasury shares and had no transactions with treasury shares during the years 2009 and 2008.

**i) Deferred revenues**

This account primarily includes, contributions received from customers or government entities to finance construction or acquisition of certain facilities or, in some cases, facilities that are directly transferred based on current regulations in each country.

These amounts are recorded as deferred revenues within liabilities in the consolidated statement of financial position and charged to earnings in the account "Other operating income" within the consolidated statement of comprehensive income over the useful life of the asset, thus offsetting the depreciation expense.

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The transactions that originated the amounts recorded in this account are not within the scope of IFRIC 18 *Transfers of Assets from Customers*, which was applicable starting on July 1, 2009.

### j) Provisions

Obligations existing as of the date of the consolidated financial statements resulting from past events for which equity damage for Endesa Chile and subsidiaries is likely liable, whose amount and timing of payment are uncertain, are recorded as provisions in the consolidated statement of financial position at the present value of the most likely amount that it is believed that Endesa Chile and subsidiaries will have to disburse to settle the obligation.

Provisions are quantified using the best information available as of the date of issuance of the consolidated financial statements regarding the consequences of the event causing the provision and are re-estimated at each subsequent accounting close.

#### j.1) Provisions for post-employment benefit and similar obligations.

Endesa Chile and some subsidiaries have undertaken commitments for pensions and other similar benefits with their employees. These commitments, for both defined benefits and defined contributions, are basically formalized through pension plans, except in relation to certain benefits in kind, primarily commitments to supply electricity which, given their nature, have not been outsourced and are internally provisioned.

For defined benefit plans, companies record the corresponding expense for these commitments using accrual accounting throughout their employees’ working lives by conducting, as of the date of the financial statements, actuarial studies calculated using the projected unit credit method. Past service costs from changes in benefits are immediately charged to income as benefits are accrued.

Contributions to defined contribution plans are expensed as employees provide services.

Actuarial losses and gains that arise in valuing the liabilities subject to these plans are recorded directly under “Equity– Retained earnings”.

### k) Conversion of balances in foreign currency

Transactions carried out by each company in a currency other than its functional currency are recorded using the exchange rates in effect as of the date of each transaction. During the year, any differences that arise between the exchange rate recorded in accounting and the rate prevailing as of the date of collection or payment are recorded as “Foreign currency exchange differences, net” in the comprehensive income statement.

Likewise, as of each year-end, balances receivable or payable in a currency other than each company's functional currency are converted using the period-end exchange rate. Any valuation differences are recorded as “Foreign currency exchange differences, net” in the comprehensive income statement.

Endesa Chile and subsidiaries have established a policy to hedge the portion of its revenue that is directly linked to the US dollar by obtaining financing in this currency. Exchange differences related to this debt, as they are cash flow hedge transactions, are charged, net of taxes, to a reserve account in equity and recorded in income during the period in which the hedged cash flows are realized. This term has been estimated at ten years.

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## l) Current/Non-current classification.

In the accompanying consolidated statement of financial position, balances are classified based on maturity (i.e. current balances mature in no more than twelve months and non-current balances in more than twelve months).

Should the Company have any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations may be classified as long-term liabilities.

## m) Income tax

Income taxes for the year are determined as the sum of current taxes from Endesa Chile's numerous subsidiaries and result from applying the tax rate to the taxable base for the year, after allowable deductions have been made, plus any changes in deferred tax assets and liabilities and tax credits, both for tax losses and deductions. Differences between the book value and tax basis of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when the assets and liabilities are realized.

Current taxes and changes in deferred tax assets and liabilities that are not coming from business combinations are recorded in income or in equity accounts in the statement of financial position, based on where the gains or losses originating them were recorded.

Any fluctuations from business combinations that are not recorded upon taking control because their recovery is not assured are recognized by reductions, if appropriate, to the value of goodwill accounted for in the business combination.

Deferred tax assets and tax credits are recognized only when it is likely that there will be future tax gains sufficient enough to recover deductions for temporary differences and make use of tax losses.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from valuing investments in subsidiaries, associates and jointly-controlled companies in which Endesa Chile can control their reversal and where it is likely that they will not be reversed in the foreseeable future.

Any deductions that can be applied at a given moment to current tax liabilities are credited to earnings within the income tax account, except when doubts exist about their tax realization, in which case they are not recognized until they are effectively realized, or when they correspond to specific tax incentives, in which case they are recorded as grants.

At each accounting period close, the Company reviews the deferred taxes it has recorded, both assets and liabilities, in order to ensure they remain current and otherwise make any necessary corrections based on the results of this analysis.

## n) Revenue and expense recognition.

Income and expenses are recorded on an accrual basis.

Revenue is recognized as a result of a gross inflow of economic profits originated during the normal course of business for Endesa Chile and its subsidiaries during the period, as long as this inflow of benefits causes an increase in equity that is not related to contributions from equity owners and these benefits can be reliably valued. Revenue is recorded at the fair value of the consideration received or receivable derived from such revenue.



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Revenue from the provision of services is only recognized when it can be reliably estimated, based on the degree of completion of the services as of the date of the consolidated statement of financial position.

Endesa Chile and its subsidiaries exclude from revenue all gross inflows of economic benefits received when acting as an agent on behalf of third parties, only recording inflows from its own activities as revenue.

Exchanges or bartering of goods or services for other goods or services of a similar nature are not considered revenue-producing transactions.

Endesa Chile and its subsidiaries record purchase or sale agreements of non-financial items that are settled by netting with cash or another financial instrument at their net amount. Agreements entered into and maintained in order to receive or deliver these non-financial items are recorded based on the contractual terms of the purchase, sale or utilization requirements expected by the entity.

Interest income (expense) is accounted for using the effective interest rate applicable to the outstanding principal of the investment (income) or debt (expense) during the corresponding accrual year.

**o) Earnings per share**

Basic earnings per share are calculated as the quotient of net earnings (losses) for the period attributable to the Parent Company divided by that entity’s weighted average number of ordinary outstanding shares during that period, without including the average number of shares of the Parent Company held by any subsidiaries, should that be the case.

During 2009 and 2008 Endesa Chile and its subsidiaries have not engaged in any type of transaction with a potential dilutive effect that assumes diluted earnings per share differs from basic earnings per share.

**p) Dividends**

Article No. 79 of Chile’s Corporations Law establishes that, except if unanimously agreed otherwise by shareholders of all issued shares, listed corporations should distribute a cash dividend to its shareholders on a yearly basis, prorated based on their shares or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed.

As it is practically impossible to achieve a unanimous agreement given Endesa Chile's highly fragmented share capital, as of the end of each year the amount of the obligation to its shareholders, net of interim dividends approved during the year, is determined and accounted for in "Trade accounts payable and other payables" or " Accounts payables to related companies", as appropriate, and charged to equity in the account “Proposed dividend reserves”.

Interim and final dividends are deducted from equity as soon as they are approved by the competent body, which in the first case is normally the Company’s Board of Directors and in the second case is shareholders at the Ordinary Shareholders’ Meeting.

**q) Cash flow statement**

The consolidated statement of cash flows reflects cash movements during the period, determined using the indirect method. The terms used in these cash flow statements are defined as follows:

- **Cash flows:** inflows and outflows of cash or cash equivalents, which are defined as highly-liquid investments maturing in less than three months with a low risk of changes in value.
- **Operating activities:** activities that comprise the Group's principal source of revenue as well as other activities that cannot be classified as investing or financing.

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- **Investing activities:** activities that involve acquiring, selling or otherwise disposing of non-current assets and other investments not included in cash and cash equivalent.
- **Financing activities:** activities that bring about changes in the size and composition of equity and financial liabilities.

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4. SECTOR REGULATION AND ELECTRICITY SYSTEM OPERATIONS.

a) Chile

The electricity sector in Chile is regulated by the General Electricity Services Law contained in the Ministry of Mining Decree Law No. 1 of 1982 - whose text was rewritten and stated in Ministry of Economy Decree Law No. 4 of 2006-and its corresponding regulations contained in Decree No. 327 of 1998. Three government entities are responsible for enforcement and compliance of the law: the National Energy Commission (CNE), which has the authority to propose regulated tariffs (node prices) and develop indicative plans for the construction of new generating units; the Superintendency of Electricity and Fuels (SEF), which oversees and enforces the laws, regulations and technical standards for electricity generation, transmission and distribution, liquid fuels and gas; and lastly, the recently-created Ministry of Energy (ME) which will be responsible of implementing and carrying out all public policies concerning energy and by virtue of being the leading agency over the SEF, CNE and the Chilean Nuclear Energy Commission (CCHEN), it will ultimately strengthen the cohesion and coordination of the sector. Also, the Agency for Energy Efficiency and the Center of Renewable Energy are under the ME.

Additionally, the law establishes a Panel of Experts whose primary function is to resolve disputes between electricity companies.

From a physical point of view, the Chilean electricity sector is divided into four electricity grids: SIC (Central Interconnected System), SING (Northern Interconnected System), and two medium isolated systems: Aysén and Magallanes. The SIC, the principal electricity system, is 2,400 km long, linking Taltal in the north with Quellón, on Chiloé Island in the south. The SING covers the north of the country, from Arica to Coloso, approximately 700kms in length.

There are three fundamental segments within the electricity industry: Generation, Transmission and Distribution, which operate in an interconnected and coordinated manner and whose main objective is to provide electricity to the market at minimum cost while still preserving the quality and reliability of service standards required by electricity regulations. Due to the fact that the Transmission and Distribution segments have economies of scale in their respective roles, they constitute natural monopolies and, therefore, are regulated by electricity standards which provide for free and flexible access to energy grids and provide regulated pricing.

According to the Electricity Law, companies involved in Generation and Transmission on an interconnected electric grid must coordinate their operations in a centralized manner through the Economic Load Dispatch Center (CDEC), in order to operate the system at the lowest cost while preserving reliability of service. In order to achieve this, the CDEC plans and operates the system, including the calculation of the hourly marginal cost, basically the price at which energy transfers between generators are set.

Therefore, the generation decision for each company is dependent on the CDEC’s operating plan. Each company may decide freely to sell its energy to regulated or non-regulated customers. Any surplus or deficit between its sales to customers and its production is sold or bought from other generators at the marginal cost.

A generating company may have the following types of customers:

(i) Regulated clients: These are residential, commercial and small and medium-sized industrial customers that have a connected capacity of no more than 2,000 KW, and are located within the concession area of a distribution company. Until 2009, the transfer price between the generation and distribution companies had a maximum value called the node price, which was regulated by the Ministry of Economy. Node prices are determined every six months (April and October), using a report developed by the CNE based on the expected marginal costs of the system over the following 48 months in the case of the SIC, or 34 months in the SING. Starting in 2010, the transfer price between generation and distribution companies will result from public tenders these entities conduct.



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(ii) Unregulated clients: These are customers which have a connected capacity greater than 2,000 KW, mainly industrial and mining companies. These consumers can freely negotiate electricity supply prices with generation and distribution companies. Customers with capacity between 500 and 2,000 KW have the option to contract energy at prices agreed upon with suppliers or continue to be subject to regulated prices, but can only change between these two options once every four years.

(iii) Spot or short-term market: relates to energy and capacity transactions between generation companies, which result from the coordination by the CDEC in order to operate the system economically, and any production surpluses (deficits) with respect to commercial commitments are transferred by sales (purchases) to other generators that are members of the CDEC. In the case of energy, the transfers are valued at marginal cost; for capacity, transfers are valued at the corresponding node price, as set biannually by authorities.

In Chile, the payments for capacity to each generator depend on a centralized calculation performed annually by the CDEC, from which the firm capacity of each plant is obtained. Such value is independent of each plant’s dispatch.

Starting in 2010, with the enactment of Law 20,018, distribution companies must have permanent supply for their total demand, for which public tenders for long-term contracts must be conducted.

With respect to renewable energy, in April 2008 Law 20,257 was enacted; it which encourages the use of Non-Conventional Renewable Energy (NCRE). The main aspect of this regulation is that it forces generators to ensure that at least 5% of their energy sold comes from these renewable sources between 2010 and 2014, progressively increasing annually by 0.5% from 2015 to 2024 when it will reach 10%.

## b) The rest of Latin America

Different regulatory frameworks exist in the other Latin American countries in which Endesa Chile operates. In general, the laws of Brazil, Argentina, Peru and Colombia permit the participation and investment of private capitals in the energy sector, defend freedom of competition for the Generation segment, and define criteria to assure that certain levels of economic concentration and/or market practices do not damage their electricity sectors. Different from Chile, in these countries, the state owned companies also participate in the energy sector and compete with the private companies in the Generation, Transmission and Distribution segments.

In principle, companies are allowed to participate in different activities (generation, distribution, trading) as long as there is an adequate separation between such activities, in terms of both accounting and corporate structure. However, the transmission sector is where the greatest restrictions tend to be imposed, mainly due to its nature and the necessity to guarantee adequate access to all agents.

Regarding the electricity generation business, in general these markets are free and, based on indicative plans prepared by authorities, private actors are at liberty to make their own investment decisions. The exception is Brazil, in which pursuant to the needs of distributors, the Ministry of Energy participates in the expansion of the electric system, establishing capacity limits per technology (separate bids for thermal, hydraulic and renewable energy) or directly bidding specific projects.

The coordination of the operation is centralized, whereas one independent operator coordinates the dispatch of energy. With the exception of Colombia, where the dispatch is based on the prices offered by the agents, the rest of the countries have centralized dispatch based on variable costs of production that aims at optimizing available generation resources at the lowest cost for the system. These dispatches are used on the determination of the marginal cost of generation which also defines the spot price for the transactions.

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However, today the governments in Argentina and Peru have intervened more or less in the determination of energy prices in their marginal energy markets. Argentina’s intervention mostly stems from the aftermath of the 2002 economic crisis, and Peru’s, as a result of a recently enacted emergency law of 2008, which defined the ideal marginal cost, considering as if existing restrictions on Transmission or distribution capacity of gas and electricity did not exist.

In these four countries, the generators are able to sell their energy through contracts with the regulated energy markets or in the unregulated market, and settle any energy surplus or deficits through the spot market. The unregulated market is mostly tailored to significant individual energy consumers, although the limits that define such a consumer vary per country. These markets mostly differ on the way they regulate sales between generators and distributors and how the regulated price is defined for ultimate determination of rates and fares to end consumers.

In Argentina, initially the regulation considered that the sales price for generators to distributors was obtained from calculating an estimation of the forecasted average spot price of the upcoming six months. Nevertheless, following the 2002 crisis, the state has arbitrarily fixed prices, ultimately resulting on the intervention of the marginal system and thus causing a mismatch between the real generation costs and the payment perceived from demand through distributors.

In Brazil, the purchase price used in the determination of fares to end users is based on average prices of bids for new and existing energy. The new energy contracts consider that in the long-term all new energy generation projects should cover the expected growth of demand from distributors. The existing energy contracts consider minor short-term commitments to solely accommodate the energy needs from distributors that may arise from the expiration of prior contracts. Each bidding process is coordinated centrally, and the state establishes maximum prices, and as result, contracts are executed whereas participating distributors purchase from offering generators.

Distributors in Colombia may choose their energy supply, thus being able to structure the conditions of the public bidding process related to the energy supplied to the regulated market, and they are permitted to purchase energy from the spot market. The price paid by the end user is ultimately an average of the cost of purchase.

In Peru, as in Chile, legislation was modified to permit energy tenders based on the requirements of the distributors. Today, there are various binding contracts between generators and distributors based on the charge price, defined from a centralized calculation; however, since 2007 all contracts are carried out through a formal tender process. The state approves all conditions of the tender and also defines a maximum price.

Except for Colombia, all countries have provided for the incorporation of renewable energy. In practical terms nonetheless, there are no significant incentives or actual obligations such as the ones in place for Chile, which would render these technologies more competitive if built on a higher scale. The state promotes bidding processes specifically tailored at providing incentives for these types of technologies.

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## 5. CASH AND CASH EQUIVALENTS

a) As of December 31, 2009, December 31, 2008 and January 1, 2008 this account is detailed as follows:

Cash and Cash Equivalents	Balance as of		
	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$
Cash on hand	1,811,633	78,500	113,105
Bank balances	191,462,169	73,538,335	26,495,968
Time deposits	67,659,377	258,584,157	38,489,850
Other fixed-income investments	185,505,050	387,016,988	49,996,942
Total	446,438,229	719,217,980	115,095,865

Short-term deposits mature within no more than three months from their date of acquisition and accrue market interest for this type of short-term investment. Other fixed-income investments correspond primarily to transactions with agreements to resell that mature in less than 30 days. There are no restrictions as to the disposal of significant amounts of cash.

b) The following table details the balance of cash and cash equivalents by type of currency:

Currency	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$
Chilean pesos	152,554,270	159,432,786	41,839,181
Argentinean pesos	11,629,007	15,309,637	5,553,727
Colombian pesos	160,969,953	133,927,140	20,396,709
Peruvian nuevos soles	13,346,169	1,920,653	2,237,065
US dollars	107,638,574	408,627,764	45,069,183
Brazilian Real	300,256	-	-
Total	446,438,229	719,217,980	115,095,865

## 6. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

As of December 31, 2009, December 31, 2008 and January 1, 2008, this account is detailed as follows:

Trade accounts receivable and other receivables, gross	Balance as of					
	12-31-2009		12-31-2008		01-01-2008	
	Current	Non-current	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade accounts receivable and other receivables, gross	330,921,518	66,716,465	344,887,271	153,412,332	320,361,516	95,328,090
Trade accounts receivable, gross	315,545,472	61,309,211	323,958,886	134,759,473	286,772,527	64,137,425
Other receivables, gross	15,376,046	5,407,254	20,928,385	18,652,859	33,588,989	31,190,665

Trade accounts receivable and other receivables, net	Balance as of					
	12-31-2009		12-31-2008		01-01-2008	
	Current	Non-current	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade and other receivables, net	328,265,468	66,716,465	342,260,677	153,412,332	318,419,894	95,328,090
Trade accounts receivable, net	313,854,813	61,309,211	321,332,292	134,759,473	284,830,905	64,137,425
Other receivables, net	14,410,655	5,407,254	20,928,385	18,652,859	33,588,989	31,190,665



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The balances in this account do not generally accrue interest.

No individual customer makes up a significant portion of the Group’s total sales or receivables.

Refer to Note 7.1 for the amounts, terms and conditions of receivables from related parties.

As of December 31, 2009, December 31, 2008 and January 1, 2008, the balance of unimpaired past due trade receivables is as follows:

Trade accounts receivable past due and unpaid but not impaired	Balance as of		
	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$
Less than three months	2,286,695	600,325	45,533,172
Between three and six months	65,951	2,855,307	2,359,287
Between six and twelve months	105,135	5,003	74,213
Greater than twelve months	88,453	-	-
Total	2,546,234	3,460,635	47,966,672

The following table details movements in the impairment provision for trade receivables:

Trade accounts receivables past due, unpaid and impaired	Current and
	Non-current
	ThCh\$
Balance at January 1, 2008	1,941,622
Increases (Decreases) for the year	490,055
Amounts Written-off	(129,748)
Foreign Currency Translation Differences	324,665
Balance at December 31, 2008	2,626,594
Increases (Decreases) for the year	544,674
Amounts Written-off	(94,074)
Foreign Currency Translation Differences	(421,144)
Balance at December 31, 2009	2,656,050

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7. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

Transactions between the Company and its subsidiaries consist of customary transactions in terms of their objective and market conditions. These transactions have been eliminated in the consolidation process and are not itemized in this note.

7.1 Balances and transactions with related companies

Balances of receivables and payables between the company and its unconsolidated related companies are detailed as follows:

a) Accounts receivable from related companies

Taxpayer ID Number	Company	Description of transaction	Term of transaction	Nature of relationship	Currency	Country	Balance as of					
							Current			Non-Current		
							12-31-2009	12-31-2008	01-01-2008	12-31-2009	12-31-2008	01-01-2008
							ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
94.271.000-3	Enersis S.A.	Mercantile current account	Less than 90 days	Parent company	Ch\$	Chile	339,995	362,058	81,054	-	-	-
96.800.570-7	Chilectra S.A.	Sale of energy	Less than 90 days	Common parent company	Ch\$	Chile	23,905,151	23,879,572	-	-	-	369
96.783.910-8	Emp. Electrica de Colina	Sale of energy	Less than 90 days	Common parent company	Ch\$	Chile	71,846	21,072	-	-	-	-
96.800.460-3	Luz Andes	Sale of energy	Less than 90 days	Common parent company	Ch\$	Chile	7,859	1,545	-	-	-	-
96.543.670-1	Cia A. Multiser. Ltda.	Services rendered	Less than 90 days	Common parent company	Ch\$	Chile	14,253	19,739	17,265,900	-	-	-
Foreign	CAM Colombia Ltda.	Mercantile current account	Less than 90 days	Common parent company	CPs	Colombia	10,103	18,789	57,683	-	-	-
96.529.420-1	Synapsis Soluciones y Servicios IT Ltda.	Services rendered	Less than 90 days	Common parent company	Ch\$	Chile	38,129	88,763	13,569	-	-	-
Foreign	Edesur S.A.	Mercantile current account	Less than 90 days	Common parent company	Ar\$	Argentina	3,069	4,175	-	-	-	-
Foreign	Codensa	Sale of energy	Less than 90 days	Common parent company	CPs	Colombia	33,387,059	26,451,167	19,129,564	-	-	-
Foreign	Edelnor	Sale of energy	Less than 90 days	Common parent company	Soles	Peru	7,499,676	5,645,150	2,603,199	-	-	-
Foreign	Edelnor	Services rendered	Less than 90 days	Common parent company	Soles	Peru	1,343,964	-	-	-	-	-
Foreign	Endesa Brasil S.A.	Services rendered	Less than 90 days	Associate	R\$	Brazil	743	90,524	54,868	-	-	-
Foreign	Endesa Brasil S.A.	Dividends	Less than 90 days	Associate	Ch\$	Brazil	156,223	-	-	-	-	-
Foreign	CIEN (Companhia Interconexao Energética S.A.)	Mercantile current account	Less than 90 days	Common parent company	US\$	Brazil	773,861	993,290	6,880,788	-	-	-
Foreign	E. E. Piura	Services rendered	Less than 90 days	Common parent company	Soles	Peru	135,940	95,305	15,477	-	-	-
Foreign	Endesa Latinoamérica S.A.U.	Services rendered	Less than 90 days	Common parent company	US\$	Spain	-	27,382	12,669	-	-	-
76.788.080-4	GNL Quintero S.A.	Loans	Less than 90 days	Associate	US\$	Chile	-	4,923,842	42,049,275	-	-	-
Foreign	Endesa CEMSA S.A.	Mercantile current account	Less than 90 days	Associate	Ar\$	Argentina	1,451,375	3,614,692	1,615,616	-	-	-
Foreign	Sociedad Portuaria Central Cartagena S.A.	Mercantile current account	Less than 90 days	Associate	CPs	Colombia	106	-	-	-	-	-
78970360-4	Agricola e Inmobiliaria Pastos Verdes Ltda.	Mercantile current account	Less than 90 days	Associate	Ch\$	Chile	7,402	-	-	-	-	-
Foreign	CGTF Fortaleza	Services rendered	Less than 90 days	Common parent company	Real	Brazil	3,331	7,997	1,792	-	-	-
Foreign	Empresa de Energia de Cundinamarca S.A.	Mercantile current account	Less than 90 days	Common parent company	CPs	Colombia	10,751	-	-	-	-	-
Total							69,160,836	66,245,062	89,781,454	-	-	369

There are no secured receivables.

b) Accounts payables to related companies

Taxpayer ID Number	Company	Description of transaction	Term of transaction	Nature of relationship	Currency	Country	Balance as of					
							Current			Non-Current		
							12-31-2009	12-31-2008	01-01-2008	12-31-2009	12-31-2008	01-01-2008
							ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
94.271.000-3	Enersis S.A.	Dividends	Less than 90 days	Parent company	Ch\$	Chile	67,019,988	52,476,199	23,393,344	-	-	-
94.271.000-3	Enersis S.A.	Services received	Less than 90 days	Parent company	Ch\$	Chile	258,550	-	-	-	-	-
96.800.570-7	Chilectra S.A.	Services received	Less than 90 days	Common parent company	Ch\$	Chile	133,333	235,031	108,590	-	-	-
96.543.670-1	Cia A. Multiser. Ltda.	Services received	Less than 90 days	Common parent company	Ch\$	Chile	775,322	30,272	1,383	-	-	-
Foreign	CAM Colombia Ltda.	Services received	Less than 90 days	Common parent company	CPs	Colombia	385,882	459,933	250,888	-	-	-
Foreign	CAM Perú S.A.	Services received	Less than 90 days	Common parent company	US\$	Peru	2,280	16,621	27,863	-	-	-
96.529.420-1	Synapsis Soluciones y Servicios IT Ltda.	Services received	Less than 90 days	Common parent company	Ch\$	Chile	1,063,880	857,747	583,572	-	-	195,828
Foreign	Synapsis de Argentina Ltda.	Services received	Less than 90 days	Common parent company	Ar\$	Argentina	19,216	27,833	63,991	-	-	-
Foreign	Synapsis Perú Ltda.	Services received	Less than 90 days	Common parent company	US\$	Peru	209,962	169,044	34,995	-	-	-
Foreign	Synapsis Colombia Ltda.	Services received	Less than 90 days	Common parent company	CPs	Colombia	178,602	246,280	-	-	-	-
79.913.810-7	Inmb. M. Velasco	Services received	Less than 90 days	Common parent company	Ch\$	Chile	81,669	-	-	-	-	-
Foreign	Empresa de Energia de Cundinamarca S.A.	Mercantile current account	Less than 90 days	Common parent company	CPs	Colombia	42,539	-	-	-	-	-
Foreign	Codensa	Energy purchase	Less than 90 days	Common parent company	CPs	Colombia	1,802,889	64,891,983	2,892,554	-	-	-
Foreign	Edelnor	Services received	Less than 90 days	Common parent company	Soles	Peru	15,611	-	82,594	-	-	-
Foreign	CTM (Compañía de Transmisión del Mercosur S.A.)	Mercantile current account	Less than 90 days	Common parent company	Ar\$	Argentina	637,078	879,934	749,359	-	-	-
Foreign	E. E. Piura	Mercantile current account	Less than 90 days	Common parent company	Soles	Peru	8,420	-	-	-	-	-
Foreign	Endesa Latinoamérica S.A.U.	Dividends	Less than 90 days	Common parent company	CPs	Spain	866,168	886,946	6,465,149	-	-	-
96.806.130-5	Electrogas S.A.	Mercantile current account	Less than 90 days	Associate	Ch\$	Chile	290,742	1,784,801	209,417	-	-	-
Foreign	Endesa CEMSA S.A.	Mercantile current account	Less than 90 days	Associate	Ar\$	Argentina	16,761,928	14,433,685	10,312,961	-	-	-
Total							90,554,059	137,396,309	45,176,660	-	-	195,828

There are no secured obligations.

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c) Most significant transactions and their effect on earnings

Transactions with unconsolidated related companies for the years ended December 31, 2008 and 2009 had the following effects on earnings:

Taxpayer ID Number	Company	Nature of relationship	Description of transaction	Country	12-31-2009	12-31-2008
					ThCh\$	ThCh\$
94.271.000-3	Enersis S.A.	Parent company	Services rendered	Chile	1,018,125	1,067,722
		Parent company	Services received	Chile	(937,096)	(1,167,488)
		Parent company	Loans	Chile	(3,065)	(98,667)
96.800.570-7	Chilectra S.A.	Common parent company	Sale of Energy	Chile	284,501,577	245,609,542
		Common parent company	Services rendered	Chile	2,975,377	2,783,160
		Common parent company	Services received	Chile	(2,189)	(785,707)
		Common parent company	Loans	Chile	616,084	-
96.783.910-8	Emp. Electrica de Colina	Common parent company	Sale of Energy	Chile	42,553	17,708
		Common parent company	Services rendered	Chile	260	-
78.970.360-4	Agricola Pastos Verdes	Common parent company	Services rendered	Chile	34,531	-
96.543.670-1	Cia A. Multiser. Ltda.	Common parent company	Services rendered	Chile	14,254	4,902
Foreign	CAM Colombia Ltda.	Common parent company	Services rendered	Colombia	52,013	73,208
		Common parent company	Services received	Colombia	(529,150)	(833,906)
Foreign	CAM Perú S.A.	Common parent company	Services received	Peru	(27,810)	(71,909)
96.529.420-1	Synapsis Soluciones y Servicios IT Ltda.	Common parent company	Services rendered	Chile	1,215,838	198,769
		Common parent company	Services received	Chile	(2,373,902)	(2,860,109)
Foreign	Synapsis de Argentina Ltda.	Common parent company	Services received	Argentina	(70,067)	(98,013)
Foreign	Synapsis Perú Ltda.	Common parent company	Services received	Peru	(426,060)	(458,535)
Foreign	Synapsis Colombia Ltda.	Common parent company	Services received	Colombia	(706,149)	(784,088)
Foreign	Edesur S.A.	Common parent company	Sale of Energy	Argentina	40,377	-
96.800.460-3	Luz Andes	Common parent company	Sale of Energy	Chile	13,080	1,298
		Common parent company	Services rendered	Chile	25	-
Foreign	Codensa	Common parent company	Sale of Energy	Colombia	137,288,265	93,237,414
		Common parent company	Services rendered	Colombia	89,794	104,362
		Common parent company	Services received	Colombia	(340,033)	(523,660)
		Common parent company	Loans	Colombia	(1,799,469)	(184,570)
		Common parent company	Electricity tolls	Colombia	(20,387,037)	(18,341,786)
Foreign	Edelnor	Common parent company	Sale of Energy	Peru	77,262,815	42,033,260
		Common parent company	Electricity tolls	Peru	(104,129)	-
Foreign	Endesa Brasil S.A.	Associate	Services rendered	Brazil	405,901	981,558
Foreign	Endesa Servicios S.L.U.	Common parent company	Services received	Spain	(2,063)	-
Foreign	E. E. Piura	Common parent company	Sale of Energy	Peru	929,179	93,073
		Common parent company	Purchase of energy	Peru	(1,214,205)	-
		Common parent company	Services rendered	Peru	41,403	9,928
Foreign	Generalima S.A.	Common parent company	Services rendered	Peru	111,514	-
Foreign	Empresa de Energía de Cundinamarca S.A.	Common parent company	Electricity tolls	Colombia	(315,525)	-
96.806.130-5	Consortio Ara-Ingendesa Ltda.	Common parent company	Services rendered	Chile	-	505,331
76.788.080-4	GNL Quintero S.A.	Associate	Loans	Chile	(247,192)	1,748,868
		Associate	Sale of Energy	Chile	398,267	-
		Associate	Services rendered	Chile	37,651	-
Foreign	Endesa CEMSA S.A.	Associate	Sale of Energy	Argentina	12,489,207	20,669,866
		Associate	Purchase of energy	Argentina	(89,810)	(94,195)
		Associate	Gas consumption	Argentina	(55,180,792)	-
Foreign	Central Generadora Termoeléctrica de Fortaleza S.A.	Common parent company	Services rendered	Brazil	33,715	43,951
96.806.130-5	Electrogas S.A.	Associate	Gas tolls	Chile	(1,239,471)	(4,576,224)
Total					433,616,591	378,305,063

Short-term funds transfers between related parties are structured using current accounts, for which a monthly variable interest rate has been established, based on market conditions. Receivables and payables originated in this way are essentially due in 30 days, automatically renewable for equal periods and amortized based on cash flow generation.



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## 7.2 Board of directors and key management personnel

Endesa Chile is managed by a Board of Directors composed of nine members, who hold their positions for three years and may be reelected.

The Board of Directors was elected in the Ordinary Shareholders’ Meeting on April 15, 2009. The Chairman, Vice Chairman and Secretary of the Board were appointed in a Board meeting held that same day.

- a)           Accounts receivable and payable and other transactions
- Accounts receivable and payable

There are no outstanding receivable or payable balances between the Company and its Directors and Group Management.

Other transactions

There are no transactions between the Company and its Directors and Group Management.

- b)           Compensation of Directors

In conformity with article 33 of Law No. 18,046 of the Corporations Law, the compensation of the Board of Directors is set annually by shareholders of Endesa Chile at the Ordinary Shareholders’ Meeting. The benefits described below regarding the methodology used to determine compensation has not changed since 2001.

Accordingly, compensation is determined as follows:

- UF 55 as unconditional fixed monthly compensation, and
- UF 36 for attending each meeting.

In both cases, these amounts are increased by 100% for the Chairman and 50% for the Vice Chairman.

If a Director of Endesa Chile also participates in more than one Board of Directors of its subsidiaries and/or associates, either in Chile or abroad, or acts as a director or advisor to other Chilean or foreign companies or legal entities in which Endesa Chile directly or indirectly holds any interest, he may only receive compensation from one of these Boards of Directors or Managing Councils.

The executives of Endesa Chile and/or its subsidiaries or associates, either in Chile or abroad, shall not receive compensation or allowances for acting as directors of any of Endesa Chile’s subsidiaries, associates or interests in any way, either in Chile or abroad.

Directors' committee

Each member of the Directors’ Committee receives an allowance of UF 36 for each meeting attended, with a maximum of twelve meetings per year.

Audit committee

Each member of the Audit Committee receives an allowance of UF 36 for each meeting attended, with a maximum of twelve meetings per year. Audit Committee compensation has remained constant since its creation in 2005.

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The following table details the Board of Directors’ compensation for the 2009 and 2008 years:

Name	Position	12-31-2009					
		Period in position	Board of	Board of	Directors'	Audit	Variable based
			Endesa Chile	Subsidiaries	Committee	Committee	on Profits
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mario Valcarce Durán	Chairman	01/01/09 - 10/28/09	39,720	-	9,818	-	-
Paolo Bondi	Vice Chairman	07/28/09 - 12/31/09	-	-	-	-	-
Juan Gallardo Cruces	Vice Chairman	01/01/09 - 03/26/09	-	-	-	-	-
Andrea Brentan	Vice Chairman	03/26/09 - 07/28/09	-	-	-	-	-
Francesco Buresti	Director	01/01/09 - 12/31/09	-	-	-	-	-
Pío Cabanillas Alonso	Director	01/01/09 - 03/26/09	-	-	-	-	-
Fernando D'Ornellas Silva	Director	01/01/09 - 07/28/09	12,640	-	-	2,276	-
Jaime Estévez Valencia	Director	01/01/09 - 12/31/09	22,528	-	10,575	3,786	-
Borja Prado Eulate	Director	01/01/09 - 12/31/09	18,000	-	-	2,276	-
Raimundo Valenzuela Lang	Director	01/01/09 - 03/26/09	4,844	-	1,514	-	-
Leonidas Vial Echeverría	Director	01/01/09 - 12/31/09	22,528	-	-	-	-
José María Calvo-Sotelo Ibañez-Martin	Director	03/26/09 - 12/31/09	-	-	-	-	-
Gerardo Jofré Miranda	Director	04/15/09 - 12/31/09	16,763	-	8,294	-	-
Luis de Guindos Jurado	Director	07/28/09 - 12/31/09	8,523	-		754	-

TOTAL	145,546	-	30,201	9,092	-
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Name	Position	12-31-2008					
		Period in position	Board of	Board of	Directors'	Audit	Variable based
			Endesa Chile	Subsidiaries	Committee	Committee	on Profits
			ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Mario Valcarce Durán	Chairman	01/01/08 - 12/31/08	43,258	-	8,405	-	-
Juan Gallardo Cruces	Vice Chairman	04/02/08 - 12/31/08	-	-	-	-	-
Jaime Estévez Valencia	Director	01/01/08 - 12/31/08	21,251	-	7,652	6,118	-
Leonidas Vial Echeverría	Director	01/01/08 - 12/31/08	20,490	-	-	-	-
Raimundo Valenzuela Lang	Director	01/01/08 - 12/31/08	20,486	-	6,883	-	-
Carlos Torres Vila	Director	01/01/08 - 03/30/08	5,284	-	-	-	-
Enrique García Alvarez	Director	01/01/08 - 03/30/08	5,829	-	-	2,306	-
José Fernández Olano	Director	01/01/08 - 03/30/08	5,829	-	-	2,306	-
Rafael Español Navarro	Director	01/01/08 - 03/30/08	5,829	-	-	-	-
Jose Maria Calvo-Sotelo	Director	01/01/08 - 03/30/08	5,829	-	-	-	-
Borja Prado Eulate	Director	04/02/08 - 12/31/08	15,424	-	-	1,528	-
Fernando D'Ornellas Silva	Director	04/02/08 - 12/31/08	13,914	-	-	3,808	-
Francesco Buresti	Director	04/02/08 - 12/31/08	-	-	-	-	-
Pío Cabanillas Alonso	Director	04/02/08 - 12/31/08	-	-	-	-	-

TOTAL	163,423	-	22,940	16,066	-
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c) Guarantees established by the Company in favor of the Directors

The Company has established no guarantees in favor of the Directors.

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7.3 Compensation of key management personnel

a) Compensation received by key management personnel

Key Management Personnel	
Name	Position
Joaquín Galindo Vélez	Chief Executive Officer (1)
Claudio Iglesias Guillard	Generation Manager Chile
Juan Benabarre Benaiges	Regional Production and Transmission Manager
José Venegas Maluenda	Regional Trading and Sales Manager
Eduardo Escaffi Johnson	Chief Financial Officer (2)
Julio Valbuena Sánchez	Planning and Control Manager
Renato Fernández Baeza	Communications Manager
Sebastián Fernández Cox	Regional Energy Planning Manager
Carlos Martín Vergara	General Counsel

- (1) Mr. Galindo assumed his role as General Manager on November 20, 2009.
- (2) Mr. Escaffi assumed his role as Chief Financial Officer on September 24, 2009.

Compensation accrued by key management personnel amounts to ThCh\$ 1,905,095 for the year ended December 31, 2009 (ThCh\$ 2,490,689 as of December 31, 2008). This compensation includes salaries and estimated benefits, both short-term (yearly bonus) and long-term (principally staff severance indemnity).

Incentive plans for principal executives and managers

Endesa Chile has a yearly bonus plan for its executives based on their ability to meet objectives and their individual contribution to the company’s results. This plan defines a range of bonuses based on each executive's level within the company's hierarchy. Bonuses eventually given to executives consist of a certain number of monthly gross salaries.

b) Guarantees established by the Company in favor of Endesa Chile Management

The Company has not established any guarantees in favor of Endesa Chile’s Management.

c) Guarantee clauses: Endesa Chile's Managing Council and Management

Guarantee clauses in case of dismissal or changes of control

- No guarantee clauses exist.
- Post contract non-competition clause
- No such agreements exist.

7.4 Compensation plans linked to share price

The Company has not agreed on any share-price-linked compensation plans with the Board of Directors.



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## 8. INVENTORIES

As of December 31, 2009, December 31, 2008 and January 1, 2008, this account is detailed as follows:

Classes of Inventory	Balance as of		
	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$
Supplies for production	40,179,588	49,141,746	55,282,262
Total	40,179,588	49,141,746	55,282,262

No inventory has been pledged to guarantee debt.

## 9. CURRENT TAX RECEIVABLES AND PAYABLES

As of December 31, 2009, December 31, 2008 and January 1, 2008, this account is detailed as follows:

Receivables for current taxes

	Balance as of		
	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$
Monthly provisional tax payments	260,857	2,562,854	18,819,554
VAT tax credit	39,172,644	47,570,155	44,999,310
Tax credit for absorbed profits	-	-	4,035,977
Tax credits for training expenses	84,684	-	64,111
Other	4,874,113	4,778,895	7,436,538
Total	44,392,298	54,911,904	75,355,490

Payables for current taxes

	Balance as of		
	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$
Income taxes	99,147,311	55,587,062	15,364,487
VAT tax debit	15,957,390	17,231,231	10,521,839
Stamp tax	-	2,575,390	-
Tax provision	983,240	1,263,637	1,050,586
Other	7,857,491	7,308,928	2,669,296
Total	123,945,432	83,966,248	29,606,208

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As stated in Note 3e, as of December 31, 2009, December 31, 2008 and January 1, 2008, this account is detailed as follows:

Available-for-Sale Financial Assets	Balances					
	Current			Non-Current		
	12-31-2009	12-31-2008	01-01-2008	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Investments in listed companies	-	-	-	63,918	8,629	8,684
Investments in unlisted companies	-	-	-	2,423,878	2,423,878	2,432,765
				-		
Total	-	-	-	2,487,796	2,432,507	2,441,449

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11. INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD AND JOINTLY-CONTROLLED COMPANIES

11.1 Equity method accounted investment in associates

a) The following table details the Group’s principal investments accounted for using the equity method and their movements during 2009 and 2008:

	Country of origin	Functional Currency	Ownership interest	Balance as of 12/31/08	Additions	Share of profit (loss)	Dividends received	Foreign Currency Translation	Other comprehensive income Increase (Decrease)	Balance as of 12/31/2009
Electrogas S.A.(1)	Chile	US Dollar	0.0213%	4,275	-	1,632	(1,291)	(841)	-	3,775
Inversiones Electrogas	Chile	Chilean Peso	42.5000%	9,065,667	-	2,871,709	(3,202,586)	(915,853)	-	7,818,937
Endesa Brasil S.A.	Brazil	Brazilian Real	40.4485%	497,656,990	-	96,139,414	(74,292,028)	33,574,679	(1,174,592)	551,904,463
GNL Quintero S.A.	Chile	US Dollar	20.0000%	24,126,683	-	(825,889)	-	(4,508,852)	(8,664,477)	10,127,465
		Argentinean Peso								
Endesa CEMSA S.A.	Argentina	Argentinean Peso	45.0000%	4,592,900	-	186,494	-	(1,481,614)	-	3,297,780
		Argentinean Peso								
Distirlec	Argentina	Argentinean Peso	0.8900%	1,256,515	-	84,476	(33,669)	(362,451)	-	944,871

Totals	536,703,030	-	98,457,836	(77,529,574)	26,305,068	(9,839,069)	574,097,291
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	Country of origin	Functional Currency	Ownership interest	Balance as of 1/1/08	Additions	Share of Profit (Loss)	Dividends Received	Foreign Currency Translation	Other comprehensive income Increase (Decrease)	Balance as of 12/31/2008
Electrogas S.A.(1)	Chile	US Dollar	0.0213%	3,406	-	1,620	(1,022)	271	-	4,275
Inversiones Electrogas	Chile	Chilean Peso	42.5000%	7,335,639	-	3,184,266	(1,263,179)	(191,059)	-	9,065,667
Endesa Brasil S.A.	Brazil	Brazilian Real	40.4485%	467,658,560	-	78,733,060	(29,213,215)	(15,086,214)	(4,435,201)	497,656,990
GNL Quintero S.A.	Chile	US Dollar	20.0000%	1,590,042	17,778,818	(618,726)	-	404,940	4,971,609	24,126,683
		Argentinean Peso								
Endesa CEMSA S.A.	Argentina	Argentinean Peso	45.0000%	3,488,806	-	692,884	-	411,210	-	4,592,900
		Argentinean Peso								
Distirlec	Argentina	Argentinean Peso	0.8900%	942,687	-	138,486	-	175,342	-	1,256,515

Totals	481,019,140	17,778,818	82,131,590	(30,477,416)	(14,285,510)	536,408	536,703,030
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(1) The Group exercises significant influence indirectly through the 42.5% ownership interest held in Inversiones Electrogas S.A. which is the immediate parent company of Electrogas S.A. holding a 99.95% of ownership interest.

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b) The main movements in investments in associates during 2009 and 2008 are detailed below:

### 2009

During year 2009, there were no significant changes in the Company’s ownership of its investments in associates.

### 2008

- 1) On July 15, 2008, the Company subscribed capital of US\$35,680,377 in GNL Quintero S.A., equivalent to ThCh\$ 17,778,818, by capitalizing loans, thus maintaining its 20% interest.
- 2) On August 20, 2008, the Company contributed capital of US\$1,000,000 to GNL Chile S.A., equivalent to ThCh\$528,191, thus maintaining its 33.33% interest.

c) Additional financial information about the investments in associates

- Significant influence investments.

The following tables detail financial information as of December 31, 2009 and December 31, 2008 from the financial statements of the companies in which Endesa Chile exercises significant influence:

Significant influence investments	December 31, 2009							
	Ownership interest	Non-Current assets	Current assets	Non-Current liabilities	Current liabilities	Revenue	Expenses	Profit (Loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Endesa CEMSA S.A.	45.00%	168,678	54,486,842	-	(47,327,120)	19,339,396	(18,924,965)	414,431
Inversiones Electrogas S.A.	42.50%	18,471,729	-	-	(74,230)	6,940,967	(184,004)	6,756,963
Endesa Brasil	40.45%	2,406,346,709	893,078,804	(1,141,081,701)	(577,155,133)	1,711,404,371	(1,269,421,973)	441,982,398
Distrilec	0.89%	106,162,474	1,318,727	-	(1,315,925)	9,520,678	(28,947)	9,491,731
GNL Quintero S.A.	20.00%	562,965,213	28,098,229	(334,839,224)	(205,586,895)	12,893,075	(17,022,519)	(4,129,444)
Electrogas S.A. (1)	0.02%	5,606,476	41,393,766	(8,210,466)	(21,027,132)	13,510,320	(5,830,170)	7,680,150

Significant influence investments	December 31, 2008							
	Ownership interest	Long-term assets	Current assets	Long-term liabilities	Current liabilities	Revenue	Expenses	Profit (Loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Endesa CEMSA S.A.	45.00%	548,162	46,807,941	-	(37,149,659)	5,108,385	(3,568,643)	1,539,742
Inversiones Electrogas S.A.	42.50%	21,393,734	-	-	(62,753)	7,618,787	(126,396)	7,492,391
Endesa Brasil	40.45%	2,187,028,374	841,131,699	(1,051,650,796)	(569,657,502)	1,618,797,054	(1,424,146,899)	194,650,155
Distrilec	0.89%	141,241,547	2,212	-	(62,299)	15,560,224	-	15,560,224
GNL Quintero S.A.	20.00%	586,921,507	48,609,505	(489,922,026)	(24,975,571)	-	(3,093,630)	(3,093,630)
Electrogas S.A. (1)	0.02%	47,753,926	4,189,072	(25,977,552)	(5,847,799)	14,006,127	(6,382,598)	7,623,529

- (1) The significant influence is carried out through a 42.5% indirect interest that the Group owns on Inversiones Electrogas S.A., a 99.95% owner of Electrogas S.A.

The associates shares are not listed or sold through public exchanges.

An associate with an accumulated deficit at December 31, 2009, 2008 and 2007 was GNL Chile S.A.; and accordingly, a provision was recorded for ThCh\$(2,552,867), ThCh\$ (2,244,759) and ThCh\$ (1,709,028), respectively.

The accompanying Appendix 3 to these notes to the consolidated financial statements further describes the business activities of the associates, as well as the ownership percentages.



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11.2 Jointly-controlled companies

The following tables detail financial information as of December 31, 2009 and December 31, 2008 from the financial statements of the jointly-controlled companies in which Endesa Chile participates that have been used in the consolidation process:

	December 31, 2009							
	Ownership interest	Non-Current assets	Current assets	Non-Current liabilities	Current liabilities	Revenue	Expenses	Profit (Loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
	Hidroaysén S.A.	51.00%	86,908,393	8,111,503	-	(37,110,402)	-	(5,994,070)
Transquillota Ltda.	50.00%	10,198,482	1,288,870	(876,728)	(1,480,132)	2,327,365	(1,207,963)	1,119,402
GasAtacama S.A.	50.00%	316,349,774	114,435,232	(42,467,600)	(187,877,000)	343,304,368	(319,108,438)	24,195,930
	December 31, 2008							
	Ownership interest	Non-Current assets	Current assets	Non-Current liabilities	Current liabilities	Revenue	Expenses	Profit (Loss)
	%	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
	Hidroaysén S.A.	51.00%	61,671,245	8,981,534	(165,087)	(6,584,072)	-	(2,860,539)
Transquillota Ltda.	50.00%	11,158,610	2,195,498	(1,076,759)	(4,267,259)	1,391,918	(654,610)	737,308
GasAtacama S.A.	50.00%	397,241,564	140,024,772	(233,117,138)	(83,824,330)	553,663,581	(540,477,046)	13,186,535

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12. INTANGIBLE ASSETS

12.1 Intangible Assets

The following tables detail the balances within this account as of December 31, 2009 and December 31, 2008:

Intangible Assets, Net	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Intangible Assets, Net	148,183,957	76,954,412
Goodwill	105,545,382	38,588,410
Identifiable Intangible Assets, Net	42,638,575	38,366,002
Development costs	12,330	17,123
Easements	2,695,227	1,420,607
Water Rights	12,240,545	10,452,421
Concessions	16,641,396	18,751,630
Patents, Registered Trademarks and other Rights	6,837,850	5,310,438
Computer Software	3,549,640	1,546,953
Other Identifiable Intangible Assets	661,587	866,830

Intangible Assets, Gross	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Intangible Assets, Gross	186,419,729	114,143,569
Goodwill	105,545,382	38,588,410
Identifiable Intangible Assets, Gross	80,874,347	75,555,159
Development Costs	25,522	32,031
Easements	3,256,459	1,991,434
Water Rights	15,180,923	13,444,132
Concessions	39,246,752	39,246,752
Patents, Registered Trademarks and other Rights	8,535,504	6,803,664
Computer Software	11,204,003	10,415,650
Other Identifiable Intangible Assets	3,425,184	3,621,496

Accumulated Amortization and Impairment	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Total Accumulated Amortization and Impairment	(38,235,772)	(37,189,157)
Development Costs	(13,192)	(14,908)
Easements	(561,232)	(570,827)
Water Rights	(2,940,378)	(2,991,711)
Concessions	(22,605,356)	(20,495,122)
Patents, Registered Trademarks and other Rights	(1,697,654)	(1,493,226)
Computer Software	(7,654,363)	(8,868,697)
Other Identifiable Intangible Assets	(2,763,597)	(2,754,666)

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Intangible assets have experienced the following movements during the 2009 and 2008 periods:

## 2009

Movements in Intangible Assets	Development costs, net	Easements, net	Water rights, net	Concessions, net	Patents, Registered Trademarks and other Rights, net	Computer software, net	Other Identifiable Intangible Assets, net	Intangible Assets, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning Balance as of 01/01/2009	17,123	1,420,607	10,452,421	18,751,630	5,310,438	1,546,953	866,830	38,366,002
Movements in identifiable intangible assets								
Additions	-	922,067	3,647,682	-	411,575	104,405	125,972	1,564,019
Retirements, sales, disposition	-	-	-	-	(17,512)	-	-	(17,512)
Amortization	(1,333)	(557)	(346,002)	(2,110,244)	(226,916)	(448,816)	(235,467)	(3,369,335)
Exchange differences increase (decrease)	(3,461)	(96)	(1,513,556)	-	(907,664)	(13,909)	(66,084)	(2,504,770)
Other increases (decreases)	1	353,206	-	10	2,267,929	2,361,007	(29,664)	8,600,171
Total movements in identifiable intangible assets	(4,793)	1,274,620	1,788,124	(2,110,234)	1,527,412	2,002,687	(205,243)	4,272,573
Ending Balance Identifiable Intangible Assets as of 12/31/2009	12,330	2,695,227	12,240,545	16,641,396	6,837,850	3,549,640	661,587	42,638,575
Ending Balance Goodwill (Note 12.2)								105,545,382
Ending Balance Identifiable Intangible Assets as of 12/31/2009								148,183,957

## 2008

Movements in intangible assets	Development costs	Easements	Water rights	Concessions	Patents, Registered Trademarks and other Rights	Computer software	Other Identifiable Intangible Assets, Net	Intangible Assets, Net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Beginning Balance as of 01/01/2008	14,656	922,188	10,482,238	18,753,180	5,395,130	4,661,120	696,195	40,924,707
Movements								
Additions	-	-	1,360,102	-	480,782	473,010	80,000	2,393,894
Amortization	(1,649)	-	(699,006)	(2,779,564)	(259,476)	(223,513)	(10,132)	(3,973,340)
Exchange differences increase (decrease)	819	-	-	-	6,895	61,912	3,724	73,350
Other increases (decreases)	3,297	498,419	(690,913)	2,778,014	(312,893)	(3,425,576)	97,043	(1,052,609)
Total movements	2,467	498,419	(29,817)	18,751,630	(84,692)	(3,114,167)	169,085	(2,558,705)
Ending Balance identifiable intangible assets as of 12/31/2008	17,123	1,420,607	10,452,421	18,751,630	5,310,438	1,546,953	866,830	38,366,002
Ending Balance Goodwill (Note 12.2)								38,588,410
Ending Balance Identifiable Intangible Assets as of 12/31/2008								76,954,412

Based on estimates and projections available to the Group’s Management, projections of cash flows attributable to intangible assets allow the net value of these assets recorded as of December 31, 2009 to be recovered. No amounts have been committed to acquire intangible assets.



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## 12.2 Goodwill

The following table details goodwill that has been allocated to the diverse Cash Generating Units or groups of Cash Generating Units and its movements during 2009 and 2008:

Company	Beginning Balance 01/01/2009	Additions	Foreign Currency Translation	Final Balance 12/31/2009
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Pangue S.A.	3,139,337	-	-	3,139,337
Endesa Costanera S.A.	4,556,780	-	(1,266,688)	3,290,092
Southern Cone Power Argentina S.A.	3,779,030	-	(1,045,539)	2,733,491
Hidroeléctrica El Chocón S.A.	19,586,941	-	(5,410,532)	14,176,409
San Isidro S.A.	1,516,768	-	-	1,516,768
Edegel S.A. (1)	553,603	81,370,212	(6,003,555)	75,920,260
Emgesa S.A.E.S.P.	5,437,195	-	(681,862)	4,755,333
GasAtacama S.A.	18,756	-	(5,064)	13,692
Total	38,588,410	81,370,212	(14,413,240)	105,545,382

Company	Beginning Balance 01/01/2008	Additions	Foreign Currency Translation	Final Balance 12/31/2008
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Pangue S.A.	3,139,337	-	-	3,139,337
Endesa Costanera S.A.	3,684,244	-	872,536	4,556,780
Southern Cone Power Argentina S.A.	3,232,176	-	546,854	3,779,030
Hidroeléctrica El Chocón S.A.	16,492,236	-	3,094,705	19,586,941
San Isidro S.A.	1,516,768	-	-	1,516,768
Edegel S.A.	453,128	-	100,475	553,603
Emgesa S.A.E.S.P.	4,727,060	-	710,135	5,437,195
GasAtacama S.A.	17,155	-	1,601	18,756
Total	33,262,104	-	5,326,306	38,588,410

Based on estimates and projections available to Endesa Chile’s Management, projections of cash flows attributable to Cash Generating Units or groups of Cash Generating Units to which goodwill has been allocated permit their value to be recovered. (See Note 3 c).

(1) The addition in Edegel originated from an acquisition which took place in October 2009, as further described in note 22.7. Previously, Edegel has been already been consolidated under the global integration method.

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13. PROPERTY, PLANT AND EQUIPMENT

a) This account is detailed as follows:

Classes of Property, Plant and Equipment, Net	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Property, Plant and Equipment, Net	4,326,989,360	4,540,894,618
Construction in Progress	536,448,556	462,213,152
Land	60,524,427	56,987,967
Buildings	469,701,385	557,198,261
Plant and Equipment	3,204,840,870	3,397,049,290
IT Equipment	2,644,074	3,606,127
Fixtures and Fittings	6,763,919	7,853,672
Motor Vehicles	813,545	1,212,948
Other Property, Plant and Equipment	45,252,584	54,773,201

Classes of Property, Plant and Equipment, Gross	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Property, Plant and Equipment, Gross	7,180,903,160	7,369,485,476
Construction in Progress	536,448,556	462,213,152
Land	60,524,427	56,987,967
Buildings	636,044,699	740,938,679
Plant and Equipment	5,856,864,944	6,005,459,847
IT Equipment	12,121,154	13,250,504
Fixtures and Fittings	18,887,548	20,976,543
Motor Vehicles	3,370,794	4,015,203
Other Property, Plant and Equipment	56,641,038	65,643,581

Classes of Accumulated Depreciation and Impairment, Property, Plant and Equipment	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Total Accumulated Depreciation and Impairment, Property, Plant and Equipment	(2,853,913,800)	(2,828,590,858)
Buildings	(166,343,314)	(183,740,418)
Plant and Equipment	(2,652,024,074)	(2,608,410,557)
IT Equipment	(9,477,080)	(9,644,377)
Fixtures and Fittings	(12,123,629)	(13,122,871)
Motor Vehicles	(2,557,249)	(2,802,255)
Other Property, Plant and Equipment	(11,388,454)	(10,870,380)

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Movement 2009		Land	Buildings, Net	Plant and Equipment, Net	IT Equipment, Net	Fixtures and Fittings, Net	Motor Vehicles, Net	Other Property, Plant and Equipment, Net	Property, Plant and Equipment, Net
<b>Beginning balance as of January 1, 2009</b>									
Movements									
Additions		56,987,967	557,198,261	3,397,049,290	3,606,127	7,853,672	1,212,948	54,773,201	4,540,894,618
		113,678	-	4,456,668	471,729	453,928	140,131	10,018,271	388,555,957
Retirements		(4,639)	-	-	(9,967)	-	(54,916)	-	(69,522)
Depreciation expense	-	-	(14,471,283)	(174,260,775)	(1,166,463)	(871,015)	(328,701)	(1,674,503)	(192,772,740)
Impairment losses recorded on earnings	-	-	-	(43,999,600)	-	-	-	-	(43,999,600)
Foreign currency translation	(8,328,806)	(3,731,792)	(82,185,495)	(261,704,168)	(281,061)	(760,511)	(137,722)	(6,969,535)	(364,099,090)
Other increases (decreases)	(290,337,342)	7,159,213	9,159,902	283,299,455	23,709	87,845	(18,195)	(10,894,850)	(1,520,263)
Total movements	74,235,404	3,536,460	(87,496,876)	(192,208,420)	(962,053)	(1,089,753)	(399,403)	(9,520,617)	(213,905,258)
Ending balance as of December 31, 2009	536,448,556	60,524,427	469,701,385	3,204,840,870	2,644,074	6,763,919	813,545	45,252,584	4,326,980,360

	Movement 2008		Construction in Progress	Land	Buildings, Net	Plant and Equipment, Net	IT Equipment, Net	Fixtures and Fittings, Net	Motor Vehicles, Net	Other Property, Plant and Equipment, Net		Property, Plant and Equipment, Net
<b>Beginning Balance as of January 1, 2008</b> Movements												
	Additions		274,941,230	52,164,508	477,371,309	3,187,281,527	3,636,033	12,964,017	1,191,607	48,974,093		4,058,524,324
			286,791,216	696,487	357,008	41,916,856	446,865	4,790,143	146,428	9,530,142		344,675,145
	Disposals		(5,521,137)	-	-	(128,144)	-	-	(9,153)	(12,349)		(5,670,783)
	Retirements		-	(25,839)	-	(462,827)	(10,970)	(72,298)	(124,671)	-		(696,605)
	Depreciation expense		-		(13,425,174)	(165,156,698)	(1,636,317)	(677,560)	(362,388)	(1,373,098)		(182,631,235)
	Foreign currency translation		13,490,691	3,385,722	92,745,934	279,845,504	909,146	751,092	312,385	9,142,866		400,583,340
	Other increases (decreases)		(107,488,848)	767,089	149,184	53,753,072	261,370	(9,901,722)	58,740	(11,488,453)		(73,889,568)
	Total movements		187,271,922	4,823,459	79,826,952	209,767,763	(29,906)	(5,110,345)	21,341	5,799,108		482,370,294
	Ending balance as of December 31, 2008		462,213,152	56,987,967	557,198,261	3,397,049,290	3,606,127	7,853,672	1,212,948	54,773,201		4,540,894,618



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### c) Main investments

Material investments in the electricity generation business include developments in the program to create new capacity.

In Chile, the construction of the Bocamina II Coal-fired Thermoelectric Power Plant with capacity of 370 MW stands out among other projects. The project Central Térmica Quintero, consisting primarily of an open-cycle plant will operate similarly as GNL with a diesel fuel plant with capacity of 257 MW. Such project has been finalized and put into operation in September 2009. The Canela II Wind Park Expansion project with 40 wind generators with 60 MW capacity, has been finalized and put in operation in December 2009, reinforcing Endesa Chile's commitment to the environment by developing non-conventional renewable energies (NCREs).

In Peru, the Santa Rosa Open Cycle Thermoelectric Power Plant, with a capacity of 200 MW. This plant will operate using natural gas from Camisea. This project was completed and put in operations in September 2009.

### d) Finance leases

As of December 31, 2009 and December 31, 2008, tangible assets amount to ThCh\$ 132,693,768 and ThCh\$ 141,719,601, respectively, which are the net book values of the assets under finance leases.

The present values of future payments on finance lease arrangements are detailed below:

	12-31-2009			12-31-2008		
	Gross	Interest	Present Value	Gross	Interest	Present Value
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Less than one year	12,798,056	3,166,125	9,631,931	8,948,699	1,556,924	7,391,775
Between 1 and 5 years	54,192,355	12,146,544	50,048,302	62,532,208	4,090,560	58,441,648
More than 5 years	48,383,017	7,089,994	41,293,023	53,025,710	7,122,121	45,903,589
Total	115,373,428	22,402,663	92,970,765	124,506,617	12,769,605	111,737,012

Assets under financing leases are mostly comprised of the following:

- Endesa Chile S.A.: Corresponds to a contract for the installation of an electric transmission line (Ralco-Charrúa 2X220 KV), entered into by the Company and Abengoa Chile S.A. Such contract has a 20-year duration and bears interest at an annual rate of 6.5%.
- Edegel S.A.: Corresponds to contracts for financing the project of converting the Etevensa plant from thermoelectric to combined-cycle. Such financing has been entered into by the subsidiary, Instituciones Financieras Banco de Crédito del Perú and BBVA - Banco Continental. Such contracts have an 8-years duration and bear interest at an annual rate of LIBOR plus 3.0% and LIBOR plus 2.5%, respectively.

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e) Operating leases

Future payments on operating lease arrangements as of December 31, 2009 and December 31, 2008 are detailed below:

	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Less than one year	1,464,087	1,854,326
Between 1 and 5 years	6,069,375	6,020,093
More than 5 years	7,166,850	6,983,257
Total	14,700,312	14,857,676

f) Other information

- As of December 31, 2009 and December 31, 2008, Endesa Chile and subsidiaries maintain commitments to acquire tangible assets totaling ThCh\$ 221,189,921 and ThCh\$ 239,936,558, respectively.
- As of December 31, 2009 and December 31, 2008, the Group's fixed assets pledged to guarantee liabilities amounts to ThCh\$ 261,444,289 and ThCh\$ 163,505,942, respectively (See Note 30).
- The Company and its Chilean and foreign subsidiaries have contracted an all-risk, earthquake and equipment breakdown insurance policy with a limit of ThUS\$ 200,000, including coverage for business interruption damages. The premiums for this policy are recorded proportionally by each company within prepaid expenses.
- GasAtacama, in which Endesa Chile has a 50% interest consolidated using the proportional integration method, has, among other assets, a combined-cycle electricity generation plant in northern Chile. As importing natural gas from neighboring countries was not possible, GasAtacama has been forced to generate electricity using alternative fuels, the cost of which significantly increased during the final months of 2007 due to increases in oil prices. As a result, the company filed lawsuits for early termination of a contract with distributor Emel. On January 25, 2008, a ruling was issued in arbitration proceedings on this matter to deny early termination. This situation significantly reduced the recoverable value of the aforementioned plant and, therefore, as of December 31, 2007, an impairment provision of US\$ 110 million was recorded for this investment.
- The current situation regarding long-lived assets, mostly plants and infrastructure constructed with the purpose of providing energy resources for the SIC system from year 1998, has changed, principally due to the installation of new thermal plants in the SIC, the arrival of GNL, and the estimated development of new projects. This situation has created an environment of excess supply for future years resulting in the expectation that some of these assets will not be used. Accordingly, at December 31, 2009 the Company has recorded an impairment provision for these assets for ThCh\$ 43,999,600.

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## 14. DEFERRED TAX

- a) The origin of the deferred taxes recorded as of December 31, 2009 and December 31, 2008, are detailed as follows:

Temporary Difference	Deferred Tax Assets		Deferred Tax Liabilities	
	12-31-2009	12-31-2008	12-31-2009	12-31-2008
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Deferred Taxes Relating to Depreciation	55,005,317	69,160,071	314,023,981	376,579,224
Deferred Taxes Relating to Amortization	-	-	6,873,797	7,659,391
Deferred Taxes Relating to Accruals	595,379	673,766	15,800,898	15,176,010
Deferred Taxes Relating to Provisions	13,842,035	16,389,177	63,521	-
Deferred Taxes Relating to Post-employment benefit obligations	32,238	-	805,392	984,434
Deferred Taxes Relating to Revaluations of Financial Instruments	116,452	393,823	293,219	-
Deferred Taxes Relating to Tax Losses	14,874,363	17,929,546	-	-
Deferred Taxes Relating to Others	10,458,342	5,780,001	10,015,811	(1,024,674)
Total	94,924,126	110,326,384	347,876,619	399,374,385

- b) The following table details the movements of “Deferred tax” accounts within the consolidated statement of financial position during 2009 and 2008:

Deferred tax movements	Assets	Liabilities
	ThCh\$	ThCh\$
Balance as of January 1, 2008	96,612,703	360,951,167
Increase (decrease) in profit or loss	7,897,819	12,501,699
Increase (decrease) in equity	710,637	(9)
Foreign currency translation	5,105,225	25,921,528
Balance as of December 31, 2008	110,326,384	399,374,385
Increase (decrease) in earnings	(672,698)	(22,160,048)
Increase (decrease) in equity	(2,219,677)	133,193
Foreign currency translation	(12,509,883)	(29,470,911)
Balance as of December 31, 2009	94,924,126	347,876,619

Recovery of deferred tax assets will depend on whether sufficient tax profits are obtained in the future. The Company believes that the future profit projections for its numerous subsidiaries will allow these assets to be recovered.

- c) As of December 31, 2009 and December 31, 2008, the Group has not recognized deferred tax assets related to tax losses of ThCh\$ 4,191,442 and ThCh\$ 6,663,979, respectively. Tax losses associated with these amounts do not expire.

Endesa Chile has not recorded deferred tax liabilities related to undistributed net income from subsidiaries, associates and jointly-controlled companies in which the position of control that it exercises over these companies enables it to manage their reversal and it is likely that they will not reverse in the foreseeable future. As of December 31, 2009, the total amount of this unrecorded temporary difference amounted to ThCh\$164,712,571.

The Group may be subject to income tax audits by tax authorities in their respective countries. These audits are limited to a certain number of tax years and once this period has lapsed, such inspections generally expire. Tax audits, by nature, are often complex and may extend over several years. The following table summarizes the tax periods that are potentially subject to audit:

Country	Period
Chile	2007-2009
Argentina	2005-2009
Colombia	2003-2009
Peru	2006-2009



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Given the range of possible interpretations of tax standards, the results of any future inspections carried out by tax authorities for the years subject to audit can give rise to tax liabilities that cannot currently be quantified. Nevertheless, Endesa Chile’s Management estimates that the liabilities, if any, that may arise from such audits, would not significantly impact the companies' future results.

The effect of deferred taxes of components of other comprehensive income for the years 2009 and 2008 are as follows:

Deferred tax effects of components of other comprehensive income	12-31-2009			12-31-2008		
	Amounts before tax	Income tax expense (benefit)	Amounts after tax	Amounts before tax	Income tax expense (benefit)	Amounts after tax
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Available-for-sale financial assets	55,354	(9,563)	45,791	(55)	9	(46)
Cash flow hedge	226,196,062	(39,140,071)	187,055,991	(331,840,685)	58,245,740	(273,594,945)
Foreign currency translation	(251,677,776)	-	(251,677,776)	168,702,437	-	168,702,437
Share of other comprehensive income of associates	14,045,893	2,403,087	16,448,980	(13,749,102)	-	(13,749,102)
Actuarial income on defined benefit pension plans	(1,143,392)	152,058	(991,334)	(1,884,234)	218,879	(1,665,355)
Total	(12,523,859)	(36,594,489)	(49,118,348)	(178,771,639)	58,464,628	(120,307,011)

## 15. INTEREST-BEARING LOANS

- a) The short and long-term detail of this account as of December 31, 2009, December 31, 2008 and January 1, 2008, is as follows:

Classes of Interest-Bearing Loans	12-31-2009		12-31-2008		01-01-2008	
	Current	Non-current	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Interest-Bearing Loans	345,355,943	1,791,980,967	740,117,554	2,134,544,298	419,296,249	1,688,324,335
Bank loans	222,518,093	366,393,195	135,341,263	648,566,107	137,165,649	274,764,168
Unsecured debentures	72,450,230	1,239,971,152	560,869,203	1,287,238,135	250,663,027	1,281,827,932
Secured debentures	11,023,415	28,559,670	-	-	-	-
Finance leases	9,631,931	83,338,834	7,391,775	104,345,237	7,094,714	56,781,674
Other loans	29,732,274	73,718,116	36,515,313	94,394,819	24,372,859	74,950,561
Total	345,355,943	1,791,980,967	740,117,554	2,134,544,298	419,296,249	1,688,324,335

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b) The following table details bank loans by currency and by maturity as of December 31, 2009, December 31, 2008 and January 1, 2008:

- Summary of bank loans per currency and maturity

Country Segment	Curren cy	Type of amortizati on	Nomin al Rate	Guarantee	Current					Non-current		
					Maturity				Total Current as of 12/31/2009	Maturity		Total Non-Current as of 12/31/2009
					Undeterm ined	Up to one Month	One to Three Months	Three to Twelve Months		One to Five Years	Five Years or More	
Chile	US\$	Biannual	2.22%	Unsecured	-	-	370,984	163,384,485	163,755,469	104,732,133	104,514,183	209,246,316
Peru	US\$	Quarterly	5.12%	Unsecured	-	-	11,446,321	6,188,337	17,634,658	13,297,208	11,561,913	24,859,121
Peru	Soles	Quarterly	4.37%	Unsecured	-	-	87,177	-	87,177	19,540,273	-	19,540,273
Argentina	US\$	Biannual	8.70%	Unsecured	-	-	8,324,583	13,621,109	21,945,692	36,113,536	-	36,113,536
Argentina	Ar\$	Biannual	11.52%	Unsecured	-	-	3,963,387	5,538,868	9,502,255	972,164	-	972,164
Colombia	CPs	Biannual	12.93%	Unsecured	-	-	-	9,592,842	9,592,842	-	75,661,785	75,661,785
Total					-	-	24,192,452	198,325,641	222,518,093	174,655,314	191,737,881	366,393,195

Country Segment	Curren cy	Type of amortizati on	Nomin al Rate	Guarantee	Current					Non-Current		
					Maturity				Total Current as of 12/31/2008	Maturity		Total Non-Current as of 12/31/2008
					Undeterm ined	Up to one Month	One to Three Months	Three to Twelve Months		One to Five Years	Five Years or More	
Chile	US\$	Biannual	2.56%	Unsecured	-	-	1,133,150	4,671,629	5,804,779	344,742,110	113,584,688	458,326,798
Peru	US\$	Quarterly	5.79%	Unsecured	-	-	3,184,277	38,431,273	41,615,550	-	42,424,463	42,424,463
Peru	Soles	Quarterly	6.60%	Unsecured	-	-	-	78,814	78,814	11,958,775	-	11,958,775
Argentina	US\$	Biannual	8.73%	Unsecured	-	-	11,027,728	18,935,559	29,963,287	44,946,682	-	44,946,682
Argentina	Ar\$	Biannual	11.73%	Unsecured	-	-	1,351,264	13,623,308	14,974,572	2,510,699	1,255,471	3,766,170
Colombia	CPs	Biannual	13.16%	Unsecured	-	-	-	42,904,261	42,904,261	-	87,143,219	87,143,219
Total					-	-	16,696,419	118,644,844	135,341,263	404,158,266	244,407,841	648,566,107

Country Segment	Curren cy	Type of amortizati on	Nomin al Rate	Guarantee	Current					Non-Current		
					Maturity				Total Current as of 01/01/2008	Maturity		Total Non-Current as of 01/01/2008
					Undeterm ined	Up to one Month	One to Three Months	Three to Twelve Months		One to Five Years	Five Years or More	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	US\$	Biannual	3.71%	Unsecured	-	-	3,097,022	48,234,904	51,331,926	42,623,343	62,216,275	104,839,618
Peru	US\$	Quarterly	4.39%	Unsecured	-	-	-	16,398,362	16,398,362	12,923,615	23,021,791	35,945,406
Peru	Soles	Quarterly	6.34%	Unsecured	-	-	10,038,137	18,077,771	28,115,908	-	-	-
Argentina	US\$	Biannual	8.75%	Unsecured	-	-	1,202,664	13,377,027	14,579,691	54,539,572	-	54,539,572
Argentina	Ar\$	Biannual	1.75%	Unsecured	-	-	1,082,226	921,452	2,003,678	2,488,790	2,488,790	4,977,580
Colombia	CPs	Biannual	12.11%	Unsecured	-	-	-	24,736,084	24,736,084	-	74,461,992	74,461,992
				Total	-	-	15,420,049	121,745,600	137,165,649	112,575,320	162,188,848	274,764,168

The fair value of current and non-current bank loans amounts to ThCh\$ 661,136,716 and ThCh\$ 979,765,893 as of December 31, 2009 and December 31, 2008, respectively.

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Bank loans per lender

Name of company	Name of leader	Type of currency	Nominal interest rate	Frequency of payment	12-31-2009				12-31-2008				01-01-2008					
					Total current	Less than 90 days	More than 90 days	Non-current	Total current	Less than 90 days	More than 90 days	Non-current	Total current	Less than 90 days	More than 90 days	Non-current		
Celia	BANESTO	US\$	6.82%	Bi-annual	-	99,96	-	-	-	-	-	-	-	-	-	-	-	-
Chiriquio	BANCO CONTINENTAL	US\$	12.51%	Term	5,156,948	-	-	-	-	-	-	-	-	-	-	-	-	-
Chiriquio	BANCO CONTINENTAL	US\$	12.51%	Term	1,029,756	-	-	-	-	-	-	-	-	-	-	-	-	-
Chiriquio	BANCO CONTINENTAL	US\$	13.25%	Term	1,080,601	-	-	-	-	-	-	-	-	-	-	-	-	-
Chiriquio	BANCO CONTINENTAL	US\$	41.25%	Term	27,969	1,471,220	-	-	-	-	-	-	-	-	-	-	-	-
Chiriquio	BANCO CONTINENTAL	US\$	3.96%	Term	1,228	1,403,251	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO DE CREDITO	US\$	5.39%	Quarterly	5,072,753	3,077,430	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	7.19%	Quarterly	3,601,430	3,087,430	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	3.99%	Quarterly	1,619,527	1,619,527	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	3.08%	Bi-annual	1,619,527	1,619,527	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	4.29%	Term	13,155	3,655,328	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	4.46%	Term	25,669	5,362,192	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	4.39%	Term	27,119	5,086,786	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO WESTIB	US\$	5.59%	Quarterly	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CONTINENTAL	US\$	6.06%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO DE CREDITO	US\$	7.12%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO CITIBANK	US\$	5.00%	Bi-annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO DE CREDITO	US\$	6.02%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO SCOTIABANK	US\$	6.59%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO DE CREDITO	US\$	5.99%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO DE CREDITO	US\$	5.99%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Davecard	CP	12.93%	Annual	99,230	99,230	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-ban	CP	12.93%	Annual	710,761	710,761	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-ban	CP	12.93%	Annual	2,340,613	2,340,613	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BHVA-CI clonada	CP	12.93%	Annual	2,994,904	2,994,904	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Santander	CP	10.38%	Bi-annual	2,954,334	2,954,334	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BHVA-CI clonada	CP	15.96%	Bi-annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	BANCO DE CREDITO	CP	14.62%	Bi-annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	CITIBANK	CP	15.00%	Bi-annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Santander	CP	12.13%	Bi-annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	AV Villas	CP	12.13%	Bi-annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco de Bopel	US\$	7.06%	4.67% Term	7	706,604	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Santander Rio	US\$	4.87%	Term	685,119	685,119	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Provincia de Buenos Aires	US\$	6.00%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Galicia	US\$	5.44%	Term	38,530	38,530	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Citicredito	US\$	5.70%	Term	1,054,484	1,054,484	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Credit Suisse International	US\$	12.20%	Term	2,176,661	2,176,661	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Citibank	US\$	5.00%	Term	47,548	47,548	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Nacion Argentina	A\$	12.90%	Term	3,957,935	3,957,935	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Mediocredito Italiano	A\$	1.75%	Term	1,950,114	1,950,114	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Santander Rio	A\$	21.75%	Term	306,929	306,929	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Santander Rio	A\$	15.00%	Term	404,479	404,479	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Cemil	A\$	19.47%	Term	2,649,931	2,649,931	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco-Itau	A\$	13.00%	Term	918,786	918,786	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Citibank	A\$	6.39%	Term	582,347	582,347	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Galicia	A\$	5.32%	Term	27,554	27,554	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Citicredito	US\$	5.32%	Term	1,136,271	1,136,271	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Galicia	US\$	6.39%	Term	158,669	158,669	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Citicredito	US\$	11.13%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Citicredito	A\$	6.00%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Citicredito	A\$	6.00%	Term	901,716	901,716	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	RN T Frutos	US\$	2.90%	Bi-annual	795,405	795,405	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Compañia General de Inversiones	US\$	2.90%	Bi-annual	795,405	795,405	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco Bilbao Vizcaya Argentaria S.A.	US\$	1.60%	Term	15,866,005	15,866,005	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Banco de Mexico	US\$	1.60%	Term	12,075,766	12,075,766	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Caja Madrid	US\$	1.60%	Term	8,241,742	8,241,742	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Miami Agency	US\$	1.60%	Term	10,771,619	10,771,619	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Compañia General de Inversiones S.A. N.V.B.	US\$	1.60%	Term	15,840,616	15,840,616	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Citibank N.A. Nueva York	US\$	1.60%	Term	171,10,472	171,10,472	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Bahama Branch	US\$	1.60%	Term	20,326,059	20,326,059	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Trg Bank N.V.	US\$	1.60%	Term	12,672,495	12,672,495	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	San Paolo IMI S.p.A	US\$	1.60%	Term	10,360,411	10,360,411	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	Bank of America	US\$	1.60%	Term	5,280,206	5,280,206	-	-	-	-	-	-	-	-	-	-	-	-
El Estero	ABN AMRO Bank	US\$	1.60%	Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Bank loans per lender (Continued)

Endesa Chile	Instituto de Crédito Oficial	US\$	1.60%	Term	-	10,139,539	-	-	-	19,342,560	1,741,975	6,503,260	8,245,235
Endesa Chile	Deutsche Bank AG New York Branch	US\$	1.60%	Term	-	-	-	-	-	5,294,896	1,393,130	-	1,393,130
Endesa Chile	The Royal Bank of Scotland PLC	US\$	1.60%	Term	-	5,069,769	-	-	-	6,361,969	-	3,251,407	3,251,407
Endesa Chile	Export Development Corporation	US\$	1.60%	Term	-	12,674,424	-	-	-	15,904,926	-	8,128,516	8,128,516
Endesa Chile	BXP Pruebas Panama Branch	US\$	1.60%	Term	-	10,139,539	-	-	-	12,723,939	-	6,502,812	6,502,812
Endesa Chile	Banco Español de crédito S.A. N.Y.B.	US\$	1.60%	Term	-	5,069,769	12,571,649	-	-	23,551,421	-	3,251,407	3,251,407
Endesa Chile	Banco Estado	US\$	1.60%	Term	-	6,970,933	-	-	-	8,747,708	-	4,963,412	4,963,412
Endesa Chile	The Bank of Nova Scotia	US\$	1.60%	Term	-	-	-	-	-	6,353,876	1,672,295	-	1,672,295
Endesa Chile	Banco Bilbao Vizcaya Argentaria S.A.	US\$	2.28%	Quarterly	-	-	-	-	-	-	-	5,225,923	5,225,923
Endesa Chile	Caja Madrid	US\$	1.77%	Quarterly	-	-	-	-	-	-	-	-	-
Hidroeléctrica El Chocón S.A.	Deutsche Bank	US\$	3.80%	Term	1,508,290	4,437,126	0,564,564	-	10,564,564	20,684,627	87,880	2,898,510	2,946,008
Hidroeléctrica El Chocón S.A.	Standard Bank	US\$	3.80%	Term	1,508,290	4,437,126	0,564,564	-	10,564,564	20,684,627	87,880	2,898,510	2,946,008
Hidroeléctrica El Chocón S.A.	Sindicado	US\$	18.67%	Term	160,537	3,202,738	2,810,950	-	12,810,950	-	-	-	-
Hidroeléctrica El Chocón S.A.	Ciudad	Ar\$	21.50%	Term	14,946	-	-	-	-	-	-	-	-
Hidroeléctrica El Chocón S.A.	Santander Río	Ar\$	17.44%	Biannual	-	-	-	-	-	-	-	-	-
Inversiones Gas Atacama Holding Ltda.	PNC BANK	US\$	3.09%	Biannual	-	-	225,406	-	225,406	565,964	-	-	-
Inversiones Gas Atacama Holding Ltda.	SG GROUP	US\$	7.50%	Annual	-	-	-	-	-	53,723,804	-	662,790	662,790
Puque	Export Development Corporation	US\$	1.63%	Biannual	370,984	-	-	-	-	463,067	-	-	-
Puque	Export Development Corporation	US\$	3.75%	Biannual	-	-	-	-	-	-	772,559	-	1,218,197
Puque	Kreditanstalt für Wiederrbau	US\$	4.85%	Biannual	-	-	-	-	-	-	276,815	-	-
					222,518,093	346,393,195	135,341,260	648,566,107	137,165,659	274,764,168			

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c) The following table details Unsecured Debentures by currency and by maturity as of December 31, 2009, December 31, 2008 and January 1, 2008:

Country Segment	Curren cy	Type of amortization	Nominal Rate	Guarantee	Current					Non-Current		
					Maturity				Total Current as of 12/31/2009	Maturity		Total Non-Current as of 12/31/2009
					undeter mined	Up to one Month	One to Three Months	Three to Twelve Months		One to Five Years	Five Years or More	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	US\$	Biannual	8.22%	Unsecured	-	-	15,916,932	-	15,916,932	-	454,187,524	454,187,524
Chile	Ch\$	Quarterly	4.95%	Unsecured	-	-	1,081,503	6,802,729	7,884,232	9,968,809	383,138,979	393,107,788
Peru	US\$	Biannual	6.97%	Unsecured	-	-	-	789,504	789,504	4,056,799	27,505,653	31,562,452
Peru	Soles	Quarterly	6.50%	Unsecured	-	-	-	314,504	314,504	-	30,397,929	30,397,929
Colombia	CPs	Biannual	7.93%	Unsecured	-	-	-	47,545,058	47,545,058	-	330,715,459	330,715,459
Total					-	-	16,998,435	55,451,795	72,450,230	14,025,608	1,225,945,544	1,239,971,152

Country Segment	Curren cy	Type of amortization	Nominal Rate	Guarantee	Current					Non-Current		
					Maturity				Total Current as of 12/31/2008	Maturity		Total Non-Current as of 12/31/2008
					undeter mined	Up to one Month	One to Three Months	Three to Twelve Months		One to Five Years	Five Years or More	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$

Chile	US\$	Biannual	8.20%	Unsecured	-	-	-	422,884,409	422,884,409	-	538,625,726	538,625,726
Chile	Ch\$	Quarterly	4.97%	Unsecured	-	-	-	3,630,353	3,630,353	10,211,424	406,826,537	417,037,961
Peru	Soles	Quarterly	6.48%	Unsecured	-	-	-	15,282,707	15,282,707	23,309,478	45,260,921	68,570,399
Peru	US\$	Biannual	5.80%	Unsecured	-	-	-	13,448,960	13,448,960	5,094,843	25,295,850	30,390,693
Colombia	CPs	Biannual	13.05%	Unsecured	-	-	105,622,774	-	105,622,774	-	232,613,356	232,613,356
Total					-	-	105,622,774	455,246,429	560,869,203	38,615,745	1,248,622,390	1,287,238,135

Country Segment	Curren cy	Type of amortization	Nominal Rate	Guarantee	Current					Non-Current		
					Maturity				Total Current as of 1/1/2008	Maturity		Total Non-Current as of 1/1/2008
					undeter mined	Up to one Month	One to Three Months	Three to Twelve Months		One to Five Years	Five Years or More	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$

Chile	US\$	Biannual	8.11%	Unsecured	-	-	-	228,001,588	228,001,588	-	728,590,172	728,590,172
Chile	Ch\$	Quarterly	4.72%	Unsecured	-	-	-	2,951,811	2,951,811	9,340,386	176,486,204	185,826,590
Peru	Soles	Quarterly	6.49%	Unsecured	-	-	12,947,996	3,317,022	16,265,018	21,560,644	41,462,774	63,023,418
Peru	US\$	Biannual	5.55%	Unsecured	-	-	-	-	-	4,970,557	18,888,119	23,858,676
Colombia	CPs	Biannual	13.05%	Unsecured	-	-	3,444,610	-	3,444,610	78,296,651	202,232,425	280,529,076
Total					-	-	16,392,606	234,270,421	250,663,027	114,168,238	1,167,659,694	1,281,827,932

d) The following table details Secured Debentures by currency and by maturity as of December 31, 2009 and December 31, 2008:

Country Segment	Currency	Type of amortization	Nominal Rate	Guarantee	Current					Non-Current		
					Maturity				Total Current as of 12/31/2009	Maturity		Total Non-Current as of 12/31/2009
					Undetermin ed	Up to one month	One to three months	Three to twelve months		One to Five Years	Five Years or More	
					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Peru	US\$	Biannual	6.06%	Unsecured	-	-	-	72,618	72,618	10,141,998	-	10,141,998
Peru	Soles	Biannual	6.28%	Unsecured	-	-	-	10,950,797	10,950,797	9,647,352	8,770,320	18,417,672
Total					-	-	-	11,023,415	11,023,415	19,789,350	8,770,320	28,559,670

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh\$ 1,681,709,406 and ThCh\$ 2,199,232,570 as of December 31, 2009 and December 31, 2008, respectively.

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Secured and unsecured debentures per debtor

Company	Name of debtor	Type of currency	Interest rate	Secured	12-31-2009			Non-current			Current			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total			Non-current			Current			Total		
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## 15.1 Debt designated as hedging instrument

Of Endesa Chile’s dollar - denominated debt, as of December 31, 2009, ThCh\$ 964,291,218 is related to future cash flow hedges for the Group’s dollar-linked operating income (see Note 17). As of December 31, 2008, this amount totals ThCh\$ 1,361,366,550.

The following table details movements in “Hedging reserves” during 2009 and 2008 due to exchange differences of this debt:

	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Balance in hedge reserves at the beginning of the period	(96,503,511)	169,344,561
Exchange differences recorded in net equity	191,831,708	(255,006,999)
Exchange differences charged to earnings	(6,263,472)	(13,841,073)
Balance in hedge reserves at the end of the period	89,064,725	(96,503,511)

## 15.2 Other matters

As of December 31, 2009 and December 31, 2008, Endesa Chile had available long-term credit lines totaling ThCh\$ 152,130,000 and ThCh\$ 127,290,000, respectively.

Many of the company’s debt agreements and some agreements entered into by its subsidiaries include an obligation to comply with certain financial ratios, which is customary for agreements of this nature. This also includes affirmative and negative obligations that require these commitments to be monitored.

In June 2009, the Company agreed new limits for its financial covenants with the creditors of its bank loans; basically, the new limits were set with leeway for indebtedness, so that the effect of adopting International Financial Reporting Standards was neutral.

In the case of local bonds issued in UF, whose financial covenants are linked to the company's Chilean GAAP financial statements using the statutory (FECU) format, these covenants were certified as of March, June and September 2009 by associating the FECU accounts with the new IFRS presentation as best as possible, maintaining the contractual basis and sense of the covenants defined under the prior FECU format. Existing leeway is significant and, therefore, there was no risk of defaulting on these requirements at December 31, 2009. In January, 2010 the Company and the bondholders for each of the series conducted a meeting on which they approved the changes to the financial covenants necessary to reflect the effects of the change in accounting standards.

Some of Endesa Chile’s financial debt arrangements contain cross default clauses. Endesa Chile has two loans syndicated under New York Law stipulating that the cross-default clause would be triggered when payments of interest and/or principal become overdue, and the default is originated by the Company or its relevant subsidiaries. One loan syndicated under New York Law and entered into in 2008, does not reference its subsidiaries and, therefore, a cross default can only arise from that Company's other debt. For debt repayment of one or more loans to be accelerated due to cross default originated from other debt, additional conditions must be met, including expiration of grace periods, if any, and formal notification of the creditors’ intention to accelerate repayment of more than 50% of the amount owed in the agreement. Additionally, in December 2009, Endesa Chile signed loans from banks in Chile that stipulate that a cross default is triggered only in the case of default by the debtor. For all scenarios aforementioned, the amount on default should exceed US\$ 50 million, or its equivalent in other currencies.

For Endesa Chile’s bonds registered with the United States Securities and Exchange Commission (“SEC”), commonly known as “Yankee Bonds”, after an amendment approved by bondholders in July 2009, cross default for nonpayment could be triggered by other debt of the same company, or any of its Chilean subsidiaries, for any overdue amount as long as the principal of the debt generating the cross default exceeds

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US\$ 30 million, or its equivalent in other currencies. As with the preceding case, accelerated repayment of debt as a result of cross default does not occur automatically, but rather must be demanded by the holders of at least 25% of a given series of Yankee Bonds.

As of December 31, 2009 and December 31, 2008, neither Endesa Chile nor any of its subsidiaries have defaulted on the financial obligations summarized here or any other contractual obligations for which a default could give rise to early acceleration of its financial obligations.

16. RISK MANAGEMENT POLICY

The Group’s companies are exposed to certain risks that are managed by implementing systems to identify, measure, limit concentration of and supervise risks.

The basic principles outlined by the Group include the following:

- Comply with the standards of good corporate governance.
- Comply strictly and fully with Endesa Chile’s system of standards.
- Each business and corporate area defines:
  - I. The markets and products, in which they can operate, based on sufficient knowledge and capability to ensure effective risk management.
  - II. Criteria regarding third parties.
  - III. Authorized operators.
- Businesses and corporate areas establish a predisposition to risk consistent with the defined strategy for each market in which they operate.
- All business and corporate area transactions are conducted within the limits approved by the appropriate internal entity.
- Businesses, corporate areas, business lines and companies establish the risk management controls necessary to ensure that market transactions are conducted in accordance with Endesa Chile policies, rules and procedures.

16.1. Interest rate risk.

Variations in interest rates alter the fair value of assets and liabilities that accrue interest at a fixed rate, as well as future cash flows from assets and liabilities with a variable interest rate.

The objective of interest rate risk management is to achieve a balanced debt structure that minimizes the cost of debt, with reduced volatility in the income statement.

Complying with the current interest rate hedging policy, the percentage of fixed and/or protected debt over total net debt is 47% as of December 2009.

Depending on the Group’s estimates and debt structure objectives, hedging transactions take place through contracted derivatives that mitigate these risks. The instruments currently used to comply with this policy are collars, that ensure the Libor rate within a specific band, or interest rate swaps that set the rate from variable to fixed.

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Endesa Chile Group’s financial debt structure according to fixed, protected and variable rates, after contracted derivatives, is the following:

Net position:

	12-31-2009	12-31-2008
	%	%
Fixed interest rate	46%	52%
Protected interest rate	1%	3%
Variable interest rate	53%	45%
Total	100%	100%

### 16.2. Exchange rate risk

Exchange rate risk relates mainly to the following transactions:

- Debt contracted by the Group’s companies that is denominated in a foreign currency.
- Payments to be made in international markets for the acquisition of project related materials.
- Group company income directly linked to dollar changes.
- Cash flows from foreign subsidiaries to the Chilean parent company, exposed to exchange rate fluctuations.

In order to mitigate exchange rate risk, the Endesa Chile Group’s exchange rate hedging policy is based on cash flows and maintaining a balance between flows indexed to the US dollar and the levels of assets and liabilities in that currency. The objective is to minimize the exposure of flows to exchange rate variation risk.

The instruments currently used to comply with the policy are currency swaps and exchange rate forwards. Likewise, the policy seeks to refinance debt in the functional currency of each company.

### 16.3. Commodities risk

The Endesa Chile Group is exposed to price fluctuation risks on some commodities, mainly through:

- Fuel purchases for the electricity generation process.
- Energy buying/selling transactions on local markets.

The company does not engage in derivative instrument transactions for commodities to manage fuel price fluctuations; however, it is continuously analyzing and verifying the suitability of this type of hedge, and therefore does not rule out possible use of this type of tool in the future.

In order to reduce risk in extreme drought, the Company has designed a trading policy that defines sales commitment levels consistent with its generation plants’ sound energy capacity in a dry year and includes risk mitigation clauses in some contracts with non-regulated clients.



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## 16.4. Liquidity risk

The Group’s liquidity policy consists of contracting committed long-term credit facilities and temporary financial investments for amounts sufficient to support projected needs for a period that reflects the situation and expectations of debt and capital markets.

These projected needs include net financial debt maturity, after financial derivatives. For more detail regarding the characteristics and conditions of financial derivatives see Note 17.

As of December 31, 2009, the Endesa Group had liquidity of ThCh\$ 446,438,229 in cash and cash equivalents and ThCh\$ 152,130,000 in unconditionally available credit lines. As of December 31, 2008, the Group had liquidity of ThCh\$ 719,217,980 in cash and cash equivalents and ThCh\$ 127,290,000 in unconditionally available credit lines.

## 16.5. Credit risk

Given the current economic climate, the Group has been carefully following its credit risk.

Trade receivables:

Credit risk for receivables from commercial activity is historically very limited, given the short length of time before payment is due, which limits the accumulation of significant individual amounts.

In some countries, supply may be cut in cases of non-payment, and in almost all contracts a clause is established to terminate the contract upon payment default. Therefore, the company constantly monitors credit risk and measures maximum amounts exposed to payment risks, which are limited.

Financial assets:

Investments of cash surpluses are made in prime national and foreign financial entities (with investment grade equivalent risk ratings) within established limits for each entity.

In the selection of banks for investment, consideration is given to those that hold at least two investment grade ratings from the three major international rating agencies (Moody’s, S&P and Fitch).

Positions are backed by treasury bonds from the country of operations and/or commercial papers issued by highly-reputable banks, with a preference to the extent possible on the first option.

Derivatives are engaged through highly solvent entities, such that about 90% of the transactions are with entities that hold an A or higher rating.

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## 16.6. Risk measurement

The Endesa Chile Group measures the Value at Risk of its debt and financial derivatives positions with the aim of ensuring that the risk assumed by the company remains consistent with the risk exposure defined by Management, thus restricting volatility in the income statement.

The positions portfolio included in the calculations of the current Value at Risk is composed of:

- Debt
  - Financial derivatives
- The calculated Value at Risk represents the possible loss in value of the aforementioned positions portfolio over a one-day time period with 95% confidence. To find this value, a study has been performed of the volatility of risk variables that affect the value of the positions portfolio, including:
- The US dollar Libor interest rate.
  - The customary local banking index for debt, and taking into account the different currencies our companies operate under.
  - The exchange rates of the different currencies involved in the calculation.

The Value at Risk calculation, using the Monte Carlo methods, is based on generating possible future scenarios (on a one-day time horizon) of the risk variables of the market values (both spot and timed). The number of scenarios generated ensures observance of the simulation’s convergence criteria. In the simulated scenarios of future prices, the volatilities matrix and the correlations between the different risk variables calculated on historic price logarithmic returns are applied.

Once the price scenarios are generated, the fair value of the portfolio is calculated for each scenario, obtaining a distribution of possible values over one day. The one-day Value at Risk with 95% confidence is calculated as a 5% percentile of the possible increase in fair value of the portfolio in one day.

The valuation of the diverse debt and financial derivative positions in the calculation has been consistent with the economic equity calculation method reported to the Management.

Taking into account the assumptions described above, the Value at Risk of the previously discussed positions, broken down by type of position, is shown in the following table:

Financial positions	Balance as of	
	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Interest rate	16,308,634	19,723,792
Exchange rate	734,415	-
Correlation	(813,296)	-
Total	16,229,753	19,723,792

The Value at Risk positions has changed during 2009 and 2008 based on the maturity/commencement of transactions during the period.

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## 17. FINANCIAL INSTRUMENTS

### 17.1 Classification of financial asset instruments by nature and category

- a) The following table details financial asset instruments, classified by nature and category, as of December 31, 2009, December 31, 2008 and January 1, 2008:

	December 31, 2009					
	Financial assets held for trading	Financial assets at fair value with change in net income	Held-to-maturity Investments	Loans and receivables	Available-for-sale financial assets	Hedge derivatives
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity instruments	-	-	-	-	-	-
Derivative instruments	1,536,089	-	-	-	-	-
Other financial assets	-	-	-	397,426,364	-	-
<b>Total Current</b>	<b>1,536,089</b>	<b>-</b>	<b>-</b>	<b>397,426,364</b>	<b>-</b>	<b>-</b>
Equity instruments	-	-	-	-	2,487,796	-
Derivative instruments	732,253	-	-	-	-	590,622
Other financial assets	-	-	-	67,047,589	-	-
<b>Total Non-Current</b>	<b>732,253</b>	<b>-</b>	<b>-</b>	<b>67,047,589</b>	<b>2,487,796</b>	<b>590,622</b>
<b>Total</b>	<b>2,268,342</b>	<b>-</b>	<b>-</b>	<b>464,473,953</b>	<b>2,487,796</b>	<b>590,622</b>

December 31, 2008					
Financial assets held for trading	Financial assets at fair value with change in net income	Held-to-maturity Investments	Loans and receivables	Available-for-sale financial assets	Hedge derivatives
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity instruments	-	-	-	-	-
Derivative instruments	-	-	-	-	-
Other financial assets	-	-	-	408,505,738	-
<b>Total Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,505,738</b>	<b>-</b>
Equity instruments	-	-	-	-	-
Derivative instruments	1,324,219	-	-	-	-
Other financial assets	-	-	-	153,743,454	-
<b>Total Non-Current</b>	<b>1,324,219</b>	<b>-</b>	<b>-</b>	<b>153,743,454</b>	<b>-</b>
<b>Total</b>	<b>1,324,219</b>	<b>-</b>	<b>-</b>	<b>562,249,192</b>	<b>-</b>

January 1, 2008					
Financial assets held for trading	Financial assets at fair value with change in net income	Held-to-maturity Investments	Loans and receivables	Available-for-sale financial assets	Hedge derivatives
ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Equity instruments	-	-	-	-	-
Derivative instruments	-	-	-	-	-
Other assets of a financial	-	-	-	408,201,348	-
<b>Total Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,201,348</b>	<b>-</b>
Equity instruments	-	-	-	-	-
Derivative instruments	-	-	-	-	-
Other financial assets	-	-	-	95,668,097	-
<b>Total Non-Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,668,097</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503,869,445</b>	<b>-</b>



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b) The following table details financial liability instruments, classified by nature and category, as of December 31, 2009, December 31, 2008 and January 1, 2008:

December 31, 2009				
Financial liabilities held for trading ThCh\$		Financial liabilities at fair value through profit and loss ThCh\$		Loans and payables ThCh\$
				Hedge derivatives ThCh\$
Interest-bearing loans	-	-	345,355,943	-
Derivative instruments	420,822	-	-	717,980
Other financial liabilities	-	-	464,701,884	-
<b>Total Current</b>	420,822	-	810,057,827	717,980
Interest-bearing loans	-	-	1,791,980,967	-
Derivative instruments	-	-	-	2,929,730
Other financial liabilities	-	-	7,569,739	-
<b>Total Non-Current</b>	-	-	1,799,550,706	2,929,730
<b>Total</b>	420,822	-	2,609,608,533	3,647,710

December 31, 2008				
Financial liabilities held for trading ThCh\$		Financial liabilities at fair value through profit and loss ThCh\$		Loans and payables ThCh\$
				Hedge derivatives ThCh\$
Interest-bearing loans	-	-	740,117,554	-
Derivative instruments	-	-	-	29,824
Other financial liabilities	-	-	485,071,326	-
<b>Total Current</b>	-	-	1,225,188,880	29,824
Interest-bearing loans	-	-	2,134,544,298	-
Derivative instruments	-	-	-	7,295,198
Other financial liabilities	-	-	13,252,372	-
<b>Total Non-Current</b>	-	-	2,147,796,670	7,295,198
<b>Total</b>	-	-	3,372,985,550	7,325,022

January 1, 2008				
Financial liabilities held for trading ThCh\$		Financial liabilities at fair value through profit and loss ThCh\$		Loans and payables ThCh\$
				Hedge derivatives ThCh\$
Interest-bearing loans	-	-	419,296,249	-
Derivative instruments	-	-	-	3,877,756
Other liabilities of a financial nature	-	-	310,747,266	-
<b>Total Current</b>	-	-	730,043,515	3,877,756
Interest-bearing loans	-	-	1,688,324,335	-
Derivative instruments	-	-	-	1,409,173
Other liabilities of a financial nature	-	-	10,023,043	-
<b>Total Non-Current</b>	-	-	1,698,347,378	1,409,173

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Total	-	-	2,428,390,893	5,286,929
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## 17.2 Derivative Instruments

In adhering to its risk management policy, the Endesa Group enters into interest and exchange rate derivatives.

The company classifies its hedges as:

- Cash flow hedges: Those that hedge the cash flows of the hedged underlying item.
- Fair values hedges: Those that hedge the fair value of the hedged underlying item.
- Non-hedge derivatives: Financial derivatives that do not meet the requirements established by IFRS to be designated as hedge instruments, are recorded at fair value with changes in net income (assets held for trading).

### a) Assets and liabilities for hedge derivative instruments

As of December 31, 2009, December 31, 2008 and January 1, 2008, financial derivative transactions that qualify as hedge instruments resulted in recognition of the following assets and liabilities in the statement of financial position:

	December 31, 2009				December 31, 2008				January 1, 2008			
	Asset		Liability		Asset		Liability		Asset		Liability	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Interest rate hedge:	-	509,760	717,980	2,929,730	-	-	29,824	7,295,198	-	-	-	1,409,173
Cash flow hedge	-	509,760	717,980	2,929,730	-	-	29,824	7,295,198	-	-	-	1,409,173
Exchange rate hedge:	-	80,862	-	-	-	-	-	-	-	-	3,877,756	-
Cash flow hedge	-	80,862	-	-	-	-	-	-	-	-	3,877,756	-
TOTAL	-	590,622	717,980	2,929,730	-	-	29,824	7,295,198	-	-	3,877,756	1,409,173

### - General Information Relating to Hedge Derivative Instruments

The following table details the company’s hedge derivative instruments and the associated underlying item:

Detail of Hedge Instruments	Description of Hedge Instruments	Description of Hedged Instruments	12-31-2009	12-31-2008	Nature of Risks Being Hedged
			Fair Value of Hedge Instruments	Fair Value of Hedge Instruments	
			ThCh\$	ThCh\$	
			(2,372,070)	(4,998,495)	
SWAP	Interest Rate	Bank Loans			Cash flow
SWAP	Exchange rate	Bank Loans	80,862	-	Cash flow
COLLAR	Interest Rate	Bank Loans	(685,018)	(2,326,527)	Cash flow

For years 2009 and 2008, the Group had not recognized significant gains or losses for ineffective cash flow hedges.

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b) Derivative instrument assets and liabilities at fair value with changes in net income

As of December 31, 2009, December 31, 2008 and January 1, 2008, financial derivative transactions recorded at fair value with changes in net income, resulted in the recognition of the following assets and liabilities in the statement of financial position:

	December 31, 2009				December 31, 2008				January 1, 2008			
	Asset		Liability		Asset		Liability		Asset		Liability	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Financial assets at fair value with changes through net income	1,536,089	732,253	-	-	-	1,324,219	-	-	-	-	-	-
Other financial liabilities	-	-	420,822	-	-	-	-	-	-	-	-	-

c) Other information about derivative instruments:

The following table details the Group's financial derivatives as of December 31, 2009 and December 31, 2008, their fair values as well as their notional and contractual values by maturity:

Financial derivatives	December 31, 2009							
	Fair value	Notional value						
		Before 1 Year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Subsequent Years	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Interest rate hedge:	(3,137,950)	37,987,629	24,941,637	25,121,734	1,825,560	101,420,000	-	191,296,560
Cash flow hedge	(3,137,950)	37,987,629	24,941,637	25,121,734	1,825,560	101,420,000	-	191,296,560
Exchange rate hedge:	80,862	-	-	5,071,000	-	-	-	5,071,000
Cash flow hedge	80,862	-	-	5,071,000	-	-	-	5,071,000
Derivatives not designated as hedge accounting	1,847,520	91,970,309	31,945,255	-	-	-	-	123,915,564
TOTAL	(1,209,568)	129,957,938	56,886,892	30,192,734	1,825,560	101,420,000	-	320,283,124

Financial derivatives	December 31, 2008							
	Fair value	Notional value						
		Before 1 Year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Subsequent Years	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Interest rate hedge:	(7,325,022)	49,380,034	42,277,252	21,660,515	31,529,733	2,291,220	-	147,138,754
Cash flow hedge	(7,325,022)	49,380,034	42,277,252	21,660,515	31,529,733	2,291,220	-	147,138,754
Derivatives not designated as hedge accounting	1,324,219	14,281,412	14,281,412	13,091,295	-	-	-	41,654,119
TOTAL	(6,000,803)	63,661,446	56,558,664	34,751,810	31,529,733	2,291,220	-	188,792,873

The contractual notional amount of these contracts does not represent the risk assumed by the Group as it is only in response to the basis with which derivative settlements are calculated.



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### 17.3 Fair Value Hierarchies

- 17.3.1
- Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies:
- (a) Level 1: Quoted (unadjusted) price in an active market for identical assets and liabilities.

(b) Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liabilities, either directly (i.e. as a price) or indirectly (i.e. as a derivative of a price); and

(c) Level 3: Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

The following table details financial assets and liabilities measured at fair value as of December 31, 2009:

Financial instruments measured at fair value		Fair value measured at end of reporting period using:		
	12-31-2009	Level 1	Level 2	Level 3
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Financial Assets				
Cash flow hedge derivatives	590,622	-	590,622	-
Derivatives not designated as hedge accounting	2,268,342	-	2,268,342	-
Available-for-sale financial assets, non-current	63,918	63,918	-	-
Total	2,922,882	63,918	2,858,964	-
Financial Liabilities				
Cash flow hedge derivatives	3,647,710	-	3,647,710	-
Derivatives not designated as hedge accounting	420,822	-	420,822	-
Other long-term financial liabilities	11,953,000	-	-	11,953,000
Total	16,021,532	-	4,068,532	11,953,000

- 17.3.2
- A rollforward (beginning balance to ending balance) of the financial instruments measured on a recurring basis at fair value using level 3 inputs:

Non-current interest-bearing loans	ThCh\$
Balance at December 31, 2008	2,429,372
Total losses recognized in Profit or Loss	9,523,628
Balance at December 31, 2009	11,953,000

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## 18. TRADE ACCOUNTS PAYABLE AND OTHER PAYABLES

As of December 31, 2009, December 31, 2008 and January 1, 2008, this account is detailed as follows:

Trade accounts payable and other payables	Current			Non-Current		
	12-31-2009	12-31-2008	01-01-2008	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Trade accounts payable	57,135,698	112,771,510	69,749,139	-	-	-
Other payables	316,736,158	234,903,507	195,821,467	7,569,739	13,252,372	10,023,043
Total accounts payable and other payables	373,871,856	347,675,017	265,570,606	7,569,739	13,252,372	10,023,043

The detail of accounts payable and other payables at December 31, 2009, December 31, 2008 and January 1, 2008 is as follows:

Trade accounts payable and other payables	Current			Non-current		
	12-31-2009	12-31-2008	01-01-2008	1 to 5 years		
				12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Energy suppliers	45,397,559	32,676,565	15,580,296	-	-	-
Fuel and gas suppliers	40,229,649	80,094,945	54,168,843	-	-	-
Payables for goods and services	223,334,117	167,992,391	157,628,256	-	-	-
Dividends payable to third parties	36,555,954	39,074,831	18,393,614	-	-	-
Prepayments from mining clients	11,377,380	11,720,848	9,986,656	-	-	-
Mitsubishi contract	-	-	-	7,361,867	12,903,931	8,538,252
Other accounts payable	16,977,197	16,115,437	9,812,941	207,872	348,441	1,484,791
Total accounts payable and other payables	373,871,856	347,675,017	265,570,606	7,569,739	13,252,372	10,023,043

## 19. PROVISIONS

### 19.1 Provisions

a) As of December 31, 2009, December 31, 2008 and January 1, 2008, this account is detailed as follows:

Provisions	Current			Non-Current		
	12-31-2009	12-31-2008	01-01-2008	12-31-2009	12-31-2008	01-01-2008
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Legal proceedings provision	14,518,126	15,746,971	8,801,549	9,488,260	571,426	536,682
Decommissioning, restoration and rehabilitation costs	-	64,175	-	10,198,489	2,283,697	1,819,711
Energy and capacity purchase provision	2,581,669	5,250,948	7,302,113	-	-	-
Suppliers and services provision	1,677,527	890,967	1,749,431	-	107,895	-
Employee benefits provision	11,585,987	9,420,144	6,764,376	578	1,592	92,315
Other provisions	3,029,915	2,333,256	3,905,359	473,258	325,915	13,741
Total	33,393,224	33,706,461	28,522,828	20,160,585	3,290,525	2,462,449

b) Movements in provisions during 2009:

Movements in provisions	Legal Proceedings	Decommissioning, Restoration and Rehabilitation Costs	Other Provisions	Total
Beginning Balance	16,318,397	2,347,872	18,330,717	36,996,986
Movements in Provisions:				
Additional provisions	10,856,894	8,145,666	(318,365)	18,684,195
Increase (decrease) in existing provisions	(2,157,517)	(65,100)	5,809,135	3,586,518
Provision used	-	-	(2,474,122)	(2,474,122)
Increase from time value of money adjustment	26,940	91,233	-	118,173
Foreign currency translation	(191,588)	(321,182)	(1,969,698)	(2,482,468)
Other increases (decreases)	(846,740)	-	(28,733)	(875,473)
Total movements in provisions	7,687,989	7,850,617	1,018,217	16,556,823
Ending Balance	24,006,386	10,198,489	19,348,934	53,553,809

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## 19.2 Lawsuits and arbitration proceedings

As of the date of preparation of these consolidated financial statements, the principal lawsuits or arbitration proceedings to which the Group companies are party are detailed as follows:

- a) Outstanding lawsuits involving Endesa Chile and Subsidiaries:
1.

In 2005, three lawsuits were filed against Endesa Chile, the Treasury and the General Water Board (DGA), which are currently being heard as single legal proceeding, petitioning for the nullity in public law of DGA Resolution 134 giving Endesa the right to non-consumptive use of water to implement the Neltume Power Plant project, with compensation for damages. Alternatively, the lawsuit is filed for compensation for damages allegedly caused to the plaintiffs by the loss of quality of their properties on the shores of Lake Pirehueico, and also by the loss in value of their properties. The amount of these lawsuits has not been determined. The defendants, including Endesa Chile, have rejected these allegations on the grounds that the above resolution meets all legal requirements and exercising this right will not cause any damages to the plaintiffs, among other arguments. At this date, the resolution to take evidence in the case has been decreed, and there are currently appeals for reconsideration of judgment pending resolution in the court.
2.

There are six legal proceedings brought in 2008 and 2009 against Empresa Eléctrica Pangue S.A., a subsidiary of Endesa Chile, for a total amount of more than Ch\$ 53,386,658,000 (approx. US\$ 109 million), seeking compensation for damages caused, according to the plaintiffs, by floods caused by the operation of the Pangue power plant, especially resulting from discharges made in July, 2006. Pangue S.A. has submitted pleas for its defense against these lawsuits stating that the operation of the power plant was in line with current regulations and that it acted with due diligence and care, with there being no causal link between the floods and the discharges from the power plant in the period referred to. These proceedings are being heard in different courts and they are currently in the evidence producing stage or have probatory steps pending. In the last quarter, Empresa Eléctrica Pangue S.A. petitioned for all of these proceedings to be combined and heard in a Civil Court in Santiago, and the decision thereof is still pending. Four of the six proceedings were covered by an insurance company, which assumed the risk of about US\$ 95 million. Consequently, the risk to the equity of Endesa Chile and subsidiaries was reduced to US\$ 14 million. In August, 2009, Pangue won a favorable sentence in one of these proceedings, not covered by insurance, with the lawsuit for Ch\$4,927,194,000 (approx US\$10 million US dollars) being rejected. The plaintiffs have appealed against this decision by the courts.
3.

The Municipalities of Yaguará, Ubalá, Caloto and Puerto Tejada seek to sanction Emgesa S.A. ESP for not filing ICT (Industry and Commerce Tax) returns in accordance with Law 14 of 1981, failing to recognize the special standard (Law 56 of 1981) that levies this tax on generation companies based solely on the installed generation capacity of their plant rather than on revenues, as the Municipalities intend to do by applying fines of 20% of reported revenue. These proceedings involve approximately US\$ 69 million. In some of these hearings, the court has ordered evidentiary proceedings, also the court had called for final presentation of conclusion, and others are ready to issue judgement. In the case of Ubalá, the subsidiary had already obtained a favorable ruling on the first instance court, which was subsequently confirmed on a 2<sup>nd</sup> instance court on November 6, 2009. The amount related to this specific case amounted to US\$25 million.
4.

In 2001, a lawsuit was filed against the Colombian generating subsidiary Emgesa S.A. ESP., Empresa de Energía de Bogotá S.A. ESP. and the Corporación Autónoma Regional by the inhabitants of Sibaté, Department of Cundinamarca, seeking for the defendants to answer jointly for damages caused by the pollution of the El Muña reservoir by pumping of polluted water from the Bogotá river by Emgesa S.A. ESP. Faced with this lawsuit, Emgesa has presented pleas that the company is in no way responsible for these events, since it receives the water already polluted, among other arguments. The total amount of the lawsuit is about US\$1,200 million. Emgesa S.A. ESP. petitioned for about 80 public and private entities that discharge into the Bogotá River and, in one way or another have competence in the environmental management of this river basin, to be tied in, so the case file was sent to the State Council and it currently has appeals pending filed with that agency by those entities.



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5. Via Resolution 506 dated March 28, 2005 and Resolution 1189 dated July 8, 2005, the Regional Autonomous Corporation of Cundinamarca (CAR) imposed upon Emgesa S.A. ESP execution of certain works in the El Muña reservoir, on which the respective water concessions are dependent upon. The value of these works amounts to approximately US\$ 85 million. Emgesa S.A. ESP has filed a motion to annul these Resolutions and reestablish the rights of Emgesa that were violated by them. The proceedings are currently on evidenciary stage.
- b) Outstanding lawsuits involving Associates (Endesa Brazil and Subsidiaries):
6. Meridional Servicios, Emprendimientos y Participaciones (hereinafter, “Meridional”) is a company whose only asset are the rights derived from litigation that it acquired from the construction companies Mistral and CIVEL, which had entered into a contract with Centrais Elétricas Fluminense S.A. (“CELFL”) for the construction of civil works. This contract was cancelled by CELFL prior to the privatization, which gave rise to the Brazilian distribution subsidiary called Ampla. Since CELFL’s assets were transferred to Ampla in the privatization process, in 1998 Meridional sued Ampla, alleging that such assets were transferred in violation of Meridional’s rights. It should be pointed out that Ampla only acquired assets from CELFL, but it is not CELFL’s legal successor, because CELFL, a State-run company, continues to exist as a separate legal entity. The plaintiff seeks payment of outstanding invoices and contractual damages arising from the cancellation of the contract for construction of civil works. Plaintiff is seeking payment of an amount estimated at US\$374.9 million. The lower court ruling was favorable to Ampla, but the plaintiff filed an appeal which was granted. Ampla filed new recourses called “Embargos de Declaración”, seeking the annulment of the resolution passed on prior recourses and it requested to be granted a new trial. The court issued a resolution on the new recourses on June 2, 2009, that was favorable to Ampla, because it annulled the resolutions issued in the proceedings all the way back until April 14, 2009. In accordance with the resolutions issued on December 1 and 15, 2009, the ruling that granted the recourse filed by Meridional was amended, and the lower court ruling favorable to Ampla and the State of Rio de Janeiro was upheld. Meridional, however, can file recourses against these resolutions.
7. In December of 2002 the Brazilian distribution subsidiary Ampla signed with Enertrade Comercializadora de Energía S.A. (“Enertrade”) a contract for purchase of electricity lasting 20 years. This contract was sent for evaluation and homologation to Agencia Nacional de Energía Eléctrica (“ANEEL”), and ANEEL indicated that the price for energy would have to be lower. Based on that decision, Ampla paid for the contract the price authorized by ANEEL. However, in December of 2005 Enertrade sued Ampla in arbitration with Cámara de Conciliación y Arbitraje de la Fundación Getúlio Vargas/RJ. On March 19, 2009 the arbitration court issued a ruling that condemned Ampla: i) to pay the difference between the price set forth in the contract and the amount actually paid in the period from January 1, 2004 to August 28, 2006, updated and with interest; ii) to pay for October to December 2003 an updated price plus interest and a 2% penalty. In addition, the court ruled that the contract had ended on August 28, 2006 and that Ampla owes nothing to Enertrade after that date. Ampla filed a recourse seeking the annulment of the arbitration ruling, including a petition (“Anticipación de tutela”) asking that execution of the arbitration ruling be suspended until a final ruling be passed in a pending trial between Enertrade vs. ANEEL (called "Mandado de Seguridad"), where administrative approval of the same energy purchase contract taken to arbitration is being discussed. The amount involved is estimated at US\$41.3 million. On May 22, 2009 the “anticipación de tutela” was granted, which suspended the effects of the arbitration ruling. On June 30, 2009 an Enertrade recourse was rejected and the suspension was upheld. On July 9, 2009 an Enertrade petition (agravo de instrumento) against the ruling was rejected. On July 20, 2009 Enertrade filed another recourse (agravo regimental) against the resolution that rejected the previous petition. On August 25, 2009 the recourse (agravo regimental) filed by Enertrade was rejected. Ampla filed a response that included the lower court ruling passed in the trial (“mandado de seguridad”) of Enertrade vs. ANEEL (on July 7, 2009 a lower court ruling rejected Enertrade’s allegations). On September 2, 2009 a court order was sent to the CCEE (Cámara de Comercialización de Energía Eléctrica) informing it of the “Anticipación de tutela” so that the CCEE would suspend the execution of the arbitration ruling until a final decision is passed on the annulment recourse. On September 28, 2009 the ruling passed in the trial between Enertrade vs. ANEEL became final --a ruling that indicated that the parties were obligated to add to the contract the conditions imposed by ANEEL (the price reduction). On November 11, 2009 both parties filed a joint petition requesting suspension of proceedings for 30 days and in December they requested the renovation of that suspension.

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8. Companhia Brasileira de Antibióticos (“CIBRAN”) sued the Brazilian distribution subsidiary Ampla seeking payment of damages for loss of products and raw materials and break-down of machinery, among other things, which allegedly was caused by Ampla’s poor service between 1987 and May 1994. CIBRAN is also seeking payment of moral damages. The amount involved is estimated at approximately US\$45.7 million. The trial is at the early stages where parties must submit their allegations and the court must decide whether or not it will ask them for evidence.
9. In 2007 a State congressman and a federal Congressman both sued the Brazilian distribution subsidiary Coelce, the Brazilian generation subsidiary CGTF, ANEEL, and the Brazilian Federal Union, seeking an immediate recalculation of Coelce’s fare review index for 2007, and that the acquisition value of the thermal energy be replaced with the cheapest available energy (hydroelectric); the annulment of the agreement for the supply of energy signed on August 31, 2001 by and between Coelce and CGTF because of its high price; and that Coelce’s fare review calculations should include the additional income earned by Coelce from May to October of 2005. The amount involved in this trial is indeterminate. In November of 2008 a lower court issued a ruling favorable to Coelce/CGTF, rejecting the plaintiffs’ petition. The plaintiffs did not file any recourse; however, this being a popular action, the ruling must mandatorily be reviewed by the Federal Regional Court (FRC). On December 1, 2009 the trial was declare extinct, on the grounds that the plaintiffs’ allegations had not chosen the appropriate proceedings. Nevertheless, this court resolution can be appealed, and the period for doing so is still open.
10. On October 26, 2009 Tractebel Energía S.A. sued CIEN for alleged failure to perform the “Agreement for Purchase and Sale of 300 MW of Wattage with associated energy coming from Argentina” entered into on October 20, 1999 by and between CIEN and Centrais Geradoras do Sul do Brasil S.A (Gerasul – currently, Tractebel Energia S.A.). Tractebel Energia S.A. is asking the court to order CIEN to pay a penalty of R\$ 117,666,976.00 (U\$ 66,753,829.92) plus other fines, for non-availability of “wattage and associated energy”, and it asked the court to determine those other fines in the ruling. The alleged non-performance would have happened because CIEN would not have guaranteed availability of the wattage committed to Tractebel Energía S.A. in the abovementioned agreement, for a term of 20 years, which would allegedly have occurred since March of 2005. On November 11, 2009 CIEN answered the lawsuit, alleging in summary that the non-availability of energy was caused by the “Crisis in Argentina”, the country from which CIEN imports all the energy that it delivers, when needed, to Tractebel Energia S.A The defendant also alleges that the “Crisis in Argentina” was an unexpected event, for which CIEN has no responsibility, and that this situation was even acknowledged by the Brazilian authorities of that period.
11. In the nineties, a large number of Brazilian utility companies filed remedies against the COFINS (Contribution for Financing Social Security) tax, because they considered that the Brazilian constitution exempted them from that levy. The large majority of the companies lost their lawsuits. Our Brazilian distribution subsidiary, AMPLA, won the lawsuit (for the period from 1996 to 2001), because the Tax Authorities forgot to appeal against the second appealable judgment. However, the Public Prosecutor's Office of the Federal Union filed an exceptional petition known as an "action for abrogation" in an attempt to annul the firm ruling in favor of AMPLA. In December, 2003, the Regional Court of Rio de Janeiro confirmed the inadmissibility of the action for abrogation filed by the Federal Union. In December 2007, the Federal Union filed a Special Appeal against the decision of the Court in Rio, which unanimously rejected its previous appeals. This Special Appeal is addressed to the Higher Court of Justice (STJ), Court of Brasilia. In February, 2008, AMPLA was served a writ to present it pleas against the Special Appeal filed by the Federal Union. The Special Appeal was filed without the respective Extraordinary Appeal and there is jurisprudence indicating that they must be filed together, so there are arguments to deem that the Extraordinary Appeal by the Federal Union has become void. In April, 2008 the Federal Regional Court (Court of Rio) handed down a decision in which it did not accept the Special Appeal by the Federal Union, with the sole purpose of taking the discussion on the admissibility of the Action for Abrogation to the Higher Court of Justice (STJ, Court of Brasilia). In September, 2008, the decision for AMPLA to submit its pleas was published. In the same month of September, 2008, AMPLA submitted its pleas. In March, 2009, the Special Appeal filed by the Federal Union was accepted for pleadings to be examined by the STJ. In April, 2009, the decision was published. The above does not change AMPLA’s procedural situation, since the preliminary questions regarding the admissibility of the Special Appeal, which were the basis for the rejection by the Court in Rio based on the jurisprudence of the STJ itself, will necessarily have to be analyzed by the STJ. In October, 2009, the STJ rejected the Special Appeal filed by the Federal Union, because it had not

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been filed together with the Extraordinary Appeal. These grounds for the decision are based on the jurisprudence of the STJ itself. In November, 2009, the sentence rejecting the Special Appeal filed by the Federal Union was published. In November, 2009, the Federal Union filed an Appeal for Reconsideration of Judgment with the STJ. In December, 2009, the STJ rejected unanimously the Appeal for Reconsideration of Judgment filed by the Federal Union. The amount involved is about US\$230 million.

12. In December, 2001 the article of the Federal Constitution, on which our Brazilian distribution subsidiary, AMPLA, based its arguments to argue immunity from the COFINS and pursuant to which AMPLA did not pay tax, was amended. There is an article of the Constitution stating that legislative changes come into force 90 days after their publication. Based on that, AMPLA began to pay the COFINS only as of April, 2002. However, the Brazilian Tax Authorities argue that this article of the Constitution only applies to changes in legal regulations, but not to the Constitution itself, whose changes come into force immediately. Furthermore, the Tax Authorities argue that, by reason of the change in AMPLA’s tax status (earned to accrued) the taxable amount of the COFINS increased during the first semester of 2002. Notice was given of the proceedings in July 2003. The first appealable decision went against AMPLA and it filed an appeal in October, 2003. In November, 2007, the appeal was ruled on by the court of appeal and the decision was partly favorable to the Treasury in terms of the period in which a change in the Constitution comes into force and partly favorable to AMPLA in terms of the change in the tax status from earned to accrued. In April, 2008, the Ministry of the Treasury filed an appeal against this decision in the Higher Court of Appeal. In October, 2008, AMPLA filed its answer to the appeal and also filed an appeal with the Higher Court to attempt to change that part of the decision that was not favorable to AMPLA. In May, 2008, the Federal Treasury applied interest to the fine imposed. This new interest arises from an internal administrative act (addressed to the tax authorities but for general application) of the tax authorities and has started to be applied uniformly by the Federal Treasury (SRF). The interest on the fine has been calculated by applying the Selic (Special System of Liquidation and Custody: an adjustment index set by the federal government based on the referential interest rate of the Brazilian Central Bank), as of the month after receiving the Record of Infringement. Consequently, since the Record was received in July, 2003, the Selic corresponds to the interest accumulated as of August 2003, which is 81.42%. In August, 2009, AMPLA was notified that the Special Appeal filed by the company had not been admitted to be heard. AMPLA filed another appeal against this resolution with the President of the Higher Court for hearing Tax Issues. The purpose of this appeal is for the Special Appeal to be received. The decision on the Special Appeal filed by the SRF is pending. The appeal filed by AMPLA with the President of the Higher Court for hearing Tax Issues is also pending resolution. The amount involved is US\$90 million.
13. In order to finance its investment in Coelce, in 1998 our Brazilian distribution subsidiary AMPLA issued FRNs (bonds) for US\$350 million expiring in 2008. These were subscribed by Cerj Overseas (a foreign subsidiary of AMPLA). The bonds have a special tax status in that no withholding tax (15% or 25%) should be applied to payments of interest abroad, always provided that, among other requirements, there is no advanced amortization before the average 96 month amortization deadline. In order to acquire these bonds, Cerj Overseas obtained financing with a 6-month debt outside Brazil. At the end of that period (October 1998), due to problems of access to other sources of financing, Cerj Overseas had to obtain re-financing from AMPLA, which made it a loan in reales. The Brazilian Tax Authorities argue that the tax concession was lost in 1998 because the loans in reales made by AMPLA to Cerj Overseas were the equivalent of an advanced amortization of the debt before the 96 month amortization deadline. The Record of Infringement was notified in July, 2005. In August, 2005, AMPLA filed an appeal with the first administrative court of appeal and this was rejected. In April, 2006, an appeal was filed with the Council of Taxpayers (2nd Administrative Level of Appeal) In December, 2007, the Council of Taxpayers ruled completely in favor of AMPLA. It is estimated that putting the sentence into due form and publishing it will take about 6 months. In August, 2009, the sentence of the Council of Taxpayers in favor of AMPLA was written up. The notice of the sentence handed down by the Council of Taxpayers is pending. Once the notice has been issued, the SRF may file a Special Appeal with the Higher Court of Appeal for Tax Issues, within 30 days. The amount involved is about US\$405 million.
14. In 2002, the State of Rio de Janeiro (RJ) issued a decree stipulating that the ICMS should be calculated and paid on the 10th, 20th, and 30th of the same month of the accrual. Because of cash problems, our Brazilian distribution center AMPLA continued paying the ICMS under the previous system (payment until the 5th of the day after its accrual). Notwithstanding an informal agreement with the State of Rio de Janeiro, and 2 separate amnesty laws, in October, 2004, the State of Rio de Janeiro drew up proceedings against AMPLA to collect a



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fine on late payments, which proceedings were appealed against by AMPLA in that same year. In February, 2007, AMPLA was notified of the first appealable administrative decision, which ratified the Proceedings drawn up by the State of RJ. In March 2007, AMPLA filed an appeal with the Council of Taxpayers of the State of RJ (2nd administrative level of appeal). AMPLA won a “liminar” (a precautionary measure) in its favor that enabled it to file this appeal without having to make a deposit or take out a bond guaranteeing 30% of the value of the updated amount of the proceedings. The ruling by the Council of Taxpayers is pending. The amount involved is US\$88 million.

15. Towards the end of 2002, our Brazilian generating subsidiary CGTF filed a legal action against the Federal Union for the goods imported for the turbo-generator units to be recognized as corresponding to the item “Other Generating Sets”, in order to be able to avail itself of the 0% rate for Import Tax (II) and for the Tax on Industrialized Products (IPI). The Federal Union argues that the imported goods do not correspond to generating sets. CGTF won an incidental resolution in its favor allowing it to clear the goods through customs with a 0% rate, subject to a prior legal deposit of R\$56 million (US\$35.72 million, updated at July, 2009). For its part, in order to prevent the taxes from expiring, the Federal Tax Authorities drew up a Record suspending the enforceability of payment of the tax until the pending legal action against the Federal Union is resolved. Court Proceedings: A resolution was decreed with regard to the legal proceedings against the Federal Union in August, 2007, determining that (i) the expert evidence requested by the plaintiff was not necessary and (ii) a writ should be served on the parties so that, if no appeal is filed, the process will be sent to the Judge for a decision. Faced with the above, in August, 2007, CGTF filed an appeal to guarantee its right, if the lawsuit is judged to be inadmissible, to produce technical evidence in future. In February, 2008, the Ministry of the Treasury submitted its comments on the appeal filed by CGTF and on the expert report of 2005. In April, 2008, CGTF submitted its comments on the technical report submitted by the Ministry of the Treasury. In May, 2008, the process was remitted to the Prosecutor’s Office of the Ministry of the Treasury and was returned without any comments or statements from the Ministry of the Treasury. In September, 2008, the first appealable sentence completely favorable to CGTF was handed down. The above decision recognized the classification of the Generating Set as pretended by CGTF and determined that the legal deposit shall continue as a guarantee for the process until the final ruling. In September, 2008, the sentence was published. In November, 2008, the Federal Tax Authorities were notified of the first level decision favorable to CGTF. In February, 2009, the Federal Tax Authorities filed an appeal with the Regional Federal Court (TRF). In September, 2009, the incident was resolved definitively in favor of CGTF enabling the goods to be given a 0% tax rate and the equipment to be cleared through customs, subject to a legal deposit. The decision on the appeal filed by the Ministry of the Treasury is pending. Administrative Proceedings: With regard to the Record issued by the Federal Tax Authorities which were appealed against in the first level of appeal: In February, 2006, the decision of the first level of appeal was favorable to CGTF, with the Record declared null and void. The arguments submitted by the company were accepted, since: (i) The Tax Authority failed to submit the legal grounds for the tax classification adopted in the Record, which resulted in the annulment; (ii) the Record’s tax classification was not properly determined, since it considered each item (each good) imported individually, forgetting the groupings stipulated by Brazilian legislation (this argument would also be valid if the special classification of the Generating Set, which is the object of these legal proceedings, did not prevail) The decision is based on the fact that the Record was drawn up without heeding due legal requirements and formalities, so it was declared null and void; in other words, no decision was handed down regarding the matter of substance. As a result, theoretically the Federal Tax Authorities could draw up another Record meeting the formal requirements, with no deadline for doing so. In October, 2008, the Council of Taxpayers, the second level of administrative appeal, completely ratified the decision by the first level decreeing that the Record of the Federal Tax Authorities was null and void because of procedural irregularities. Consequently, the decision handed down by the second level of administrative appeal was completely favorable to CGTF. After confirmation by the Council of Taxpayers of the administrative decision by the first level of administrative appeal, the Ministry of the Treasury could file an appeal with the higher administrative level of appeal “Higher Court of Appeal for Tax Issues”. The deadline for filing the above appeal is 15 straight days as of the personal summons. In April, 2009, the decision making the Record null and void because of procedural irregularities was made firm and final, so the Record is extinct. The amount involved is about US\$40 million.

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Endesa Chile’s Management considers that the provisions recorded in the accompanying consolidated statement of financial position adequately cover the risks for the lawsuits and other transactions detailed in this note and, therefore, they do not expect any additional liabilities to arise.

Given the characteristics of the risks covered by these provisions, the company is unable to determine a reasonable timeframe for the dates of any payments that may be required.

## 20. POST-EMPLOYMENT BENEFIT OBLIGATIONS

### 20.1 General aspects

Endesa Chile and some of its Chilean and Colombian subsidiaries grant different post-employment benefit plans to all or part of its active or retired employees, which are determined and recorded in the financial statements based on the criteria described in note 3.j.1. These benefits refer principally to:

Defined benefit plans:

Complementary pension: The beneficiary is entitled to receive a monthly amount that complements the pension he or she receives from the respective social security system.

Staff severance indemnity: The beneficiary receives a certain number of contractual monthly salaries upon retirement. This benefit is applicable once the employee has provided a minimum number of years of service which, depending on the company, ranges from five to fifteen years.

Electricity supply: The beneficiary receives a monthly bonus that covers a portion of its household electricity consumption.

Health benefits: The beneficiary receives coverage in addition to that provided by the social security system.

### 20.2 Details, movements and financial statement presentation

- a) As of December 31, 2009 and December 31, 2008, the balance of post-employment obligations for defined benefits is summarized as follows:

	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Post-employment obligations	31,679,864	33,473,278
<b>Total</b>	<b>31,679,864</b>	<b>33,473,278</b>
<b>Current portion</b>	<b>3,448,733</b>	<b>3,592,982</b>
<b>Non-current portion</b>	<b>28,231,131</b>	<b>29,880,296</b>

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b) The rollforward of the post-employment obligation for years 2009 and 2008 is as follows:

Actuarial value of post-employment obligations	ThCh\$
<b>Balance as of January 1, 2008</b>	29,813,112
Current service cost	391,527
Interest cost	2,619,725
Actuarial (gains) losses	1,770,360
Foreign currency translation	2,983,818
Benefits paid	(4,105,264)
<b>Balance as of December 31, 2008</b>	<b>33,473,278</b>
Current service cost	1,010,135
Interest cost	3,014,451
Actuarial (gains) losses	1,425,917
Foreign currency translation	(2,990,595)
Benefits paid	(4,253,322)
<b>Balance as of December 31, 2009</b>	<b>31,679,864</b>

As of December 31, 2009, of the total actuarial liability, 36% corresponds to defined-benefit commitments granted by Chilean companies (32% as of December 31, 2008) and 64% to defined-benefit commitments granted by our Colombian subsidiary Emgesa (68% as of December 31, 2008).

c) The amounts recorded in consolidated comprehensive income for the year ended December 31, 2009 and 2008 are as follows:

Total expense recognized on earnings	12-31-2009	12-31-2008
	ThCh\$	ThCh\$
Current service cost of defined benefit plan	1,010,135	391,527
Interest cost of defined benefit plan	3,014,451	2,619,725
<b>Total expense recognized in earnings</b>	<b>4,024,586</b>	<b>3,011,252</b>
Recognized actuarial gains and losses	<b>1,425,917</b>	<b>1,770,360</b>
<b>Total expense recognized in other comprehensive income</b>	<b>5,450,503</b>	<b>4,781,612</b>

### 20.3 Other disclosures:

#### Actuarial hypothesis:

The following hypothesis was used for the actuarial calculation of defined benefit plans as of December 31, 2009 and December 31, 2008:

	Chile		Colombia	
	12-31-2009	12-31-2008	12-31-2009	12-31-2008
Discount rates used	6.5%	6.5%	11.59%	10.20%
Expected rate of salary increases	3.0%	3.0%	6.48%	5.20%
Mortality tables	RV-2004 / RV-85 / RV-04	RV-2004 / RV-85 / RV-04	ISS 1980-1989	ISS 1980-1989



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Sensitivity:

As of December 31, 2009, the sensitivity of the value of the actuarial liability for post-employment benefits to variations of 100 basis points in the discount rate assumes a decrease of ThCh\$ 2,525,322 (ThCh\$ 2,723,310 as of December 31, 2008) if the rate rises and an increase of ThCh\$ 2,175,461 (ThCh\$ 2,922,928 as of December 31, 2008) if the rate falls.

Future disbursements:

Based on available estimates, forecasted disbursements for defined benefit plans over the next 12 months amount to ThCh\$ 3,448,733.

Defined Contributions

Contributions made to defined contribution plans are recorded directly in “personnel expenses” in the accompanying consolidated statement of comprehensive income. Amounts recorded for this concept as of December 31, 2009 totaled ThCh\$ 326,655 (ThCh\$ 286,511 for the year ended December 31, 2008).

21. DEFERRED REVENUES

Deferred revenues movements in the accompanying consolidated statement of financial position during 2009, and 2008 are detailed as follows:

Deferred Income	Total
	ThCh\$
Balance as of 01/01/2008:	687,008
Increases	1,083,186
Charge (credit) to profit and loss	(1,332,082)
Other	244,664
Balance as of 12/31/2008:	682,776
Increases	205,686
Charge (credit) to profit and loss	(177,144)
Other	(99,255)
Balance as of 12/31/09:	612,063

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## 22. EQUITY

### 22.1 Equity attributable to the Shareholders of the Company

#### 22.1.1 Subscribed and paid capital and number of shares

As of December 31, 2009 and December 31, 2008 Endesa Chile’s share capital amounts to ThCh\$ 1,331,714,085, represented by 8,201,754,580 fully subscribed and paid par value shares that are listed on the following exchanges: Santiago Stock Exchange, Chilean Electronic Stock Exchange, Valparaíso Stock Exchange, New York Stock Exchange (NYSE) and the Latin American Securities Exchange of the Madrid Stock Exchange (LATIBEX). These figures have not experienced any changes during 2008 and 2009.

Share premium relates to premium on the placement prices of the shares issued in 1986 and 1994 for a total of ThCh\$ 206,008,557.

#### 22.1.2 Dividends

The Ordinary Shareholders’ Meeting of Endesa Chile, held April 15, 2009, approved the dividend policy that the Board of Directors expected to meet during 2009 of distributing a final dividend equivalent to 60% of 2009 net income. The Board also intended to distribute an interim dividend charged to 2009 net income of 15% of net income as of September 30, 2009, based on the financial statements as of that date, which were paid on December 16, 2009. The final dividend for the year 2009 is defined by shareholders during 2010.

Compliance with the aforementioned dividend policy will be conditional upon net income actually obtained, as well as periodic earnings projections issued by the company or the existence of certain conditions, as appropriate.

Herein is a detail of dividends paid in the last years:

Dividend No.	Type of Dividend	Date of Payment	Pesos per Share	Charged to Period
37	Final	4-22-2002	0.94000	2001
38	Final	4-05-2004	2.30000	2003
39	Final	4-18-2005	4.13000	2004
40	Final	3-30-2006	5.82000	2005
41	Interim	12-22-2006	2.57000	2006
42	Final	5-22-2007	10.84000	2006
43	Interim	12-26-2007	2.19260	2007
44	Final	4-29-2008	11.56470	2007
45	Interim	12-18-2008	5.35120	2008
46	Final	5-11-2009	15.9330	2008
47	Interim	12-16-2009	9.31240	2009

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## 22.2 Foreign currency translation

The following table details translation adjustments net of taxes in the consolidated statement of financial position and the consolidated statement of change in equity for the years ended December 31, 2009 and December 31, 2008:

Foreign Currency Translation	December 31, 2009	December 31, 2008
	ThCh\$	ThCh\$
Emgesa	67,512,250	103,890,827
Generandes Peru S.A.	29,914,925	52,552,072
Hidroinvest S.A.	(3,704,706)	3,783,724
Endesa Argentina S.A.	477,619	15,676,907
Hidroeléctrica El Chocón S.A.	(9,910,386)	(4,912,850)
Debt foreign currency effect	2,336,200	15,628,706
Other	(25,617,497)	(1,138,003 )
<b>TOTAL</b>	<b>61,008,405</b>	<b>185,481,383</b>

## 22.3 Capital management

The Company's capital management objective is to maintain adequate capitalization levels that will ensure its access to financial markets in order to develop its medium and long-term goals, thus optimizing shareholders’ return and maintaining a solid financial position.

## 22.4 Restrictions on the disposal of subsidiary funds

Certain Company subsidiaries have to comply with some financial ratios and/or covenants which require maintaining a minimum level of equity or contain other restrictions that restrict the ability to transfer or dispose of assets. The Company’s share of restricted net assets at December 31, 2009 pertaining to the subsidiaries Edegel and Hidroeléctrica el Chocón S.A. amount to ThCh\$143,354,664 and ThCh\$60,191,836, respectively.

The amount of retained earnings that pertain to undistributed earnings of associates at December 31, 2009 was ThCh\$160,040,815.

## 22.5 Other reserves

At December 31, 2009 and 2008, the nature and balance of other reserves is as follows:

	Balances at December 31, 2008	2009 movement	Balances at December 31, 2009
	ThCh\$	ThCh\$	ThCh\$
Proposed dividend reserves	(87,036,762)	(101,079,260)	(188,116,022)
Translation reserves	185,481,383	(124,472,978)	61,008,405
Hedge reserves	(101,798,173)	184,604,273	82,806,100
Miscellaneous other reserves	(741,392,412)	16,511,787	(724,880,625)
<b>TOTAL</b>	<b>(744,745,964)</b>	<b>(24,436,178)</b>	<b>(769,182,142)</b>



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**Proposed dividend reserves:** Relate to the decrease of equity resulting from the recognition of minimum dividends payable pursuant to Article No. 79 of Chile’s Corporations Law (see note 3.p).

**Translation reserves:** This reserve is used to record the currency translation effects that arise from the following:

- Conversion of subsidiaries whose functional currency is not the Chilean peso (note 2.5.3), and
- Valuation of goodwill originating from business acquisitions of subsidiaries whose functional currency is not the Chilean peso (note 3.b.1).

**Hedge reserves:** Represent the effective portion of instruments of transactions designated as cash flow hedges (notes 3.e.4. and 3.m).

**Miscellaneous other reserves:** These reserves correspond mostly to the following:

- Price-level restatement effect of paid-in capital from the date of transition to IFRS, January 1, 2004, to December 31, 2008 (Circular N° 456 of the SVS).
- Conversion differences existing at the date of transition to IFRS (IFRS 1 exemption “First Time Adoption”, see note 36).

## 22.6 Detail Of Comprehensive Income

	January - December					
	2009			2008		
	ThCh\$			ThCh\$		
	Shareholders of the Company	Minority interest	Total	Shareholders of the Company	Minority interest	Total
Net Income	627,053,406	145,046,948	772,100,354	433,177,184	124,353,651	557,530,835
Other Comprehensive Income						
Charged or Credited to Retained Earnings	(887,607)	(103,727)	(991,334)	(1,279,325)	(386,030)	(1,665,355)
Actuarial gain (losses) on defined benefit pension plans	(1,039,665)	(103,727)	(1,143,392)	(1,498,204)	(386,030)	(1,884,234)
Tax effect	152,058	-	152,058	218,879	-	218,879
Credited (Charged) to Available-for-Sale Reserves	45,791	-	45,791	(46)	-	(46)
Available-for-sale financial assets	55,354	-	55,354	(55)	-	(55)
Tax effect	(9,563)	-	(9,563)	9	-	9
Credited (Charged) to Hedge Reserves	185,568,236	1,487,755	187,055,991	(270,884,586)	(2,710,359)	(273,594,945)
Cash flow hedge	231,228,576	2,515,218	233,743,794	(308,591,337)	(1,959,567)	(310,550,904)
Cash flow hedges transferred to net income	(7,157,865)	(389,867)	(7,547,732)	(19,377,407)	(1,912,374)	(21,289,781)
Tax effect	(38,502,475)	(637,596)	(39,140,071)	57,084,158	1,161,582	58,245,740
Credited (Charged) to Foreign Currency Translation	(124,472,978)	(127,204,798)	(251,677,776)	101,367,756	67,334,681	168,702,437
Foreign currency translation	(124,472,978)	(127,204,798)	(251,677,776)	101,367,756	67,334,681	168,702,437
Credited (Charged) to Other Reserves	16,465,996	(17,016)	16,448,980	(13,749,102)	-	(13,749,102)
Share of other comprehensive income (loss) of associates	14,071,676	(25,783)	14,045,893	(13,749,102)	-	(13,749,102)
Tax effect	2,394,320	8,767	2,403,087	-	-	-
Total Other Comprehensive Income	76,719,438	(125,837,786)	(49,118,348)	(184,545,303)	64,238,292	(120,307,011)
Total Comprehensive Income	703,772,844	19,209,162	722,982,006	248,631,881	188,591,943	437,223,824

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22.7 Equity attributable to minority interests

The principal fluctuations on minority interests during years 2009 and 2008 are explained as follows:

On October 9, 2009, in a market transaction on the Lima Stock Exchange (Peru), Endesa Chile acquired an additional 29.3974% interest on Edegel S.A.A., for a total of US\$ 375 million. This acquisition resulted in a decrease of minority interest of ThCh\$127,551,963.

It is important to highlight that this acquisition was approved by the Company’s Board of Directors after their review of external valuations prepared by hired investment banks and internal valuations prepared by Management. The shares were acquired from the Peruvian company Generalima S.A.C., a subsidiary of Endesa Latinoamérica S.A.U., which is a related party to Endesa Chile.

23. REVENUES

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

Revenues	For the year ended	
	2009	2008
	ThCh\$	ThCh\$

Energy sales	2,346,027,026	2,441,009,414
Other sales	12,085,420	20,557,959
Sales of products and services	12,085,420	20,557,959
Other services provided	50,127,000	70,000,800
Tolls and transmission	5,841,603	30,855,703
Lease of measurement equipment	43,947	2,631,060
Engineering services	19,960,120	14,948,168
Other services	24,281,330	21,565,869

Total Revenues	2,408,239,446	2,531,568,173
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Other Operating Income	For the year ended	
	2009	2008
	ThCh\$	ThCh\$

Other operating income	10,679,909	4,820,266
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Total Other Operating Income	10,679,909	4,820,266
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## 24. CONSUMPTION OF RAW AND SECONDARY MATERIALS

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

Consumption of raw and secondary materials	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Energy purchased	(164,312,507)	(224,432,412)
Cost fuel consumed	(587,063,935)	(845,936,200)
Transportation costs	(173,035,230)	(187,324,624)
Other variable supplies and services	(51,734,217)	(46,759,899)
Total	(976,145,889)	(1,304,453,135)

## 25. EMPLOYEE EXPENSES

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

Employee expenses	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Salaries and wages	(68,688,989)	(60,038,243)
Post-employment benefit obligation expense	(483,347)	(485,030)
Social security service and other social charges	(5,641,035)	(2,688,880)
Other personnel expenses	(19,050)	(87,321)
Total	(74,832,421)	(63,299,474)

## 26. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Depreciation	(192,772,740)	(182,631,235)
Amortization	(3,369,335)	(3,973,340)
Impairment losses (*)	(43,999,600)	-
Total	(240,141,675)	(186,604,575)

(\*) See note 13.f.5.



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## 27. OTHER MISCELLANEOUS OPERATING EXPENSES

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

Other Miscellaneous Operating Expenses	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Other supplies	(2,350,841)	(2,298,270)
Environmental expenses	(3,265,413)	(3,205,718)
Lease and rental cost	(3,029,391)	(2,910,420)
Repair and maintenance	(13,136,995)	(12,923,921)
Independent professional services	(6,985,191)	(12,056,551)
Outsourced services	(18,702,738)	(13,247,171)
Insurance premiums	(12,682,484)	(9,233,688)
Marketing, public relations and advertising	(1,557,060)	(952,773)
Contributions	(1,672,172)	(1,371,164)
Other taxes and tariffs	(19,124,384)	(17,006,971)
Other supplies and services	(28,362,110)	(32,661,068)
Total Other Miscellaneous Operating Expenses	(110,868,779)	(107,867,715)

## 28. FINANCIAL COSTS

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

Financial Costs	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Finance Expenses	(188,368,384)	(198,439,587)
Bank loans	(46,461,315)	(45,642,179)
Bonds	(103,202,475)	(127,130,691)
Finance leasing	(3,666,191)	(4,693,442)
Valuation of financial derivatives	(4,255,054)	(726,687)
Financial provisions	(3,014,451)	(2,619,725)
Other	(27,768,898)	(17,626,863)
Gain (loss) for indexed assets and liabilities	9,275,308	(18,950,333)
Foreign Currency Exchange differences, Net	(17,017,325)	(5,828,382)
Positive	29,665,246	42,223,336
Negative	(45,310,744)	(48,042,019)
Derivatives, net	(1,371,827)	(9,699)
Total Financial Costs	(196,110,401)	(223,218,302)

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## 29. GAIN (LOSS) FROM INVESTMENTS

This account as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods is detailed as follows:

Gain from investments	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Cash and cash equivalents	19,525,214	19,801,293
Other financial assets	4,877,607	7,235,914
Other finance income	822,831	8,302,363
Total	25,225,652	35,339,570

## 30. INCOME TAX

Income tax as presented in the accompanying consolidated statements of comprehensive income for the 2009 and 2008 periods are detailed herein. Also, the following table reconciles income taxes resulting from applying the general current tax rate to "Net income before taxes" to the income tax expense recorded in the accompanying consolidated statement of comprehensive income for 2009 and 2008:

Income tax	For the year ended	
	2009	2008
	ThCh\$	ThCh\$
Current Tax Expense	(230,226,472)	(142,840,577)
Tax benefit effect from tax assets not previously recognized	12,155,622	-
Adjustments to Current Tax of Prior Period	(13,231,189)	(2,588,205)
Other Current Tax Expense	(2,799,433)	(6,486,004)
Current Tax Expense, Net	(234,101,472)	(151,914,786)
Deferred Tax Income (Expense) Relating to Origination and Reversal of Temporary Differences	48,513,831	(50,423,200)
Tax benefit effect from tax assets not previously recognized	1,700,625	-
Other Deferred Tax Income (Expense)	11,418,720	(7,839,619)
Deferred Tax Income (Expense), Net	61,633,176	(58,262,819)
Income Tax	(172,468,296)	(210,177,605)

Reconciliation of Tax Expense	2009	2008
	ThCh\$	ThCh\$
Tax expense using statutory rate	(160,576,672)	(130,510,434)
Tax effect of rates in other jurisdictions	(44,211,383)	(35,674,678)
Tax effect of non-taxable revenues	10,333,820	21,915,058
Tax effect of non-tax-deductible expenses	(7,419,887)	(13,507,757)
Effect of tax credit on assets not previously recognized	2,499,071	-
Tax effect from under or over provided tax in prior periods	(7,359,691)	(2,588,205)
Price-level restatement for tax purposes (investments and equity)	34,266,446	(49,811,589)
Total adjustments to tax expense using statutory rate	(11,891,624)	(79,667,171)

Income Tax	(172,468,296)	(210,177,605)
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## 31. SEGMENT INFORMATION

### 31.1 Segmentation criteria

Endesa Chile develops commercial activities within two basic business lines: electricity generation and other.

Segment information is also structured geographically by country:

- Chile
- Argentina
- Peru
- Colombia

As the subsidiaries of Endesa Chile are basically aligned along these two business lines, the segment information presented below is based on the financial information of the companies within each segment.

The following table details this segment information for 2009 and 2008.



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31.2 Distribution by country

	Chile		Argentina		Colombia		Peru		Others		Eliminations		Total	
ASSETS	12-31-2009	12-31-2008	12-31-2009	12-31-2008	12-31-2009	12-31-2008	12-31-2009	12-31-2008	12-31-2009	12-31-2008	12-31-2009	12-31-2008	12-31-2009	12-31-2008
CURRENT ASSETS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS
Current Operating Assets	516,371,512	186,238,166	138,161,168	114,278,494	248,413,794	246,178,551	54,343,007	74,986,952	29,830,886	23,625,838	(33,937,725)	(13,441,100)	942,361,442	1,341,838,883
Cash and Cash Equivalents	299,557,586	531,859,913	24,084,851	41,128,903	160,939,980	133,927,140	21,294,688	11,417,994	561,124	884,240	-	-	446,488,229	719,217,980
Financial assets at fair value with changes through net income	1,493,492	-	-	-	-	-	-	-	-	-	-	-	1,493,492	-
Other financial assets	42,597	-	-	-	-	-	-	-	60	-	-	-	42,657	-
Trade accounts receivable and other receivables, net	201,579,265	164,670,100	82,457,014	62,870,559	55,169,859	69,246,693	11,073,405	40,511,491	6,516,558	4,984,036	(28,530,633)	(27,022)	328,265,468	342,260,677
Accounts receivable from related companies	8,360,055	25,369,369	2,228,305	4,632,137	32,526,869	26,442,021	8,979,580	5,739,401	22,473,119	17,476,040	(5,407,092)	-	69,160,836	66,245,062
Inventories	18,778,149	26,585,987	3,803,384	2,207,392	6,622,526	13,788,670	10,975,529	13,788,670	68,847	30,085	-	-	40,179,588	49,141,746
Prepayments	2,138,737	1,876,417	1,404,934	1,233,456	1,554,560	-	2,016,998	1,566,626	-	-	-	-	7,184,076	4,708,584
Current tax receivable	44,053,507	52,051,837	169,612	1,081,210	-	-	2,807	1,530,723	166,372	248,134	-	-	44,392,298	54,911,904
Other assets	868,124	3,874,753	4,292,068	1,124,837	-	-	-	350,047	44,406	3,293	-	-	5,204,698	5,352,930
NON-CURRENT ASSETS	3,993,018,113	3,873,396,632	238,539,902	420,434,284	1,228,326,578	1,422,565,041	785,935,394	1,138,957,979	483,11319	68,210,295	(1,067,160,136)	(1,492,497,729)	5,226,991,170	5,437,066,482
Available-for-sale financial assets	2,487,796	2,431,165	-	-	-	-	-	-	-	1,342	-	-	2,487,796	2,432,507
Other financial assets	1,063,377	1,655,543	-	-	-	-	-	-	-	1,063,377	-	-	1,063,377	1,655,543
Trade accounts receivable and other receivables, net	2,063,860	57,496,070	61,013,486	90,101,827	3,028,786	3,085,562	-	295,725	3,145,871	-	-	-	66,716,465	153,472,532
Investments in associates accounted for using the equity method	1,598,184,456	1,523,350,524	4,698,977	96,675,083	1,366	-	47,596,359	200,945,562	26,488,656	76,839	-	(7,575,486)	148,383,257	536,703,030
Intangible assets, net	8,021,312	34,614,620	2,780,777	3,840,833	17,245,016	19,239,677	11,556,650	199,529	16,879,932	19,059,463	(1,102,872,803)	(1,414,755,145)	57,007,291	76,954,412
Property, plant and equipment, net	2,359,882,964	2,228,924,622	147,343,811	205,984,029	1,148,817,647	1,331,396,777	724,212,506	841,810,598	2,720,075	2,945,690	(55,987,643)	(70,167,098)	4,326,899,160	4,540,894,618
Deferred tax assets	20,016,869	21,980,616	12,629,862	11,706,774	58,411,132	68,671,434	2,152,412	5,544,615	1,983,851	2,422,945	-	-	94,924,126	110,326,384
Hedging instruments	509,760	865,393	9,892,989	-	1,092,649	1,169,591	336,605	457,675	66,654	69,469	-	-	590,022	-
Other assets	550,079	-	-	-	-	-	-	-	-	-	-	-	11,938,376	14,687,856
TOTAL ASSETS	4,509,889,625	4,684,686,798	356,800,070	534,712,758	1,485,140,372	1,659,741,592	840,278,401	1,213,866,931	78,342,005	91,834,123	(1,101,097,361)	(1,905,938,837)	6,109,352,612	6,678,905,365

	Chile		Argentina		Colombia		Peru		Others		Eliminations		Total	
NET EQUITY AND LIABILITIES	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS
CURRENT LIABILITIES	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS	THC	THCS
Current Operating Liabilities	633,092,821	799,617,498	143,807,722	163,211,243	130,634,225	282,665,428	71,313,577	121,035,408	12,900,003	10,487,833	(12,536,117)	(21,356,282)	98,110,681	1,255,644,128
Trade accounts payable and other payables	633,092,821	799,617,498	143,807,722	163,211,243	130,634,225	282,665,428	71,313,577	121,035,408	12,900,003	10,487,833	(12,536,117)	(21,356,282)	98,110,681	1,255,644,128
Other financial liabilities	188,706,890	434,922,510	61,786,566	80,193,716	57,137,940	146,527,033	38,334,893	76,474,232	-	-	-	-	346,836,643	740,177,254
Trade accounts payable and other payables	293,794,226	244,668,613	29,973,620	40,139,578	28,526,181	23,502,230	20,319,427	38,106,135	1,258,402	1,370,661	-	(112,200)	373,871,856	347,675,017
Accounts payable to related companies	65,008,007	57,134,259	29,954,939	31,255,408	2,477,464	65,570,261	262,056	256,607	5,388,310	4,423,856	(12,536,117)	(21,244,082)	90,554,059	137,396,309
Provisions	25,922,905	26,494,199	1,163,928	1,108,306	26,684	-	2,790,365	2,536,882	3,489,074	3,567,074	-	-	33,393,424	33,796,461
Current tax payable	57,461,125	31,637,447	20,817,793	9,968,471	37,298,367	39,446,971	8,066,664	2,415,671	302,863	497,788	-	-	123,945,432	83,966,248
Other liabilities	2,638,986	4,691,256	469,951	525,888	2,086,648	2,025,949	1,540,772	1,245,780	1,992,839	218,145	-	-	8,669,196	8,710,488
Deferred revenues	89,440	58,836	-	-	-	-	-	-	359,027	390,309	-	-	448,467	449,245
Post-employment benefit obligations	367,702	9,918	-	-	3,081,031	3,592,982	-	-	-	-	-	-	3,448,733	3,592,982
Hedging instruments	685,018	-	-	19,906	-	-	-	-	-	-	-	-	717,980	29,824
NON-CURRENT LIABILITIES	1,130,130,077	1,676,261,636	122,228,745	164,365,394	424,071,093	342,424,533	338,335,279	415,637,559	17,632,214	22,617,897	-	-	2,233,239,079	2,621,307,019
Interest-bearing loans	1,089,852,354	1,445,905,323	97,956,798	129,801,713	406,377,244	322,668,484	197,794,271	236,168,778	-	-	-	-	1,791,980,067	2,134,544,298
Trade accounts payable and other payables	7,361,867	15,212,182	-	-	-	-	-	-	207,872	40,190	-	-	7,569,739	13,252,372
Provisions	9,246,395	1,093,483	-	-	430,975	571,426	10,482,637	1,516,129	578	109,487	-	-	21,601,885	3,290,525
Deferred tax liabilities	184,228,532	209,427,445	12,848,716	18,177,626	-	-	2,981,240	3,783,730	-	-	-	-	347,876,419	399,374,285
Other liabilities	9,964,125	1,238,605	10,733,441	15,374,333	-	-	147,818,131	173,985,784	12,788,275	16,803,476	850,871	-	34,336,712	33,456,414
Deferred revenues	1,016,436	8,814,659	-	-	-	-	-	-	-	-	-	-	18,631,331	21,889,236
Post-employment benefit obligations	9,313,208	2,316,608	689,790	1,011,722	-	-	2,239,940	1,881,014	-	-	-	-	28,231,321	21,889,236
Hedging instruments	-	-	-	-	-	-	-	3,965,868	-	-	-	-	2,929,750	7,295,198
NET EQUITY	2,564,666,727	2,208,807,664	90,763,603	207,136,121	930,434,204	1,034,651,631	410,629,245	677,190,964	47,919,788	58,750,393	(1,089,412,015)	(1,484,582,555)	2,955,001,852	2,701,954,218
Net Equity Attributable to Shareholders of the Company	2,564,666,727	2,208,807,664	90,763,603	207,136,121	930,434,204	1,034,651,631	410,629,245	677,190,964	47,919,788	58,750,393	(1,089,412,015)	(1,484,582,555)	2,955,001,852	2,701,954,218
Issued share capital	2,114,323,325	2,135,893,727	84,324,737	223,680,993	259,460,190	298,494,955	164,297,738	658,541,384	144,937,116	144,937,116	(1,229,620,484)	(1,923,827,493)	1,537,722,642	1,537,722,642
Reserves	(683,420,776)	(859,292,883)	1,707,825	(31,223,039)	532,944,218	620,159,057	224,415,743	(29,555,276)	(27,119,572)	(27,204,184)	68,206,630	676,594,567	(769,182,442)	(744,745,964)
Retained Earnings	1,133,764,178	932,206,620	4,731,041	14,678,207	138,629,796	115,997,619	21,916,044	48,202,856	(69,897,756)	(58,982,539)	72,001,839	(237,349,629)	1,300,545,142	805,753,334
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	885,916,210	1,103,221,206
Total Net Equity and Liabilities	4,509,889,625	4,684,686,798	356,800,070	534,712,758	1,485,140,372	1,659,741,592	840,278,401	1,213,866,931	78,342,005	91,834,123	(1,101,097,361)	(1,905,938,837)	6,109,352,612	6,678,905,365

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31.2 Distribution by country (continued)

	Chile		Argentina		Colombia		Peru		Others		Eliminations		Total	
	2009 TUSCS	2008 TUSCS	2009 TUSCS	2008 TUSCS	2009 TUSCS	2008 TUSCS	2009 TUSCS	2008 TUSCS	2009 TUSCS	2008 TUSCS	2009 TUSCS	2008 TUSCS	2009 TUSCS	2008 TUSCS
STATEMENT OF COMPREHENSIVE INCOME														
For the years ended December 31, 2009 and 2008														
INCOME	1,369,647,333	1,606,536,868	296,577,889	284,227,984	500,664,413	401,479,271	213,624,981	208,496,821	39,001,367	36,856,495	-	(896,628)	2,556,388,439	2,556,388,439
Sales	1,363,467,495	1,603,713,760	293,388,675	284,077,914	500,829,922	401,257,389	212,488,615	205,662,615	39,001,367	36,856,495	-	(896,628)	2,408,239,446	2,531,568,173
Energy sales	1,349,609,938	1,551,715,509	293,388,675	284,077,914	500,175,991	400,578,991	202,852,442	204,588,804	-	50,196	-	-	2,416,027,426	2,441,009,414
Other sales	6,009,288	14,564,528	-	-	-	-	6,075,432	5,993,031	-	-	-	-	12,085,420	21,557,959
Other services	7,847,569	37,437,323	-	-	653,951	680,398	9,296,173	1,073,811	32,925,935	30,813,268	-	(896,628)	50,127,000	70,000,800
Other operating income	6,179,838	1,621,108	3,189,214	150,070	134,491	212,882	1,176,566	2,834,206	-	-	-	-	10,679,909	4,820,266
Procurement and Services	(51,521,900)	(871,856,362)	(208,539,466)	(246,229,901)	(134,067,482)	(125,688,480)	(72,013,600)	(98,453,175)	(5,181)	(15,217)	-	-	(97,615,889)	(1,394,453,135)
Power purchased	(52,310,897)	(134,925,913)	(9,325,533)	(12,067,418)	(9,935,621)	(47,122,986)	(10,670,665)	(30,312,095)	-	-	-	-	(224,432,412)	(224,432,412)
Cost of fuel consumed	(1,019,630,300)	(1,195,630,300)	(1,019,630,300)	(1,195,630,300)	(1,019,630,300)	(1,195,630,300)	(1,019,630,300)	(1,195,630,300)	(1,019,630,300)	(1,195,630,300)	-	-	(1,019,630,300)	(1,195,630,300)
Employee expenses	(107,144,035)	(122,574,838)	(5,563,800)	(4,689,649)	(4,663,860)	(45,287,544)	(13,693,455)	(14,257,474)	(3,181)	(4,132)	-	-	(18,068,558)	(18,068,558)
Other variable procurement costs and services	(6,084,283)	(7,054,947)	(13,640,110)	(10,401,558)	(24,876,047)	(25,096,610)	(7,133,677)	(4,246,784)	-	(1,095)	-	-	(51,734,147)	(46,759,899)
CONTRIBUTION MARGIN	858,125,433	724,280,506	88,038,423	77,988,083	316,896,931	272,781,791	141,611,121	110,043,646	38,998,186	36,841,278	-	(896,628)	1,442,773,466	1,231,935,304
Work on non-current assets	-	-	-	-	517,847	330,981	214,054	169,334	-	-	-	-	731,901	590,315
Employee expenses	(29,654,313)	(25,162,701)	(10,769,163)	(8,817,954)	(10,959,497)	(7,918,996)	(6,537,925)	(5,650,625)	(17,643,024)	(16,248,513)	-	-	(75,564,322)	(63,799,789)
Other fixed operating expenses	(48,246,105)	(45,421,082)	(11,975,874)	(11,200,880)	(19,127,781)	(17,813,369)	(21,025,750)	(16,556,810)	(1,689,897)	(17,637,815)	-	-	764,241	(110,868,779)
GROSS PROFIT FROM OPERATIONS	780,225,015	663,696,723	65,593,386	57,969,249	287,237,501	247,378,407	114,261,500	88,005,545	9,664,865	2,955,950	-	-	764,241	1,257,072,566
Depreciation, amortization and impairment losses	(140,184,964)	(95,960,199)	(22,642,765)	(20,684,846)	(36,516,121)	(30,560,196)	(38,212,538)	(36,233,239)	(2,584,987)	(3,166,095)	-	-	(240,141,675)	(186,604,575)
OPERATING INCOME	640,040,051	567,736,524	42,950,621	37,284,403	250,721,379	216,818,211	76,048,962	51,772,306	7,079,878	(21,145)	-	-	764,241	1,066,500,591
Net Finance Cost	(89,797,956)	(103,738,107)	(27,712,641)	(25,609,868)	(42,513,775)	(43,391,504)	(23,600,707)	(15,330,574)	(40,910)	12,931,325	13,292,506	(13,756,340)	(170,794,483)	(188,895,068)
Financial income	8,827,766	15,421,392	2,466,727	3,173,056	11,908,380	5,364,390	1,341,180	248,487	950,486	101,79,668	(238,621)	(63,759)	25,315,918	34,322,234
Financial expenses	(90,264,314)	(119,695,637)	(16,457,318)	(13,908,953)	(54,646,985)	(48,548,045)	(25,579,061)	(15,579,061)	(1,662,330)	(771,650)	238,621	63,759	(188,368,384)	(198,439,587)
Income (loss) for indexed assets and liabilities	9,009,669	(16,686,361)	-	-	-	-	-	-	265,639	(2,263,972)	-	-	9,275,308	(18,950,333)
Foreign currency exchange differences	(17,271,077)	17,222,499	(13,722,650)	(14,873,971)	164,830	(207,849)	634,171	-	(15,705)	5,787,279	13,292,506	(13,756,340)	(17,017,325)	(5,828,382)
Positive	28,981,945	47,547,505	1,904,563	1,406,927	263,663	128,111	635,100	-	-	6,887,434	42,213,637	(13,756,340)	31,785,271	42,213,637
Negative	(46,353,022)	(30,325,066)	(15,626,613)	(16,280,898)	(98,833)	(335,960)	(929)	-	(15,705)	(1,100,155)	13,292,506	-	(48,802,596)	(48,802,596)
Share of the profit of associates accounted for using the equity method	88,336,170	73,631,341	186,494	363,873	-	-	9,935,172	8,136,376	-	-	-	-	98,457,836	82,131,590
Gain (loss) from investments	(55,494)	-	-	-	(34,772)	252,022	-	764,314	-	-	-	-	(90,266)	1,016,336
Gain (loss) on sale of non-current assets not held for sale	34,186	(336,047)	-	-	83,708	167,699	(78,969)	(1,530,052)	26,047	990,442	-	-	64,972	(707,958)
NET INCOME BEFORE TAXES	638,556,957	557,293,711	15,424,474	12,038,408	208,246,540	173,846,428	62,304,458	43,812,370	6,644,015	13,709,622	13,292,506	(12,992,099)	944,568,450	767,706,440
Income taxes	(76,281,986)	(131,655,968)	(6,688,276)	(4,511,350)	(97,988,953)	(57,450,682)	(21,497,520)	(14,530,266)	1,268,539	(2,055,339)	-	-	(172,468,296)	(210,177,605)
NET INCOME AFTER TAX FROM CONTINUING OPERATIONS	562,274,971	406,637,743	9,256,098	7,527,058	138,557,587	116,395,746	40,806,638	29,312,104	7,912,554	11,650,283	13,292,506	(12,992,099)	772,100,154	557,530,835
NET INCOME AFTER TAX FROM DISCONTINUED OPERATIONS	562,274,971	406,637,743	9,256,098	7,527,058	138,557,587	116,395,746	40,806,638	29,312,104	7,912,554	11,650,283	13,292,506	(12,992,099)	772,100,154	557,530,835
NET INCOME	562,274,971	406,637,743	9,256,098	7,527,058	138,557,587	116,395,746	40,806,638	29,312,104	7,912,554	11,650,283	13,292,506	(12,992,099)	772,100,154	557,530,835
Shareholders of the Company	562,274,971	406,637,743	9,256,098	7,527,058	138,557,587	116,395,746	40,806,638	29,312,104	7,912,554	11,650,283	13,292,506	(12,992,099)	772,100,154	557,530,835
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	627,053,406	433,177,184
	-	-	-	-	-	-	-	-	-	-	-	-	145,046,948	124,353,651

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32 GUARANTEE COMMITMENTS TO THIRD PARTY, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS

32.1 Direct guarantees

Creditor of Guarantee	Debtor		Type of Guarantee	Type	Committed Assets			Outstanding balance as of December 31,			Guarantee release date		
					Type	Currency	Book value	Currency	2009		2008		Assets
	Name	Relationship							2009	2008	2010	2011	
Creditor Bank	Pangue S.A.	Creditor		Real Estate and Equipment	ThCh\$		86,239,360	ThCh\$	370,984	1,586,880	-	-	-
Soc. de energía de la República de Argentina	Endesa Argentina, Endesa Costanera	Creditor		Shares	ThCh\$		1,617,383	ThCh\$	2,923,298	6,289,519	-	-	-
Mitsubishi	Endesa Costanera	Creditor		Combined cycle	ThCh\$		54,056,510	ThCh\$	72,279,911	90,716,919	-	-	-
Credit Suisse First Boston	Endesa Costanera	Creditor		Combined cycle	ThCh\$		15,853,655	ThCh\$	4,346,571	13,638,215	-	-	-
Various Creditors	Endesa Parent Company	Creditor		Guarantees	ThCh\$		-	ThCh\$	2,728,493	508,461	-	-	-
Various Creditors	Edegel	Creditor		Real Estate and Equipment	ThCh\$		105,294,764	ThCh\$	574,239	57,563,928	-	-	-
Banco Santander (Underwriter)	G.N.L. Quintero	Associate		Shares	ThCh\$		10,127,465	ThCh\$	93,151,966	94,205,737	-	-	-

As of December 31, 2009, Endesa Chile had future energy purchase commitments of ThCh\$ 13,196,131 (ThCh\$ 50,485,248 as of December 31, 2008).

32.2 Indirect guarantees

Creditor of Guarantee	Debtor	Type of Guarantee	Committed Assets		Outstanding balance as of December 31,			Guarantee release date							
			Type	Value	Currency	2009	2008	2010	2011	2012	Assets	Assets			
			Name	Relationship											
Vestas Eólicas S.A.U.	Endesa Eco S.A.	Subsidiary			ThCh\$										



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### 32.3 Other information

The Ministry of Economy of the Chilean government decreed that the regulated consumption of energy distributors, without fixed energy supply contracts, should be served jointly by all generation companies, prorated to each companies’ fixed charge (this situation occurred from May 19, 2005 through December 31, 2009).

Regarding the aforementioned, the regulation enacted afterward has established that the generation companies will receive for these concepts the binding energy spot price, and they will either credit or charge the distributors any negative or positive differences that may arise with the current consumption at the current marginal cost. Also, the new regulation established a floor and a ceiling whereas the differences aforementioned could not be lower or higher than the 20% of energy spot price, and in case it is not sufficient, the residuals will be incorporated in the subsequent determination of energy spot price until all the differences are paid off entirely.

The estimated remaining recoverable amount for Endesa Chile at December 31, 2009 reaches Ch\$132,000 million. The recovery and accounting for these amounts will take place through additional charges in the energy rate charged to distributors, which shall be applied and collected by the distributors through charges on future energy consumption of non-regulated clients.

### 33 PERSONNEL FIGURES

Endesa Chile’s personnel, including information regarding subsidiaries and jointly-controlled companies in the five Latin American countries where the Group is present, is distributed as follows as of December 31, 2009 and December 31, 2008:

Country	12-31-2009				Average for the period
	Managers	Professionals	Workers	Total	
	and Principal	and	and		
	Executives	Technicians	Others		
Chile	46	1,084	207	1,337	1,396
Argentina	7	305	20	332	326
Brazil	-	4	2	6	4
Peru	7	216	18	241	247
Colombia	9	386	20	415	415
Total	69	1,995	267	2,331	2,387

Country	12-31-2008				Average for the period
	Managers	Professionals	Workers	Total	
	and Principal	and	and		
	Executives	Technicians	Others		
Chile	48	1,149	234	1,431	1,330
Argentina	7	295	23	325	326
Peru	7	216	19	242	229
Colombia	7	374	23	404	402
Total	69	2,034	299	2,402	2,288

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34 SUBSEQUENT EVENTS

No significant subsequent events have occurred between December 31, 2009 and the date of issuance of these consolidated financial statements.

35 ENVIRONMENT

Environmental expenses for the year ended December 31, 2009 and December 31, 2008 are detailed as follows:

Company incurring the cost	Project	12-31-2009 ThCh\$	12-31-2008 ThCh\$
Endesa Chile S.A.	Studies, monitoring, laboratory analysis, removal and final disposal of solid waste in hydroelectric power plants (HEPP) and thermoelectric power plants.	3,859,367	3,330,696
Hidroeléctrica el Chocón S.A.	ISO 14,001 audit, environmental monitoring and updating of environmental standards.	-	9,205
Edegel S.A.	Environmental monitoring, waste management, mitigation and restoration.	667,059	-
	Air quality monitoring, liquid waste monitoring, smokestack gas monitoring, Nox and SO2 measurements.		
	Environmental noise level monitoring, cleaning of hydrocarbon separation chambers, environmental standards.		
Endesa Costanera S.A.	Fuel quality control, prevention of hydrocarbon spills.	-	373,796
Total		4,526,426	3,713,697

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### 36 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Prior to 2008, the Group issued its consolidated financial statements in accordance with Generally Accepted Accounting Principles in Chile (hereinafter “Chilean GAAP”). Beginning in 2009, the Group issues its consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter “IFRS”).

The figures included in these consolidated financial statements for the 2008 period have been reconciled in order to present them using the same principles and criteria applied in 2009.

In order to determine the IFRS adoption balances, the Company decided to apply the exemption provided under paragraph 24 a) of IFRS 1 “First-time Adoption,” and has therefore decided to follow the footsteps of its parent company ENDESA, S.A. in adopting January 1, 2004 as the date of transition to the aforementioned international standard. As of that date, the following exemptions allowed under IFRS 1 were principally applied:

- Not reprocessing business combinations occurring before January 1, 2004 (exemption from IFRS 3).
- Considering the amortized cost as of January 1, 2004, including revaluations of assets that took place in the different countries where the Group operates, as the deemed cost of Property, Plant and Equipment and Intangibles (exemption from IAS 16 and IAS 38).
- Translation adjustments generated before January 1, 2004 have been transferred to reserves (exemption from IAS 21).

The following details provide a reconciliation between Chilean GAAP and IFRS of the Company’s consolidated equity as of January 1, 2008, and consolidated equity, net income and cash flows as of and for the year ended December 31, 2008:

	Equity attributable to the shareholders of the Company ThCh\$	Equity attributable to minority interest ThCh\$	Total ThCh\$	
Net Equity under Chilean GAAP at 12/31/2008	2,364,523,995	-	2,364,523,995	
Incorporation of minority interest	-	1,192,716,624	1,192,716,624	(1)
Elimination of price-level restatement	(436,859,977)	(7,050,230)	(443,910,207)	(2)
Goodwill	107,429,164	5,302,629	112,731,793	(3)
Deferred tax	(68,549,006)	(33,941,077)	(102,490,083)	(4)
Minimum dividend	(87,036,762)	(887,868)	(87,924,630)	(6)
Elimination of TB 64	(306,527,845)	(58,321,210)	(364,849,055)	(5)
Other	25,750,443	5,405,338	31,155,781	
Total IFRS adjustments	(765,793,983)	(89,492,418)	(855,286,401)	
Net Equity under IFRS at 12/31/2008	1,598,730,012	1,103,224,206	2,701,954,218	

	Net income attributable to the shareholders of the Company ThCh\$	Net income attributable to minority interest ThCh\$	Total ThCh\$	
Net Income under Chilean GAAP for the year ended 12/31/2008	442,591,967	180,686,406	623,278,373	
Elimination of price-level restatement	(83,336,719)	(1,568,062)	(84,904,781)	(2)
Amortization of goodwill	498,361	686,518	1,184,879	(3)
Deferred taxes	(36,182,329)	(8,146,081)	(44,328,410)	(4)
Elimination of TB 64	108,039,346	(47,659,698)	60,379,648	(5)
Other	1,566,558	354,568	1,921,126	
Total IFRS adjustments	(9,414,783)	(56,332,755)	(65,747,538)	



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Net Income under IFRS for the year ended 12/31/2008	433,177,184	124,353,651	557,530,835	
	Equity attributable to the shareholders of the Company ThCh\$	Equity attributable to minority interest ThCh\$	Total ThCh\$	
Net Equity under Chilean GAAP at 01/01/2008	1,884,226,640	-	1,884,226,640	
Incorporation of minority interest		886,882,586	886,882,586	(1)
Elimination of price-level restatement	(265,577,228)	(4,496,860)	(270,074,088)	(2)
Goodwill	104,915,533	5,723,557	110,639,090	(3)
Deferred tax	(86,649,736)	(22,690,142)	(109,339,878)	(4)
Minimum dividend	(38,433,991)	(513,097)	(38,947,088)	(6)
Elimination of TB 64	(92,358,956)	65,807,019	(26,551,937)	(5)
Other	31,576,749	6,859,379	38,436,128	
Total IFRS adjustments	(346,527,629)	50,689,856	(295,837,773)	
Net Equity under IFRS at 1/1/2008	1,537,699,011	937,572,442	2,475,271,453	

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	Chilean GAAP Cash and cash equivalents 12/31/2008	Adjustments	IFRS Cash and cash equivalents 12/31/2008
	ThCh\$	ThCh\$	ThCh\$
Chilean GAAP ending balance	702,366,035		702,366,035
Incorporation of proportionally consolidated companies:			
GasAtacama	-	13,365,450	13,365,450
Hidroaysén	-	2,771,850	2,771,850
Other	-	714,645	714,645
Total	702,366,035	16,851,945	719,217,980

	Chilean GAAP cash flow 12/31/2008	Adjustments	IFRS cash flow 12/31/2008
	ThCh\$	ThCh\$	ThCh\$
Net Income for the period of parent company	442,591,967	(9,414,783)	433,177,184
Minority interests	180,686,406	(56,332,755)	124,353,651
Gain (loss) on sale of assets and others	14,735	(323,113)	(308,378)
Charges (credits) to profit and loss that do not represent cash flows	132,281,142	(21,965,913)	110,315,229
Changes in assets that affect cash flows	10,762,828	(69,041,989)	(58,279,161)
Changes in liabilities that affect cash flows	100,447,124	241,232,773	341,679,897

Net positive (negative) cash flows provided by operating activities	866,784,202	84,154,220	950,938,422
Cash flows from financing activities	4,989,328	(151,463,166)	(146,473,838)
Net cash flows from investing activities	(278,088,592)	76,416,575	(201,672,017)
Total positive (negative) net cash flows	593,684,938	9,107,629	602,792,567

Effect of inflation on cash and cash equivalents	(1,291,363)	2,620,911	1,329,548
Net increase (decrease) in cash and cash equivalents	592,393,575	11,728,540	604,122,115

Beginning balance of cash and cash equivalents	109,972,460	5,123,405	115,095,865
Ending balance of cash and cash equivalents as of 12/31/2008	702,366,035	121,842,334	719,217,980

Principal adjustments applied:

1. Incorporation of minority interest

Under Chilean GAAP, equity consists solely of the share attributable to the shareholders of the Company, while under IFRS equity includes the shares attributable to the shareholders of the Company and the minority interest. Therefore, the share of minority interests on Endesa Chile’s consolidated statement of financial position prepared in accordance with Chilean GAAP is incorporated into equity in the consolidated statement of financial position prepared in accordance with IFRS.

2. Price-level restatement

Price-level restatement recognized under Chilean GAAP is eliminated as inflation adjustments are only accepted under IFRS when the functional currency relates to a hyperinflationary economy. Neither Chile nor any of the other countries in which the Group’s investments are located qualify as hyperinflationary countries, based on the requirements established in IAS No. 29 "Financial Reporting in Hyperinflationary Economies".

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### 3. Goodwill

Goodwill arises in the acquisition of companies and represents the difference between the acquisition cost and the acquired share in the fair value of assets and liabilities, including identifiable contingent liabilities as of the date of acquisition. Under Chilean GAAP, in the case of foreign subsidiaries, goodwill is controlled in historic dollars, while under IFRS they are recorded and controlled in the functional currency of the acquired company.

In addition, under Chilean GAAP goodwill is amortized on a straight line basis over a period of time that considers, among other aspects, the nature of the investment, the predictable life of the business and the return on investment, which in no case may exceed 20 years. Under IFRS, systematic amortization does not exist for goodwill, and therefore goodwill is not amortized: The only requirement is to perform a periodic analysis of recoverability.

### 4. Deferred tax

Under IFRS, the balance method is applied to deferred taxes, by which any difference between the book and tax basis of an asset or liability represents a deferred tax that should be recorded in the statement of financial position.

Under Chilean GAAP, deferred taxes are determined similar to IFRS; however, certain exemptions established by Technical Bulletin No. 60 “Accounting for Income Taxes and Deferred Taxes” issued by the Chilean Institute of Accountants and other complementary bulletins result in differences with IFRS that must be adjusted in the adoption process.

The main difference arises from the fact that Chilean GAAP allowed accounting for the effect of first-time application against an account in the statement of financial position known as “complementary asset (liability) for deferred liabilities (assets)”. These complementary assets (liabilities) were amortized against income in the estimated period of reversal of the temporary differences that originated them, except when complementary liabilities were originated by recording deferred tax assets for tax losses, in which case they were amortized based on the real use of these losses.

Also, included on these differences is the deferred tax effect of the other Chilean GAAP to IFRS adjustment originated from the changes in respective book basis of the balances adjusted.

### 5. Technical Bulletin No. 64

Under IFRS, financial statements are prepared based on the functional currency of each entity. Under Chilean GAAP, in the case of our foreign companies, as established in Technical Bulletin No. 64 issued by the Chilean Institute of Accountants, non-monetary assets and liabilities are controlled in historical dollars.

### 6. Minimum dividend

Article No. 79 of Chile’s Corporations Law establishes that, except if unanimously agreed otherwise by shareholders of all issued shares, listed corporations should distribute a cash dividend to its shareholders on a yearly basis, prorated based on their shares or the proportion established in the company's by-laws if there are preferred shares, of at least 30% of net income for each period, except when accumulated losses from prior years must be absorbed.

Under IFRS, as it is practically impossible to achieve unanimous agreement given Endesa Chile's highly fragmented share capital, the obligation must be accounted for on an accrual basis, net of any interim dividends approved as of period end. Under Chilean GAAP, this obligation is not accounted for until the dividend is approved at a shareholders’ meeting.



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37 FINANCIAL STATEMENTS OF PRINCIPAL SUBSIDIARIES

A summary of condensed consolidated and individual financial information for the Group is as follows:

CONDENSED FINANCIAL INFORMATION FOR THE GROUP PER SUBSIDIARY									
	12-31-2009								
	Current	Non-	Total assets	Current	Non-current	Total	Revenues	Expenses	Income
	assets	current		liabilities	liabilities	liabilities			(loss)
	ThCh\$	assets		ThCh\$	ThCh\$	ThCh\$			ThCh\$
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
ENDESA ECO	20,342,545	141,348,885	161,691,430	(151,709,864)	(19,897,730)	(171,607,594)	5,363,817	(13,478,980)	(8,115,163)
PEHUENCHE	66,918,651	250,679,247	317,597,898	(93,120,578)	(41,741,967)	(134,862,545)	199,025,325	(44,152,639)	154,872,686
SAN ISIDRO	53,986,693	85,953,344	139,940,037	(34,584,533)	(16,770,373)	(51,354,906)	119,444,441	(107,229,856)	12,214,585
PANGUE	64,692,377	139,047,187	203,739,564	(77,357,564)	(14,588,592)	(91,946,156)	102,435,170	(27,600,506)	74,834,664
CELTA	18,895,799	79,166,484	98,062,283	(4,768,430)	(6,362,133)	(11,130,563)	59,026,738	(52,369,255)	6,657,483
ENIGESA	1,656,913	3,559,633	5,216,546	(835,342)	(131,357)	(966,699)	5,278,311	(3,994,880)	1,283,431
INGENDESA	10,755,422	1,206,290	11,961,712	(6,729,033)	(1,825,356)	(8,554,389)	27,630,988	(25,766,921)	1,864,067
INV. ENDESA NORTE	-	25,157,716	25,157,716	(3,224,334)	-	(3,224,334)	-	(166,553)	(166,553)
TUNEL EL MELON	17,507,583	18,587,880	36,095,463	(2,090,726)	(15,675,501)	(17,766,227)	6,092,068	(1,160,459)	4,931,609
ENDESA ARGENTINA	2,955,460	38,713,348	41,668,808	(44,707)	-	(44,707)	413,719	123,951	537,670
ENDESA COSTANERA	46,132,764	139,465,744	185,598,508	(108,896,949)	(73,587,167)	(182,484,116)	228,090,396	(238,967,631)	(10,877,235)
HIDROINVEST	11,067,591	27,827,113	38,894,704	(347,897)	-	(347,897)	3,941,241	611,450	4,552,691
HIDROELÉCTRICA EL CHOCÓN S.A.	59,552,103	91,442,295	150,994,398	(35,636,058)	(48,641,578)	(84,277,636)	65,298,279	(46,084,169)	19,214,110
SCP ARGENTINA	58,317	1,401,197	1,459,514	(208,178)	-	(208,178)	-	(2,672)	(2,672)
EMGESA	256,813,794	1,228,326,578	1,485,140,372	(130,634,275)	(424,071,893)	(554,706,168)	500,829,922	(362,272,335)	138,557,587
GENERANDES PERU	195,754	189,546,962	189,742,716	(30,872)	-	(30,872)	19,653,352	(165,000)	19,488,352
EDEGEL	50,563,350	699,489,852	750,053,202	(55,480,341)	(309,812,958)	(365,293,299)	197,723,819	(162,768,423)	34,955,396
CHINANGO	3,874,902	103,736,922	107,611,824	(16,093,363)	(61,224,726)	(77,318,089)	15,511,080	(14,352,555)	1,158,525
TRANSQUILLOTA	644,435	5,099,241	5,743,676	(740,067)	(438,364)	(1,178,431)	1,163,684	(603,983)	559,701
HIDROAYSÉN	4,136,868	44,323,280	48,460,148	(18,926,306)	-	(18,926,306)	-	(3,056,976)	(3,056,976)
GASATACAMA	57,217,616	158,174,887	215,392,503	(93,938,500)	(21,233,800)	(115,172,300)	171,652,188	(159,554,219)	12,097,969

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CONDENSED FINANCIAL INFORMATION FOR THE GROUP PER SUBSIDIARY

	12-31-2008								
	Current	Non-	Total assets	Current	Non-current	Total	Revenues	Expenses	Income
	assets	current	ThCh\$	liabilities	liabilities	liabilities	ThCh\$	ThCh\$	(loss)
	ThCh\$	assets		ThCh\$	ThCh\$	ThCh\$			ThCh\$
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
ENDESA ECO	9,160,899	86,918,567	96,079,466	(94,894,579)	(2,460,069)	(97,354,648)	4,678,789	(5,576,689)	(897,900)
PEHUENCHE	98,565,080	262,333,664	360,898,744	(71,944,490)	(78,543,839)	(150,488,329)	306,489,664	(96,689,648)	209,800,016
SAN ISIDRO	39,398,828	98,193,340	137,592,168	(33,582,047)	(25,707,596)	(59,289,643)	182,348,450	(136,505,591)	45,842,859
PANGUE	52,174,003	142,803,816	194,977,819	(34,601,400)	(64,770,503)	(99,371,903)	120,046,420	(65,396,606)	54,649,814
CELTA	14,856,797	88,151,582	103,008,379	(13,395,940)	(9,336,786)	(22,732,726)	56,011,301	(54,300,966)	1,710,335
ENIGESA	1,740,842	2,723,632	4,464,474	(1,180,298)	(147,394)	(1,327,692)	5,222,394	(3,969,561)	1,252,833
INGENDESA	10,206,362	1,747,644	11,954,006	(6,050,212)	(2,183,052)	(8,233,264)	27,154,724	(23,823,914)	3,330,810
INV. ENDESA NORTE	-	39,891,570	39,891,570	(3,057,780)	-	(3,057,780)	6,593,176	(310,198)	6,282,978
TUNEL EL MELON	11,703,571	23,846,107	35,549,678	(203,148)	(20,287,451)	(20,490,599)	6,007,859	(5,925,434)	82,425
ENDESA ARGENTINA	3,411,854	50,160,910	53,572,764	(58,429)	-	(58,429)	2,686,011	105,890	2,791,901
ENDESA COSTANERA	69,796,986	186,194,725	255,991,711	(135,670,744)	(102,513,617)	(238,184,361)	239,937,200	(241,516,233)	(1,579,033)
HIDROINVEST	9,568,629	49,436,908	59,005,537	(415,269)	-	(415,269)	4,957,341	613,969	5,571,310
HIDROELÉCTRICA EL CHOCÓN S.A.	38,632,868	134,523,941	173,156,809	(34,756,759)	(61,851,777)	(96,608,536)	44,140,714	(36,121,439)	8,019,275
SCP ARGENTINA	84,049	879,566	963,615	(287,720)	-	(287,720)	-	(125,246)	(125,246)
EMGESA	223,262,957	1,436,478,635	1,659,741,592	(282,665,428)	(342,424,533)	(625,089,961)	401,257,389	(284,861,643)	116,395,746
GENERANDES PERU	686,919	237,901,179	238,588,098	(20,674)	-	(20,674)	13,518,242	(1,600,845)	11,917,397
EDEGEL	74,222,033	901,056,800	975,278,833	(121,017,734)	(415,637,559)	(536,655,293)	205,662,615	(174,891,194)	30,771,421
TRANSQUILLOTA	1,097,749	5,579,306	6,677,055	(2,133,630)	(538,380)	(2,672,010)	695,960	(327,305)	368,655
HIDROAYSÉN	4,580,582	31,452,335	36,032,917	(3,357,877)	(84,194)	(3,442,071)	-	(1,458,875)	(1,458,875)
GASATACAMA	70,012,385	198,620,784	268,633,169	(41,912,166)	(116,558,569)	(158,470,735)	276,831,796	(270,238,523)	6,593,273

The following Appendixes (1, 2 and 3) are part of the notes to the consolidated financial statements.

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APPENDIX NO. 1 ENDESA CHILE GROUP COMPANIES

This appendix is part of note 2.4 “Subsidiaries and jointly-controlled entities”.

Company (In alphabetical order)	% Ownership Interest as of 12/31/09		% Ownership Interest as of 12/31/2008		Relationship	Corporate Domicile	Activity
	Control	Economic	Control	Economic			
Atacama Finance Co	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Grand Cayman (Cayman Islands)	Holding Company
Central Eólica Canela S.A.	75.00%	75.00%	75.00%	75.00%	Subsidiary	Santiago de Chile (Chile)	Promoting and developing renewable energy projects
Centrales Hidroeléctricas de Aysén S.A.	51.00%	51.00%	51.00%	51.00%	Jointly Controlled	Santiago de Chile (Chile)	Developing and operating hydroelectric project
Chinango S.A.C.	80.00%	49.97%	-	-	Subsidiary	Lima (Peru)	Generating, retailing and distributing electric energy
Compañía Eléctrica San Isidro S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Santiago de Chile (Chile)	Complete cycle of electric energy
Compañía Eléctrica Tarapacá S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Santiago de Chile (Chile)	Complete cycle of electric energy
Consorcio Ara- Ingendesa Ltda.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Project engineering consulting
Consorcio Ingendesa Minimetel Ltda.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Engineering services
Edegel S.A.A	83.60%	62.46%	54.20%	33.06%	Subsidiary	Lima (Peru)	Generating, retailing and distributing electric energy



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Company (In alphabetical order)	% Ownership Interest as of 12/31/2009		% Ownership Interest as of 12/31/2008		Relationship	Corporate Domicile	Activity
	Control	Economic	Control	Economic			
Emgesa S.A. E.S.P.	26.87%	26.87%	26.87%	26.87%	Subsidiary	Bogota (Colombia)	Generating electric energy
Empresa de Ingeniería Ingendesa S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Santiago de Chile (Chile)	Providing engineering services
Empresa Eléctrica Pangue S.A.	94.99%	94.99%	94.99%	94.99%	Subsidiary	Santiago de Chile (Chile)	Complete cycle of electric energy
Empresa Eléctrica Pehuenche S.A.	92.65%	92.65%	92.65%	92.65%	Subsidiary	Santiago de Chile (Chile)	Complete cycle of electric energy
Endesa Argentina S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Buenos Aires (Argentina)	Holding Company
Endesa Costanera S.A.	69.76%	69.76%	69.76%	69.76%	Subsidiary	Buenos Aires (Argentina)	Generating and retailing electricity
Endesa Eco S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Santiago de Chile (Chile)	Renewable energy projects
Endesa Inversiones Generales S.A.	100.00%	99.96%	100.00%	99.96%	Subsidiary	Santiago de Chile (Chile)	Holding Company
Energex Co.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Grand Cayman (Cayman Islands)	Holding Company
GasAtacama S.A.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Managing and directing companies
Gasoducto Atacama Argentina S.A.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Transporting natural gas
Gasoducto Atacama Chile S.A.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Transporting natural gas

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Company (In alphabetical order)	% Ownership Interest as of 12/31/2009		% Ownership Interest as of 12/31/2008		Relationship	Corporate Domicile	Activity
	Control	Economic	Control	Economic			

Gasoducto Taltal Ltda.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Transporting natural gas
Generandes Perú S.A.	61.00%	61.00%	61.00%	61.00%	Subsidiary	Lima (Peru)	Holding Company
Hidroaysén Transmisión S.A.	51.00%	51.00%	51.00%	51.00%	Jointly Controlled	Santiago de Chile (Chile)	Developing electricity transmission systems
Hidroeléctrica El Chocón S.A.	67.67%	65.37%	67.67%	65.37%	Subsidiary	Buenos Aires (Argentina)	Producing and retailing electric energy
Hidroinvest S.A.	96.09%	96.09%	96.09%	96.09%	Subsidiary	Buenos Aires (Argentina)	Holding Company
Ingendesa do Brasil Ltda.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Rio de Janeiro (Brazil)	Project engineering consulting
Inversiones Endesa Norte S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Santiago de Chile (Chile)	Energy investment projects in northern Chile
Inversiones GasAtacama Holding Ltda.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Transporting natural gas
Progas S.A.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Distributing gas
Sociedad Concesionaria Túnel El Melón S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Santiago de Chile (Chile)	Executing, constructing and operating El Melon Tunnel
Sociedad Consorcio Ingendesa-Ara Limitada	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Providing engineering services
Sociedad Portuaria Central Cartagena S.A.	94.95%	25.52%	-	-	Subsidiary	Bogota (Colombia)	Administration of port facilities
Southern Cone Power Argentina S.A.	100.00%	100.00%	100.00%	100.00%	Subsidiary	Buenos Aires (Argentina)	Holding Company
Transmisora Eléctrica de Quillota Ltda.	50.00%	50.00%	50.00%	50.00%	Jointly Controlled	Santiago de Chile (Chile)	Transporting and distributing electric energy

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APPENDIX NO. 2 CHANGES IN THE SCOPE OF CONSOLIDATION

This appendix is part of note 2.4.1 “Changes in the scope of consolidation”.

Company	% Ownership interest			% Ownership interest		
	as of December 31, 2009			as of December 31, 2008		
	Control	Economic	Consolidation Method	Control	Economic	Consolidation Method
Sociedad Portuaria Central Cartagena S.A.	94.95%	25.52%	Global integration	-	-	-

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APPENDIX NO. 3 ASSOCIATES

This appendix is part of note 3. f) “Investments in associates accounted for using the equity method”.

Company (in alphabetical order)	% Ownership 12/31/2009	% Ownership 12/31/2008	Corporate Domicile	Activity
	Economic	Economic		
Distrilec Inversora S.A.	0.89%	0.89%	Buenos Aires (Argentina)	Holding Company
Electrogas S.A	42.50%	42.50%	Santiago de Chile (Chile)	Holding Company
Endesa Brasil S.A.	38.88%	37.65%	Rio de Janeiro (Brazil)	Holding Company
Endesa CEMSA S.A.	45.00%	45.00%	Buenos Aires (Argentina)	Wholesale purchase and sale of electric energy
GNL Chile S.A.	33.33%	33.33%	Santiago de Chile (Chile)	Promoting project to supply liquefied natural gas
GNL Quintero S.A.	20.00%	20.00%	Santiago de Chile (Chile)	Developing, designing and supplying regasification terminal for liquefied natural gas
Inversiones Electrogas S.A.	42.50%	42.50%	Santiago de Chile (Chile)	Holding Company





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SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

	Empresa Eléctrica Pehuenche S.A.		Compañía Eléctrica San Isidro S.A.(*)		Empresa Eléctrica Pangué S.A.		Compañía Eléctrica Tarapacá S.A.		Endesa Inversiones Generales S.A.		Empresa de Ingeniería Ingendesa S.A.(*)		Inversiones Endesa Norte S.A.(*)		*Sociedad Concesionaria Túnel El melón S.A."		Endesa Argentina S.A.(*)		Southern Cone Power Argentina S.A.		Emgesa S.A. E.S.R.		Generandes Perú S.A.(*)		Endesa Eco S.A.(*)		Endesa Brasil S.A.(*)	
SUMMARIZED BALANCE SHEETS	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Assets																												
Current Assets	66,918,651	98,565,080	27,811,582	40,348,852	64,692,377	52,174,003	18,895,799	14,856,797	1,656,913	1,740,842	10,755,422	10,206,362	56,828,163	70,012,385	17,507,583	11,703,571	118,381,851	119,704,570	58,317	84,049	256,813,794	223,262,957	54,343,007	75,076,172	20,342,545	9,160,899	893,078,804	841,131,699
Non-Current Assets	250,679,247	262,333,664	88,979,518	99,767,601	139,047,187	142,803,816	79,166,484	88,151,582	3,559,633	3,745,801	1,206,290	1,747,644	102,187,244	128,453,686	18,587,880	23,846,107	236,958,705	329,564,721	1,401,197	879,566	1,228,326,578	1,436,478,635	785,935,394	901,056,800	141,348,885	86,918,567	2,406,346,709	2,187,028,374
Total Assets	317,597,898	360,898,744	116,791,100	140,116,453	203,739,564	194,977,819	98,062,283	103,008,379	5,216,546	5,486,643	11,961,712	11,954,006	159,015,407	198,466,071	36,095,463	35,549,678	355,340,556	449,269,291	1,459,514	963,615	1,485,140,372	1,659,741,592	840,278,401	976,132,972	161,691,430	96,079,466	3,299,425,513	3,028,160,073
Liabilities And Shareholders' Equity																												
Current Liabilities	93,120,578	71,944,490	8,506,051	35,567,952	77,357,564	34,601,400	4,768,430	13,395,940	835,342	1,180,298	6,729,033	6,050,212	96,773,381	44,969,946	2,090,726	1,889,585	143,599,544	169,319,477	208,178	287,720	130,634,275	282,665,428	71,313,578	121,038,408	151,709,864	94,894,579	577,155,133	569,657,502
Long-Term Liabilities	41,741,967	78,543,839	17,208,737	26,245,976	14,588,592	64,770,503	6,362,133	9,336,786	131,357	147,394	1,825,356	2,183,052	21,233,800	114,576,952	15,675,501	18,601,014	122,228,745	164,365,394	-	-	424,071,893	342,424,533	358,335,279	415,637,559	19,897,730	2,460,069	1,141,081,701	1,051,650,796
Equity	182,735,353	210,410,415	91,076,312	78,302,525	111,793,408	95,605,916	86,931,720	80,275,653	4,249,847	4,158,951	3,407,323	3,720,742	41,008,226	38,919,173	18,329,236	15,059,079	89,512,267	115,584,420	1,251,336	675,895	930,434,204	1,034,651,631	410,629,544	439,457,005	(9,916,164)	(1,275,182)	1,581,188,679	1,406,851,775
Equity Attributable to Shareholders of the Company	182,735,353	210,410,415	91,076,312	78,302,525	111,793,408	95,605,916	86,931,720	80,275,653	4,249,847	4,158,951	3,402,223	3,715,849	40,914,159	38,815,405	18,329,236	15,059,079	40,635,947	53,514,335	1,251,336	675,895	930,434,204	1,034,651,631	219,352,888	238,567,424	(9,916,164)	(1,275,182)	1,138,668,877	1,020,171,779
Equity Attributable to Minority Interest	-	-	-	-	-	-	-	-	-	-	5,100	4,893	94,067	103,768	-	-	48,876,320	62,070,085	-	-	-	-	191,276,656	200,889,581	-	-	442,519,802	386,679,996
Total Liabilities And Shareholders' Equity	317,597,898	360,898,744	116,791,100	140,116,453	203,739,564	194,977,819	98,062,283	103,008,379	5,216,546	5,486,643	11,961,712	11,954,006	159,015,407	198,466,071	36,095,463	35,549,678	355,340,556	449,269,291	1,459,514	963,615	1,485,140,372	1,659,741,592	840,278,401	976,132,972	161,691,430	96,079,466	3,299,425,513	3,028,160,073
SUMMARIZED INCOME STATEMENTS																												
Revenues	199,025,325	294,030,070	120,360,613	183,044,410	102,436,370	120,046,420	59,026,738	56,011,301	5,278,311	5,222,394	27,630,988	27,154,724	175,482,526	276,902,593	6,092,068	6,007,859	296,577,889	284,077,914	-	-	500,964,413	401,470,271	213,624,981	208,496,821	5,496,395	4,678,789	1,958,614,442	1,939,140,395
Procurements And Services	(3,075,314)	(18,267,141)	(92,115,088)	(117,190,209)	(6,834,584)	(39,224,270)	(40,396,096)	(48,918,466)	-	-	-	-	(128,363,326)	(228,191,236)	(3,181)	(15,217)	(208,539,466)	(206,239,901)	-	-	(184,067,482)	(128,688,480)	(72,013,860)	(98,453,175)	-	-	(1,057,983,477)	(1,119,726,446)
Contribution Margin	195,950,011	275,762,929	28,245,525	65,854,201	95,601,786	80,822,150	18,630,642	7,092,835	5,278,311	5,222,394	27,630,988	27,154,724	47,119,200	48,711,357	6,088,887	5,992,642	88,038,423	77,838,013	-	-	316,896,931	272,781,791	141,611,121	110,043,646	5,496,395	4,678,789	900,630,965	819,413,949
Other Operating Expenses	(16,320,972)	(15,623,135)	(11,949,960)	(10,931,538)	(6,220,934)	(5,807,161)	(10,283,925)	(7,203,465)	(3,774,635)	(3,609,821)	(25,130,519)	(23,369,510)	(14,997,140)	(20,495,894)	(3,013,042)	(3,526,913)	(45,077,856)	(40,548,258)	-	(5,352)	(66,085,552)	(55,963,580)	(65,562,459)	(58,271,340)	(2,920,830)	(2,302,180)	(387,038,989)	(352,547,978)
Operating Income	179,629,039	260,139,794	16,295,565	54,922,663	89,380,852	75,014,989	8,346,717	(110,630)	1,503,676	1,612,573	2,500,469	3,785,214	32,122,060	28,215,463	3,075,845	2,465,729	42,960,567	37,289,755	-	(5,352)	250,811,379	216,818,211	76,048,662	51,772,306	2,575,565	2,376,609	513,591,976	466,865,971
Non-Operating Income	6,910,046	(6,135,661)	(807,649)	(445,562)	982,555	(8,950,576)	(273,429)	583,430	48,087	109,018	(172,433)	241,873	(1,559,443)	(19,820,464)	3,856,604	(3,277,608)	(27,533,473)	(25,399,504)	(2,672)	(119,894)	(42,464,839)	(42,971,783)	(13,744,504)	(8,101,464)	(12,141,317)	(3,592,686)	(59,693,009)	(113,415,804)
Net Income Before Tax	186,539,085	254,004,133	15,487,916	54,477,101	90,363,407	66,064,413	8,073,288	472,800	1,551,763	1,721,591	2,328,036	4,027,087	30,562,617	8,394,999	6,932,449	(811,879)	15,427,094	11,890,251	(2,672)	(125,246)	208,346,540	173,846,428	62,304,158	43,670,842	(9,565,752)	(1,216,077)	453,898,967	353,450,167
Income Tax	(31,666,399)	(44,204,117)	(2,713,630)	(8,634,242)	(15,528,743)	(11,414,599)	(1,415,805)	1,237,535	(268,332)	(468,758)	(463,969)	(696,277)	(18,618,609)	(130,404)	(2,000,840)	894,304	(6,168,376)	(4,511,350)	-	-	(69,788,953)	(57,450,682)	(21,497,520)	(14,500,266)	1,450,589	318,177	(106,584,567)	(66,186,729)
Continued Operations Result	154,872,686	209,800,016	12,774,286	45,842,859	74,834,664	54,649,814	6,657,483	1,710,335	1,283,431	1,252,833	1,864,067	3,330,810	11,944,008	8,264,595	4,931,609	82,425	9,258,718	7,378,901	(2,672)	(125,246)	138,557,587	116,395,746	40,806,638	29,170,576	(8,115,163)	(897,900)	347,314,400	287,263,438
Net Income	154,872,686	209,800,016	12,774,286	45,842,859	74,834,664	54,649,814	6,657,483	1,710,335	1,283,431	1,252,833	1,864,067	3,330,810	11,944,008	8,264,595	4,931,609	82,425	9,258,718	7,378,901	(2,672)	(125,246)	138,557,587	116,395,746	40,806,638	29,170,576	(8,115,163)	(897,900)	347,314,400	287,263,438
Net Income Attributable To:																												
Shareholders of the Company	154,872,686	209,800,016	12,774,286	45,842,859	74,834,664	54,649,814	6,657,483	1,710,335	1,283,431	1,252,833	1,864,274	3,330,871	11,944,008	8,264,595	4,931,609	82,425	2,320,918	2,791,952	(2,672)	(125,246)	138,557,587	116,395,746	21,916,044	11,917,397	(8,115,163)	(897,900)	237,683,532	194,650,155
Minority Interest	-	-	-	-	-	-	-	-	-	-	(207)	(61)	-	-	-	-	6,937,800	4,586,949</										

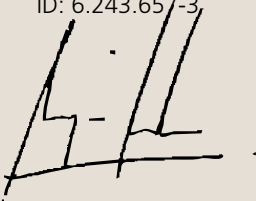
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# Declaration of Responsibility

The directors of Empresa Nacional de Electricidad S.A. and its chief executive officer, signatories to this declaration, swear that they are responsible for the accuracy of all the information provided in this Annual Report, in accordance with General Rule No.30 of November 10, 1989 of the Superintendency of Securities and Insurance.



Jorge Rosenblut  
Chairman of the Board  
ID: 6.243.657-3



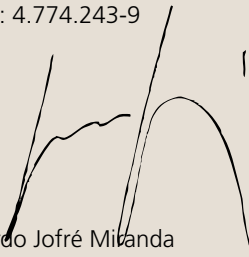
Borja Prado Eulate  
Director  
ID: 48.118.283-2



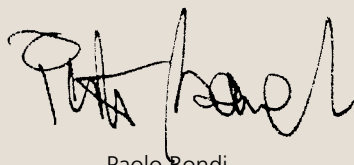
Luis de Guindos Jurado  
Director  
ID: 48.126.524-K



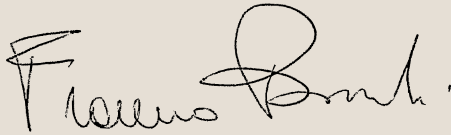
Jaime Estévez Valencia  
Director  
ID: 4.774.243-9



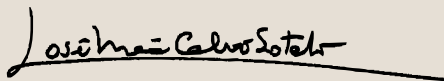
Gerardo Jofré Miranda  
Director  
ID: 5.672.444-3



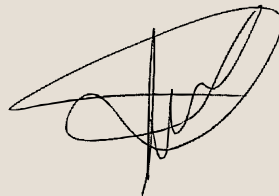
Paolo Bondi  
Vice Chairman of the Board  
ID: G084839



Francesco Buresti  
Director  
ID: F685628



José María Calvo-Sotelo Ibáñez-Martín  
Director  
ID: 48.115.220-8



Leonidas Vial Echeverría  
Director  
ID: 5.719.922-9



Joaquín Galindo Vélez  
Chief Executive Officer  
ID: 31210427W

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# Investor Relations Team

**Susana Rey**  
INVESTOR RELATIONS DIRECTOR  
(56-2) 630 96 06  
susana.rey@endesa.cl

**Denisse Labarca Abdala**  
HEAD OF INVESTOR RELATIONS  
(56-2) 630 96 03  
denisse.labarca@endesa.cl

**Irene Aguiló**  
INVESTOR RELATIONS EXECUTIVE  
(56-2) 630 96 04  
iaguilo@endesa.cl

**Jacqueline Michael**  
INVESTOR RELATIONS EXECUTIVE  
(56-2) 630 95 85  
jmc@endesa.cl

**M. Teresa Fuentealba**  
INVESTOR RELATIONS EXECUTIVE  
(56-2) 630 95 06  
mtfd@endesa.cl



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SANTA ROSA 76 SANTIAGO | CHILE | TEL. (562) 630 9000 | [www.endesa.cl](http://www.endesa.cl)