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PANGUE POWER PLANT, CHILE

CHAIRMAN'S LETTER



DEAR SHAREHOLDER:

Prior to beginning our analysis of fiscal year 1999, I would like to mention two landmark moments in Endesa - Chile

history: firstly, changes were made to Endesa Chile's property structure making Enersis S.A. the corporation's controlling partner; and, secondly, the company successfully recovered from what has thus far been the worst drought ever recorded in Chile.

In fact, on April 13, 1999, Enersis S.A., already the owner of 25.3 % of Endesa-Chile, launched a bid to purchase an additional 34.7 % of the Company's outstanding stock, subject to approval of increasing the maximum limit on share holdings from 26 % to 65 %. Board members present at the Special Shareholders' Meeting held on April 8, 1999, voted in favor of increasing said limit, and on May 11, 1999, Enersis S.A. acquired an additional 30 % of the outstanding stock on the Santiago Stock Exchange, by way of public tender. Thereafter, Enersis S.A. obtained the remaining 4.7 % through a share-acquisition offer carried out in the United States.

As a result of this change in ownership, newly-appointed board members and corporate executives designated by the new controlling partner (both in Enersis S.A. and Endesa-Chile) drafted a working program titled 'The Genesis Project,' involving Endesa-Chile and its Chilean and foreign affiliates. Said plan was set into motion as of August 1999 for the purpose of improving Company operations. Likewise, corporate structure was both re-defined and re-designed during that same period so as to boost profitability levels for shareholders, and reach greater competitive indexes in all business areas, thereby enabling the company to maintain its leadership position in the Latin American electric-power sector.

In the second half of 1999, the most-severe drought in Chilean history (even more critical than the worst drought previously recorded in 1968) finally came to end.

This catastrophic drought, coupled with the hapless start-up of an additional generator at the Nehuenco Power Plant, resulted in electric-power rationing throughout the SIC, which, although only slight in terms of unmet demand, had a very strong impact on a population accustomed to receiving excellent service.

Endesa-Chile, in a unilateral effort, was able to put nearly an additional 650 MW of power into service by way of several emergency turbines throughout the country. Fortunately, this move, in addition to improved rainfall conditions, made it possible to minimize the energy shortage among the population, and ultimately turn our backs on the most-devastating drought in our country's history.

The Company's financial results were strongly affected by several events all occurring within the period. In fact, in addition to the above mentioned drought in Chile, other events, such as, a prolonged period of declining energy prices, currency devaluations triggered by the Asian Crisis affecting out country along with other Latin American countries where Endesa - Chile has investments, and the Niña effect throughout the rest of the continent, were also an issue.

In 1999, the Company recorded a net loss of Ch\$ 176,734 million, compared to net profits of Ch\$ 46,351 million in 1998.

1999 operating income amounted to Ch\$ 167,236 million, Ch\$ 131,492 million less than fiscal year 1998. This contraction affected the main markets in which Endesa-Chile is present. Hence, operating income of El Chocón Hydroelectric Power Plant in Argentina also suffered a loss of Ch\$ 15,003 million primarily caused by a decline

in hydraulic-power generation; likewise, this same situation brought about a Ch\$ 18,089 million decrease in Brazil, fundamentally due to the devaluation of the Brazilian Real.

In regards to Chile, operating income was reduced by Ch\$ 83,344 million primarily due to the severe drought that beset the country from mid-1998 to mid-1999. As a result, fuel costs increased by Ch\$ 55,230 million, and the cost of energy purchases increased by Ch\$ 6,991 million. In fact, only 57.5 % of the power generated in 1999 was hydroelectric, which, in a normal hydrologic year, would have reached 77 %. Moreover, average energy and power sales generated by Endesa-Chile and its Chilean subsidiaries in the Central Grid System suffered an 8.1 % reduction.

In Colombia, a decline in electric-power demand and a wet year resulted in decreased operating income of Ch\$ 31,204 million.

Similarly, 1999 non-operating income recorded a loss of Ch\$ 315,357 million, compared to the 1998 loss of Ch\$ 177,038 million. This is basically explained by a higher loss of Ch\$ 56,949 million due to the Price Level Restatement; other losses of Ch\$ 50,854 million were the result of higher financial expenses due to higher nominal debt. The Company's non-operating results were also

affected by the accounting effect of forward contracts celebrated to avoid the volatility of the results originated by the fluctuations of the exchange rates, during 1999.

Moreover, additional charges which were the results of adjustments for obsolete assets; low feasibility projects; uncollectable accounts; agreements between generation companies, originated primarily from the drought conditions that affected Chile; and others. These adjustments amounted to approximately Ch\$ 43.750 million.

The international financial community, having acknowledged the strength of the Company's cash flow (still solid even during an extremely dry year), extended significant loans to Endesa-Chile and its subsidiaries, for example, the placement of ten-year, Yankee Bonds for US\$ 400 million in April 1999, as well as the refinancing (under extremely good conditions) of US\$ 1,843 million at 0.75 % over the LIBOR rate and a two-year bullet rate. Both of these operations were carried out in the second semester of fiscal year 1999.

Investments currently being developed in both Chile and abroad amounted to US\$ 663 million, thereby allowing the Company to forecast future growth and increase its value.



In Peru, the 42-MW Yanango Hydroelectric Power Plant is currently in the start-up stage, and is expected to enter into commercial operations during the first quarter of the year 2000. Furthermore, the 142-MW, Chimay Hydroelectric Project is in its final construction stage. Both projects have been handled pursuant to turnkey contracts, which is quite a significant challenge for this type of project. The success of this new approach to projects will be brought to light once start-up activities are set in motion, all of which will demonstrate how important the projects have been in terms of investment savings and overall time saved in project execution.

We can proudly say that, as of this year, the largest combined-cycle power plant in all of Latin America - with cutting-edge, gas turbines and their 852 MW of power - has begun commercial operations in Argentina.

As far as the rest of Latin America is concerned, this continent's most-ambitious transmission project is in full swing, that is, the power line connecting two extremely important countries (Brazil and Argentina) with 500 KV of tension and a noteworthy frequency-conversion substation. I should also mention that on December 13, 1999, Compañía de Interconexión Energética S.A.(CIEN) signed a contract with Compañía Paranaense de Energía (COPEL) for an additional supply of 800 MW for a twenty-year period. This event marks the beginning of a second, interconnected power line project (similar to the first), which should start operations by the first half of the year 2002.

Finally, in Chile, in addition to enormous efforts invested in setting up emergency turbines, 120 MW of power obtained from the first stage of the Taltal Project will be available in the first quarter 2000.

With assistance offered by the President of the Republic, Eduardo Frei, and the President of the Republic of Argentina, Carlos Saúl Menem, the ambitious Atacama Project was set into motion this year. The project entails a gas pipeline that runs from northeastern Argentina to Mejillones, covering a distance of over 900 kilometers in order to feed a combined-cycle, thermoelectric power plant located in Mejillones, designed to supply an initial 555 MW in its beginning stages and which could be increased to a final output of 740 MW.

Therefore, fiscal year 1999 has proven to be a year of notably significant achievements and changes for Endesa-Chile's future. With the participation of our new controlling partner, we are certain to have the support and energy necessary to make Endesa-Chile a leader in power generation throughout all of Latin America, thereby competing in this new globalized world.



PABLO YRARRÁZAVAL VALDÉS
CHAIRMAN OF THE BOARD

BOARD OF DIRECTORS

CHAIRMAN

Pablo Yrarrázaval Valdés
President of the Santiago
Stock Exchange

VICE CHAIRMAN

Héctor López Vilaseco
Attorney- at- Law
And Economist
ICADE, Madrid

DIRECTORS

Jaime Bauzá Bauzá
Civil Engineer
Pontificia Universidad Católica de Chile

Jesús Burillo Andreu
Economist
Universidad de Barcelona

José María Hidalgo Martín-Mateos
Commercial Engineer
Universidad Santiago de Compostela

Pedro Larrea Paguaga
Mining Engineer
Universidad Politécnica de Madrid

Andrés Regué Godall
Industrial Engineer
Escuela Técnica Superior
de Ingenieros Industriales de Barcelona

Antonio Tuset Jorratt
Commercial Engineer
Universidad de Chile

Leonidas Vial Echeverría
Vice-President of the Santiago
Stock Exchange

The Company is managed by a Board of Directors of nine members elected at the Shareholders Meeting. The Directors are in office for a 3-year term and they can be re-elected.

The new Board was elected at the Extraordinary Shareholders Meeting held on June 24, 1999.

EXECUTIVE OFFICERS

CHIEF EXECUTIVE OFFICER

Francisco García Sánchez
Industrial Engineer
Escuela Técnica Superior
de Ingenieros Industriales de Madrid

EXTERNAL AFFAIRS MANAGER

José Luis Domínguez Covarrubias
Civil Engineer
Pontificia Universidad Católica de Chile

AUDIT

Julio Luchsinger Rathgeb
Auditor
Universidad de La Frontera

GENERAL COUNSEL

Carlos Martin Vergara
Attorney - at-Law
Universidad Católica de Valparaíso

ADMINISTRATION AND FINANCE

Mario Valcarce Durán
Commercial Engineer
Universidad Católica de Valparaíso

HUMAN RESOURCES

Manuel Macaya García
Industrial Civil Engineer
Universidad de Chile

PLANNING AND CONTROL

Rafael López Rueda
Commercial Engineer
Universidad de Málaga

PLANNING AND ENERGY MANAGEMENT

Juan Eduardo Vásquez Moya
Civil Electrical Engineer
Universidad de Chile

PRODUCTION

Rafael Mateo Alcalá
Industrial Engineer
Escuela Técnica Superior
de Ingenieros Industriales de Zaragoza

TRANSPORT

Ignacio Swett Lazcano
Civil Engineer
Pontificia Universidad Católica de Chile

ENGINEERING

Gastón Aignerén Ríos
Civil Engineer
Universidad de Chile

GENERATION - ARGENTINA

Miguel Ortiz Fuentes
Mechanic Engineer
Escuela Naval de Chile

GENERATION - BRAZIL

Juan Antonio Madrigal Royo
Mining Engineer
Universidad Politécnica de Madrid

GENERATION - CHILE

Claudio Iglesias Guillard
Electrical Civil Engineer
Universidad de Chile

GENERATION - COLOMBIA

Rafael Errázuriz Ruiz-Tagle
Civil Engineer
Universidad de Santiago

GENERATION - PERU

Robert Sommerhoff Hyde
Industrial Civil Engineer
Pontificia Universidad Católica de Chile

TRANSMISSION - CHILE

Guillermo Espinosa Ihnen
Civil Engineer
Universidad de Chile

INGENDESA

Carlos Mercado Herreros
Civil Engineer
Universidad de Chile

INFRAESTRUCTURA 2000 S.A.

Roberto Aignerén Ríos
Civil Engineer
Universidad de Chile

CONSOLIDATED HIGHLIGHTS

	Years ended December 31,				
	1995	1996	1997	1998	1999
IN ARGENTINA					
EMPLOYEES	695	549	489	469	430
INSTALLED CAPACITY (MW)	2,671	2,671	2,771	3,622	3,622
GENERATION (GWh)	9,250	9,513	8,156	7,310	9,150
SALES OF ELECTRICITY (GWh)	13,332	12,913	14,862	14,084	14,643
IN BRAZIL					
EMPLOYEES	-	-	20	87	81
INSTALLED CAPACITY (MW)	-	-	658	658	658
GENERATION (GWh)	-	-	1,059	2,941	3,222
SALES OF ELECTRICITY (GWh)	-	-	1,301	3,894	3,754
IN CHILE					
EMPLOYEES	1,998	1,692	1,674	1,763	1,383
INSTALLED CAPACITY (MW)	2,513	2,738	3,002	3,765	4,130
GENERATION (GWh)	11,783	12,898	13,247	12,188	13,672
SALES OF ELECTRICITY (GWh)	13,281	13,766	15,419	14,161	15,949
IN COLOMBIA					
EMPLOYEES	-	59	514	584	454
INSTALLED CAPACITY (MW)	-	510	2,979	3,034	3,035
GENERATION (GWh)	-	2,305	3,289	11,489	10,898
SALES OF ELECTRICITY (GWh)	-	3,083	5,204	14,873	13,467
IN PERU					
EMPLOYEES	-	328	253	255	178
INSTALLED CAPACITY (MW)	-	806	806	806	806
GENERATION (GWh)	-	2,964	2,869	3,072	2,950
SALES OF ELECTRICITY (GWh)	-	3,003	3,167	3,279	2,999
(Millions of constant Ch\$ as of December 31, 1999)					
TOTAL ASSETS	2,591,174	2,983,094	4,591,354	5,386,352	5,742,048
TOTAL LIABILITIES	1,125,806	1,407,507	2,270,805	2,785,985	3,398,207
MINORITY INTEREST	162,345	251,723	1,001,583	1,273,392	1,209,434
SHAREHOLDERS' EQUITY	1,303,023	1,323,864	1,318,966	1,326,975	1,134,407
REVENUES FROM OPERATIONS	425,251	550,597	686,192	832,714	861,022
COST OF OPERATIONS	157,598	305,812	435,395	495,109	649,210
OPERATING INCOME	251,099	219,866	222,562	298,728	167,236
NON-OPERATING RESULTS	-32,237	-18,266	-71,779	-177,038	-315,357
NET INCOME	183,907	160,640	125,630	46,351	-176,734
SHARES OUTSTANDING (millions)	8,202	8,202	8,202	8,202	8,202
EARNINGS PER SHARE (constant Ch\$)	22.42	19.59	15.32	5.65	-21.55
EARNINGS PER ADR (US\$)	1.27	1.11	0.87	0.32	-1.22
PRICE PER SHARE (constant Ch\$)	357.03	239.56	269.91	175.44	250.00
PRICE PER ADR (US\$)	22.50	15.25	17.69	10.87	14.25
MARKET CAPITALIZATION (US\$ Million)	5,524	3,707	4,176	2,715	3,868
P/E	15.92	12.23	17.62	31.04	-11.60

COMPANY'S IDENTIFICATION

EMPRESA NACIONAL DE ELECTRICIDAD S.A. (ENDESA-CHILE)

HEAD OFFICE

Santa Rosa 76, Santiago, Chile

MAILING ADDRESS

Casilla 1392, Correo Central, Santiago

TELEPHONE

(562) 630 9000

TELEX

VTR: 34 02 91 ENDESA CK

FAX

(562) 635 4720 - (562) 635 3938

AUDITORS

Deloitte & Touche Tohmatsu Auditores Limitada

STOCK EXCHANGE LISTINGS

In Chile Endesa-Chile's shares are listed and traded on the Santiago Stock Exchange, the Electronic Stock Exchange and the Valparaíso Stock Exchange. Abroad Endesa-Chile's ADSs are listed and traded on the New York Stock Exchange (symbol EOC) since July 1994.

DEPOSITARY BANK

Citibank
111 Wall Street 5th floor
New York , NY 10043
Telephone: (212) 657 8786
Mr. Ricardo Szlezinger

INVESTOR RELATIONS DEPARTMENT IN CHILE

Endesa-Chile
Santa Rosa 76, 5th floor
Telephone: (562) 634 2329
Fax: (562) 635 4980
e-mail: jmontero@endesa.cl / gsuazo@endesa.cl
Mr. Jaime Montero / Mr. Giovano Suazo

INVESTMENT RELATIONS IN USA

Dewe Rogerson Inc.
1440 Broadway, 16 floor
New York NY. 10018
Telephone: (212) 419 4260 - 419 8308
Fax: (212) 838 3393
Ms. Nicole Salas / Patrick Kilhaney

INTERNATIONAL RATING AGENCIES

Standard & Poor's (current Rating: A-)
Moody's (current Rating: Baa1)
Duff & Phelps (current Rating: A-)



ANTUCO HYDROELECTRIC POWER PLANT, CHILE

INCORPORATION DOCUMENTS

Empresa Nacional de Electricidad S.A. was incorporated by a public deed dated December 1, 1943. Its existence was authorized and its By-laws approved on January 3, 1944, which indicated that the purpose of the Company was to exploit the production, transportation and distribution of electric power and, particularly, the Country's Electrification Plan approved by the Council of CORFO.

The Company's By-laws have experienced several amendments, among which we can mention those of 1980, which eliminated from the Company's purpose the execution of the Country's Electrification Plan, a responsibility that was undertaken by the Energy National Commission; the amendment of 1982, which adapted the By-laws to the new Law N° 18,046 on Stock Companies; the one of 1987 that adapted the By-laws to the standards of Law N° 3,500 of 1980, thus allowing the resources of the Pension Funds to be invested in the Company's shares, and the amendment of 1988 which enlarged the Company's purpose to include the rendering of consulting services.

Also, the amendment of 1992 must be mentioned, which further enlarged the Company's purpose to expressly allow the Company to make investments in financial assets, to develop projects and to carry out activities both in the energetic field and in others where the electric power is essential, and to participate in

concessions of public works infrastructure in the civil or hydraulic fields, being entitled to act either directly or through subsidiaries or affiliates, both within the country and in foreign countries. In 1994 an amendment was made in order to include the fantasy name "Endesa-Chile" in the By-laws and to increase the Company's capital in order to place part of such increase in the international markets through the ADRs mechanism, in any of their forms, and to adapt the By-laws to the new standards introduced by Law N° 19,301 to Law N° 3,500 of 1980, which allowed, among other things, to increase the maximum percentage of shares concentration to 26 %. In 1995 an amendment modified the arbitration system, in order to allow that the difficulties among shareholders or between them and the Company or its managers are solved either through an arbitration or through the Ordinary Justice. In 1999 an amendment allowed to increase the maximum percentage of shares concentration to 65% of the Company's capital with voting right.



CHAMBER OF CALLAHUANCA POWER PLANT, PERU

HISTORICAL REVIEW

Empresa Nacional de Electricidad S.A. (Endesa-Chile) was incorporated on December 1, 1943, as a stock company subsidiary of the Government entity Corporación de Fomento de la Producción (CORFO), with the purpose of implementing the Country's Electrification Plan, including the generation, transport and production and distribution of electric power.

During 42 years Endesa-Chile was owned by the Chilean Government, achieving a leading role within this field, and becoming one of the most important companies of the country and the basis for the country's hydroelectrical development. The investments were huge and important works of engineering, electrification and irrigation were carried out.

In the mid eighties, and as a consequence of the privatization policy started by the Chilean Government at that time, Endesa-Chile was instructed to get prepared for privatization. For this purpose, the distribution areas were separated and the Company was adjusted to be able to include the Pension Funds and individuals as shareholders of the Company.

The privatization process started in 1987 through a series of public offerings and, given the size of the Company in the internal market, the process was completed only in 1989. After the privatization process important changes occurred within the organization, which was restructured into a holding with subsidiaries in order to permanently control the Company's different activities.

In May, 1992, the internationalization process of the Company started with the acquisition, through associations, of Central Costanera S.A. and later, in August 1993, with the acquisition of Hidroeléctrica El Chocón S.A., both in Argentina. In October, 1995, Edegel S.A. was acquired in Peru. In December, 1996, Central Hidroeléctrica de Betania S.A. E.S.P. was acquired and later, in September 1997, in association with ENDESA from Spain, Emgesa S.A. E.S.P. was acquired, both in Colombia. Finally, in September, 1997, Centrais Elétricas Cachoeira Dourada S.A. was acquired in Brazil.

In May, 1999, Enersis S.A., a subsidiary of ENDESA from Spain, which as of that time owned 25.3 % of the shares of Endesa-Chile, acquired in the Santiago Stock Exchange and in the American markets, through a bidding process, an additional stake of 34.7 % of the Company, thus becoming the controlling shareholder.

At present, Endesa-Chile shares are traded in the Chilean Stock Exchanges and in the New York Stock Exchange. It operates in five Latin American countries, with an aggregate installed capacity in foreign countries of 8,152 MW, which almost double the capacity it has in Chile. The Company is involved in the generation, transmission, natural gas transport, infrastructure and engineering businesses.



UNDER GROUND POWER HOUSE OF PEHUENCHE HYDROELECTRIC POWER PLANT, CHILE

ORGANIZATION

On April 13, 1999, Enersis S.A., that as of that date owned 25.3 % of Endesa-Chile's shares, made an offer for the acquisition of an additional 34.7 % of the Endesa-Chile common shares, subject to the approval of the increase of the maximum shares concentration from 26 % to 65 %. The Extraordinary Shareholders' Meeting held on April 8, 1999, approved such increase and on May 11, 1999, Enersis S.A. acquired in the Santiago Stock Exchange, through a public bidding, an additional 30 % of the common shares and on May 14, acquired the remaining 4.7 % of the shares during an offering effected in the United States of America.

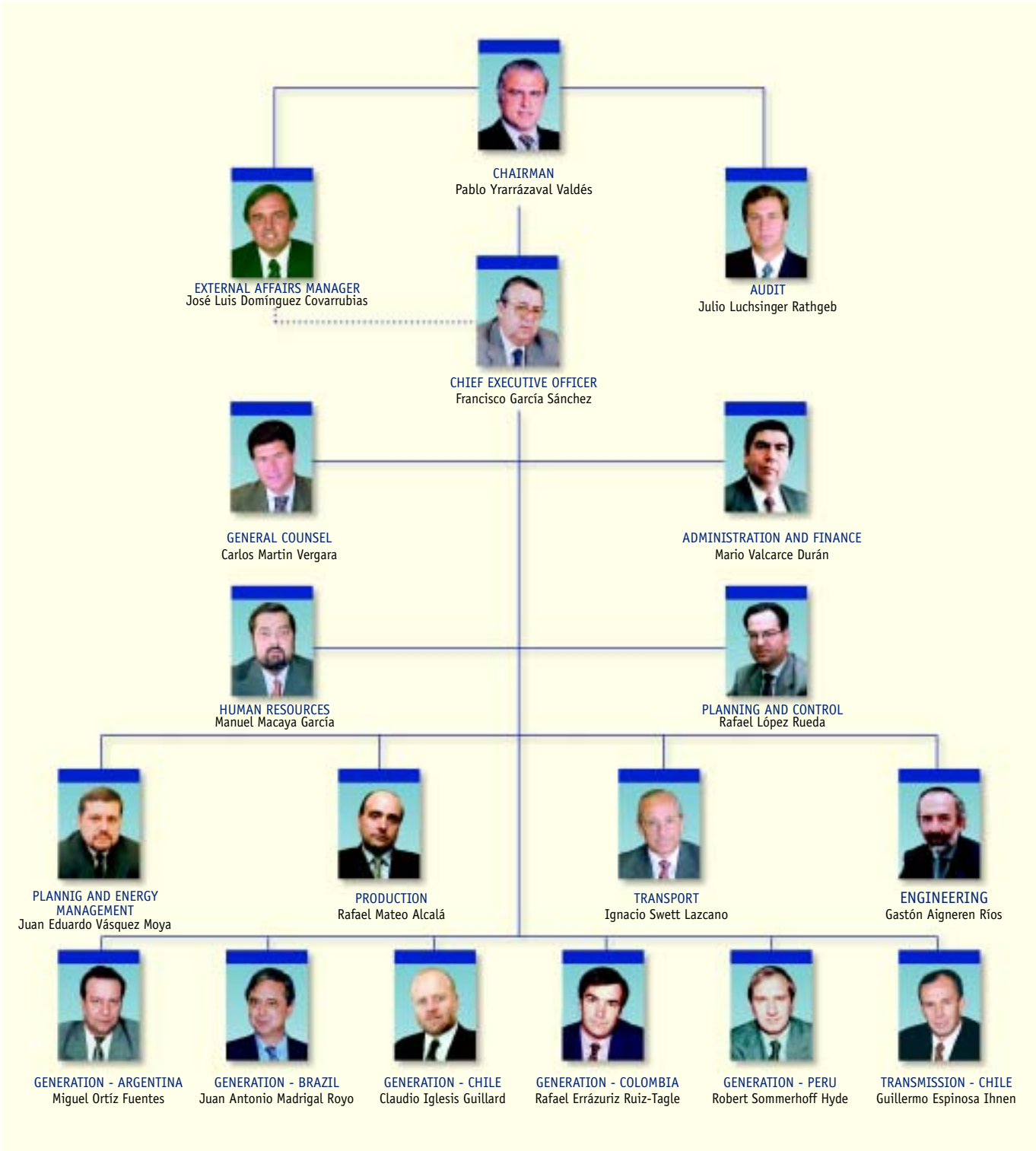
The increase of the maximum shares concentration determined by the Endesa-Chile Extraordinary Shareholders Meeting of April 8,

1999, allowed the Spanish electrical company ENDESA to obtain the control on the Chilean electrical company, Endesa-Chile, through Enersis S.A., by means of a public bidding process. The newly elected Board of Directors and the executive officers appointed by the new controllers, both in Enersis S.A. and in Endesa-Chile, prepared a working program called Genesis, involving Enersis S.A. and its Chilean and foreign subsidiaries. Such plan was put into practice in August, 1999, and its purpose it to improve the Company's operation. Also, during that year the Company's structure was redefined and redesigned, in order to obtain higher profitability levels for the shareholders and to reach competition levels in all its business areas which allow to maintain the leadership in the electric power sector in Latin America.



CENTRAL COSTANERA S.A.'S
NATURAL GAS COMBINED - CYCLE
POWER PLANT, ARGENTINA

ORGANIZATION CHART



COMPANY’S HOLDING IN SUBSIDIARIES AND ASSOCIATED COMPANIES

SUBSIDIARY	% HOLDING	
	1998	1999
IN ARGENTINA		
CENTRAL COSTANERA S.A.	51.67	51.67
CENTRAL TERMOELÉCTRICA BUENOS AIRES S.A., CBA	53.15	53.15
HIDROELÉCTRICA EL CHOCÓN S.A.	47.45	47.45
ENDESA ARGENTINA S.A.	99.99	99.99
HIDROELECTRICIDAD S.A.	99.99	99.99
ENERGÍA HIDRÁULICA S.A.	99.99	99.99
HIDROINVEST S.A.	69.93	69.93
IN BRAZIL		
CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.	91.19	91.19
ENDESA BRASIL PARTICIPACOES LTDA.	100.00	100.00
IN CHILE		
EMPRESA ELÉCTRICA PEHUENCHE S.A., PEHUENCHE S.A.	92.55	92.55
EMPRESA ELÉCTRICA PANGUE S.A., PANGUE S.A.	92.48	92.48
COMPAÑÍA ELÉCTRICA TARAPACÁ S.A., CELTA	100.00	100.00
COMPAÑÍA ELÉCTRICA SAN ISIDRO S.A., SAN ISIDRO S.A.	75.00	75.00
COMPAÑÍA ELÉCTRICA TALTAL LTDA.	100.00	100.00
COMPAÑÍA NACIONAL DE TRANSMISIÓN ELÉCTRICA S.A., TRANSELEC	100.00	100.00
INVERSIONES ELÉCTRICAS QUILLOTA S.A.	50.00	50.00
EMPRESA DE INGENIERÍA INGENDESA S.A. , INGENDESA	91.66	96.08
INFRAESTRUCTURA 2000 S.A.	60.00	60.00
TÚNEL EL MELÓN S.A.	96.00	96.00
AUTOPISTA DEL SOL S.A.	60.04	60.04
INECSA DOS MIL S.A.	58.39	58.39
AUTOPISTA LOS LIBERTADORES S.A.	58.36	58.36
ENDESA INVERSIONES GENERALES S.A., ENIGESA	100.00	100.00
INVERSIONES ENDESA NORTE S.A.	-	99.99
IN COLOMBIA		
EMGESA S.A. E.S.P., EMGESA	19.56	22.41
CENTRAL HIDROELÉCTRICA DE BETANIA S.A. E.S.P.	74.75	85.62
ENDESA DE COLOMBIA S.A.	99.70	100.00
CAPITAL ENERGÍA S.A.	38.20	43.67
IN PERU		
EDEGEL S.A., EDEGEL	32.56	32.63
GENERANDES PERÚ S.A.	54.26	54.26
IN PANAMA, BAHAMAS AND CAYMAN ISLANDS		
COMPAÑÍA ELÉCTRICA CONO SUR S.A.	100.00	100.00
LAJAS HOLDING INC.	92.26	92.26
CENTRAL BETANIA OVERSEAS CORP.	74.75	85.62
CRAWFORD MANAGEMENT INC.	92.26	92.26
ENDESA CHILE OVERSEAS CO.	100.00	100.00



POWER HOUSE OF LA HUACA HYDROELECTRIC POWER PLANT, COLOMBIA

COMPANY’S HOLDING IN ASSOCIATED COMPANIES

ASSOCIATED COMPANY	% HOLDING	
	1998	1999
IN ARGENTINA		
COMERCIALIZADORA DE ENERGÍA DEL MERCOSUR S.A., CEMSA	-	45.00
COMPAÑÍA DE TRANSMISIÓN DEL MERCOSUR S.A.	-	45.00
DISTRILEC INVERSORA S.A.	0.89	0.89
IN BRAZIL		
COMPAÑÍA DE INTERCONEXIÓN ENERGÉTICA S.A., CIEN	45.00	45.00
IN CHILE		
ELECTROGAS S.A.	42.50	42.50
TRANSMISORA ELÉCTRICA DE QUILLOTA LTDA.	37.50	37.50
ADMINISTRADORA PROYECTO ATACAMA S.A.	40.00	50.00
GASODUCTO ATACAMA COMPAÑÍA LTDA., GASATACAMA	40.00	50.00
NOR OESTE PACÍFICO GENERACIÓN DE ENERGÍA LTDA., NOPEL LTDA.	40.00	50.00
GASODUCTO CUENCA NOROESTE LTDA.	40.00	50.00
CONSORCIO DE INGENIERÍA B Y R - INGENDESA LTDA.	45.83	48.04
INVERSIONES ELECTROGAS S.A.	-	42.50
GASODUCTO TALTAL LTDA.	100.00	50.00
IN CAYMAN ISLANDS		
ENERGEX CO.	40.00	40.00
ATACAMA FINANCE CO.	40.00	40.00

ENDESA-CHILE ORGANIZATION CHART

SUBSIDIARIES								ASSOCIATED COMPANIES
ENERGY					TRANSMISSION	ENGINEERING	INFRASTRUCTURE	
ARGENTINA	BRAZIL	CHILE	COLOMBIA	PERU				
Costanera 51.67 %	Cachoeira 91.19 %	Pehuenche 92.55 %	Betania 85.62 %	Edegel 32.63 %	Transelec 100 %	Ingendesa 96.08 %	Aut. del Sol 60.04 %	Electrogas 42.50 %
CBA 53.15 %		Pangue 92.48 %	Emgesa 22.41 %				Aut. Libertadores 58.36 %	GasAtacama 50.00 %
El Chocón 47.45 %		Celta 100 %					Túnel El Melón 96.00 %	Nopel 50.00%
		San Isidro 75.00 %						CIEN 45.00%
		Taltal 100 %						

HUMAN RESOURCES

NUMBER OF PERSONNEL

As of December 31, 1999, the personnel of Endesa-Chile and its subsidiaries was as follows:

COMPANY	EXECUTIVE	PROFESSIONALS AND	OTHER	TOTAL
	OFFICERS	TECHNICIANS	EMPLOYEES	
IN ARGENTINA				
CENTRAL COSTANERA S.A.	1	306	44	351
CENTRAL TERMOELÉCTRICA BUENOS AIRES S.A.	-	9	2	11
HIDROELÉCTRICA EL CHOCÓN S.A.	-	61	7	68
TOTAL PERSONNEL IN ARGENTINA	1	376	53	430
IN BRAZIL				
CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.	1	18	62	81
TOTAL PERSONNEL IN BRAZIL	1	18	62	81
IN CHILE				
ENDESA-CHILE	11	523	169	703
PEHUENCHE S.A.	1	2	-	3
PANGUE S.A.	1	2	-	3
CELTA	-	1	-	1
SAN ISIDRO S.A.	-	2	-	2
TRANSELEC	1	318	33	352
INGENDESA	1	156	12	169
INFRAESTRUCTURA 2000 S.A.	1	16	6	23
TÚNEL EL MELÓN S.A.	1	4	17	22
AUTOPISTA DEL SOL S.A.	-	17	78	95
AUTOPISTA LOS LIBERTADORES S.A.	-	8	2	10
TOTAL PERSONNEL IN CHILE	17	1,049	317	1,383
IN COLOMBIA				
EMGESA S.A.	1	204	210	415
CENTRAL HIDROELECTRICA DE BETANIA S.A. E.S.P.	-	24	15	39
TOTAL PERSONNEL IN COLOMBIA	1	228	225	454
IN PERU				
EDEGEL S.A.	1	125	52	178
TOTAL PERSONNEL IN PERU	1	125	52	178
TOTAL PERSONNEL ENDESA-CHILE AND SUBSIDIARIES	21	1,796	709	2,526

HUMAN RESOURCES ACTIVITIES

TRAINING

During 1999 55.2 % of Endesa-Chile workers participated in training activities both in Chile and in foreign countries, in areas specially related to electricity, mechanics and administration.

Training was focused in strongly support the strategy of the business in order to comply with the Company's purposes and the integral development of the persons that are part of it.

RISKS PREVENTION

At present Endesa-Chile's Risk Prevention policy is preferably oriented to achieve competitive advantages in the markets, to improve the production quality, to decrease operation costs and, specially to eliminate accidents.

The most important achievement of 1999 was the decrease of the labor accidents. The frequency index internationally used to measure the performance of the risk prevention programs at companies resulted into 0.92 during 1999 for Endesa-Chile, being the lowest achieved by the Company during its history.

WELFARE

During 1999 the control and coordination of the Collective Health Plan was continued, incorporating an agreement for the acquisition of medicines during non-hospitalization. A program of sports, recreation and cultural activities was developed for the workers and their families both in Santiago and outside.

HUMAN RESOURCES DEVELOPMENT

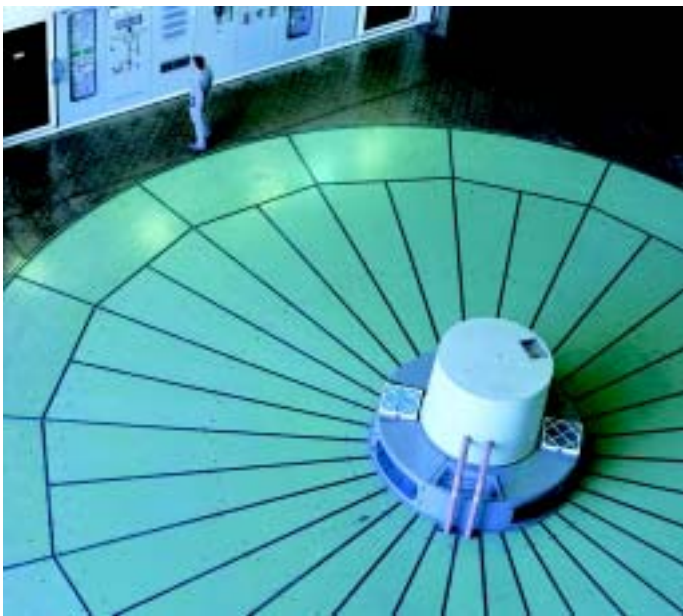
Also, during 1999 standards on operations were prepared and distributed, which serve as an optimization tool for the Company. The structure and functions document was prepared, as a tool to contribute to the arranging of the organization.

The suggestions program, as in previous years, is an important instance for the personnel participation. During the year 543 suggestions were received, totaling 5,327 suggestions during the eight years of the program.

LABOR RELATIONSHIPS

As during previous years, the labor relationships have been entirely harmonious.

In July 1999 two collective agreements, reached with the Electromechanics, Technical Auxiliaries and Clerical personnel entered in force, with a validity of 2 and 3 years, respectively. On the other hand, the collective agreement of the professional sector that is valid until June, 2000, continued in force.



ARROYITO HYDROELECTRIC PLANT, ARGENTINA

COMPANY'S OWNERSHIP

As of December 31, 1999, the share capital of the Company consisted of 8,201,754,580 paid and subscribed shares, distributed among 36,373 shareholders.

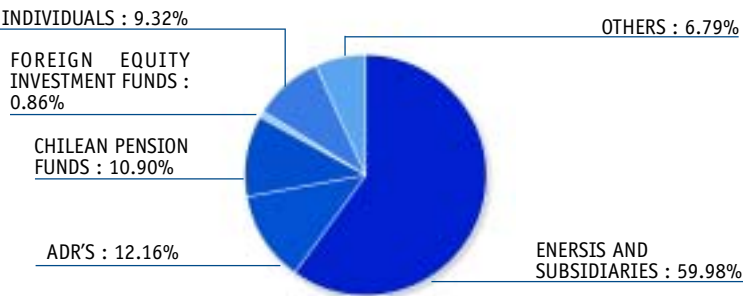
TWELVE PRINCIPAL SHAREHOLDERS

NAME	AS OF DECEMBER 31, 1999	
	NUMBER OF SHARES	% HOLDING
ENERSIS S.A (1)	4,455,572,682	54.32%
CITIBANK, N.A. (ADR)	996,979,920	12.16%
INVERSIONES IIMV S.A.	463,916,112	5.66%
A.F.P.PROVIDA S.A.PARA FONDO DE PENSIONES	279,556,755	3.41%
A.F.P.HABITAT S.A.PARA FONDO DE PENSIONES	187,137,366	2.28%
A.F.P.CUPRUM S.A.PARA FONDO DE PENSIONES	161,345,862	1.97%
A.F.P.SUMMA BANSANDER S.A.PARA FONDO DE PENSIONES	103,889,917	1.27%
A.F.P.SANTA MARIA S.A.PARA FONDO DE PENSIONES	103,313,803	1.26%
COINDUSTRIA S.A.	44,448,588	0.54%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	35,761,924	0.44%
BANCHILE CORREDORES DE BOLSA S.A.	30,603,813	0.37%
THE CHILE FUND INC.	28,208,546	0.34%
TOTAL	6,890,735,288	84.02%

(1) Enersis S.A. and Inversiones IIMV S.A. are related companies and subsidiaries of ENDESA of Spain.

On May 11, 1999, Enersis S.A. through a public offer acquired at the Santiago Stock Exchange an additional 30 % of the Endesa-Chile common shares. Also, on May 14, 1999, Enersis S.A. acquired 4.7 % of the Endesa-Chile shares at an Acquisition Offer made in the United States of America.

OWNERSHIP DISTRIBUTION



OPERATIONAL SUMMARY

The main activities performed by Endesa-Chile and subsidiaries are related to the generation, transport and supply of electric energy, together with consulting and engineering services in all expertise areas.

In Argentina Central Costanera S.A., Hidroeléctrica El Chocón S.A. and Central Termoeléctrica Buenos Aires S.A. operate a total installed capacity of 3,622 MW, which represents 19 % of the total of the Argentinean Interconnected System.

In Brazil Centrais Elétricas Cachoeira Dourada S.A. operates an installed capacity of 658 MW, which represents approximately 1 % of Brazil's installed capacity.

Endesa-Chile is the main electric power generating and transmitting company in Chile and one of the largest companies in the country. In Chile Endesa-Chile and subsidiaries operate a total installed capacity of 4,130.2 MW, which represents 43.5 % of the total installed capacity in Chile. 70.2 % of Endesa-Chile and subsidiaries' installed capacity is hydroelectric and the balance, thermal.

Endesa-Chile participates in the Central Grid System (SIC), the main grid system of the country, where approximately 93 % of the Chilean population live. Endesa-Chile and its subsidiaries in Chile have an installed capacity of 3,948.4 MW in this system, representing approximately 56.6 % of the SIC. This system grew by 4.9 % in 1999 and medium-term growths are expected at about 8 %.

The Company also participates in the Northern Grid System (SING) through its subsidiary Celta and indirectly through Gasatacama and NOPEL by supplying several mining companies and by selling at the spot market. Celta operates an installed capacity of 181.8 MW, which represents 7.2 % of this system.

In Chile the Company is the owner and operates, through its subsidiary Transelec, a transmission system that includes transmission lines and substations, and it covers an area of more than 1,700 km between substation Diego de Almagro at the III Region, in the North, and substation Chomeco at Chiloé Island, in the South. It is made up of 5,734 km of simple and double circuit lines with voltages between 66 and 500 kV.

Additionally, Endesa-Chile and its generation subsidiaries are the owners of a circuit of 2,309 km of lines and substations that connect their stations to the electric system and which purpose is to transport the production of the station until the bar where it is connected to the Transelec system, plus certain facilities to supply specific clients.

A total installed capacity of 3,034.5 MW is operated in Colombia through Central Hidroeléctrica de Betania S.A. E.S.P. and the generation company EMGESA, both representing 26 % of the Colombian installed capacity.

In Peru, a total installed capacity of 806.2 MW is operated through Edegel S.A., which represents 22 % of the Northern Peruvian System, SINC.



CACHOEIRA DOURADA POWER HOUSE

INSTALLED CAPACITY, GENERATION AND SALES OF ELECTRICITY
 OF ENDESA - CHILE AND SUBSIDIARIES

INSTALLED CAPACITY (MW) (1)	1998	1999
IN ARGENTINA	3,622.0	3,622.0
IN BRAZIL	658.0	658.0
IN CHILE	3,764.6	4,130.2
IN COLOMBIA	3,034.5	3,034.5
IN PERU	806.2	806.2

GENERATION (Gwh)	1998	1999
IN ARGENTINA	7,310.4	9,150.0
IN BRAZIL	2,941.4	3,222.0
IN CHILE	12,188.2	13, 672.4
IN COLOMBIA	11,489.3	10,898.0
IN PERU	3,071.8	2,950.0

SALES OF ELECTRICITY (Gwh)	1998	1999
IN ARGENTINA	14,083.9	14,643.0
IN BRAZIL	3,894.0	3,754.0
IN CHILE	14,160.7	15,949.0
IN COLOMBIA	14,873.3	13,467.0
IN PERU	3,278.6	2,999.0

(1) Until 1998 Endesa-Chile took into account in this figure as installed capacity of each plant the plate value or the starting power of the machine. Starting in 1999 the normal operation power of each plant informed to the CDEC is included.



ATACAMA COMBINED-CYCLE THERMAL PLANT, CHILE

RISK FACTORS

Endesa-Chile is a company that generates and sells a necessary good and is subject to regulations and controls in the different aspects of its activity.

The Chilean Electricity law is from 1982 and determines the procedures of the tariff stipulations for the regulated clients and establishes the different regulation mechanisms of the sector. In May, 1999, the law was amended. The recent changes in the legal framework that regulates the sector are mainly related to the payment of compensations in case of rationing by reason of any hydrological event, and higher fines that the Superintendency of Electricity and Fuels may collect from the companies. Both variables will affect the future supply conditions to the companies subject to tariff regulation, which shall be corresponding to the price stipulated by the authority.

In Argentina there exists an electricity law since 1992, in Peru since 1993 and in Colombia since 1994. All the legislations control the electric sector of each country and establish standards that must be complied with. Brazil does not have any law implemented and the business is based on local currency. The Company is also subject to environmental regulations that enforce the preparation of environmental impact studies of the future projects for their approval.

An important part of the Company's operations corresponds to hydroelectric generation, which means that the Company is dependent from the rainfall conditions at the zones and countries where it operates. With the purpose of decreasing the risk related to situations of extreme drought, the Company's commercial policy includes sales commitments in agreement with the firm power capacity of its generating plants.

The arrival of the natural gas to the countries where Endesa-Chile operates has increased the competitiveness of the sector, originating important decreases in the tariffs. Notwithstanding the above, the availability of the natural gas allows the decrease of the risks originated by droughts and does not replace the hydraulic generation during normal years, maintaining the hydraulic generation as the most competitive of the market.

Although the Company has made investments in electric sectors of countries with a risk-country greater than the Chilean, which could individually affect a foreign subsidiary, the diversification of the investments outside the country allows to reduce the global risk of Endesa-Chile.



SAN ISIDRO COMBINED-CYCLE THERMAL PLANT, CHILE



COSTANERA AND CBA THERMAL PLANTS, ARGENTINA

OPERATIONS IN ARGENTINA

GENERATION FACILITIES

The generation facilities of the subsidiaries of Endesa-Chile in Argentina and the installed capacity corresponding to each of them is as follows:

INSTALLED CAPACITY (MW)		1998	1999
COSTANERA			
	Costanera (STEAM)	1,131.0	1,131.0
	Costanera (COMBINED-CYCLE)	851.0	851.0
CBA			
	CBA (THERMAL-ELECTRIC)	320.0	320.0
EL CHOCÓN			
	El Chocón (HYDROELECTRIC)	1,200.0	1,200.0
	Arroyito (HYDROELECTRIC)	120.0	120.0
TOTAL INSTALLED CAPACITY IN ARGENTINA		3,622.0	3,622.0

GENERATION AND SALES OF ELECTRICITY

GENERATION (GWH)		1998	1999
COSTANERA		2,628.9	6,263.0
CBA		1,798.5	1,463.0
EL CHOCÓN		2,883.0	1,424.0
TOTAL GENERATION IN ARGENTINA		7,310.4	9,150.0

SALES OF ELECTRICITY (GWH)		1998	1999
COSTANERA		8,527.5	11,105.0
CBA		2,330.4	1,669.0
EL CHOCÓN		3,226.0	1,869.0
TOTAL SALES OF ELECTRICITY IN ARGENTINA		14,083.9	14,643.0

ACTIVITIES AND PROJECTS

CENTRAL COSTANERA S.A.

During 1999 the trend already shown during previous years with respect to the improvement of the operational indexes of the station was consolidated. The Company's availability factor reached figures of around 90 %, a figure that becomes more relevant as time goes by, given the age of the conventional generation park. Also, the reliability index of the station expressed in number of stoppage per failure of generation units for each 1,000 hours of operation experienced a decrease of 24.8 % with respect to the previous year, and a decrease of about 40 % expressed in number of machines stoppages per net power generated.

With the purpose of maintaining a high competition, the Company has supported since the beginning the deep and successful transformation of the Argentinean electric sector, being convinced of the country's economic growth through an important and sustained investment plan. In this respect, 1999 ended with a high dispatch and an important contribution to the new combined cycle system of gross 851.2 MW, constructed during 1997 and 1998. During that term the reliability and

availability tests on continuous operation, and finally the capacity and efficiency essays were carried out, which resulted into figures highly better than those guaranteed through contracts. In all these tests the Company's personnel had a great participation, thus allowing an important increase in knowledge and experience by the experts that will operate the station. The above has made possible that the total operation of this unit starts at an early stage with the Company's personnel, ensuring the reliability and efficiency of its performance.

This new unit of combined cycle will allow Central Costanera S.A. to continue consolidating its leadership position within the wholesale electric market in the local supply, to face the electric interconnection with the Mercosur countries under advantageous competitive conditions. Central Costanera S.A. was awarded the prize "Invertir 1999" given by the Minister of Economics, Mr. Roque Fernández, for the execution of the project – design, construction and service start-up – of this combined cycle, the largest in Argentina and one of the largest in Latin America.



EL CHOCÓN HYDROELECTRIC PLANT, ARGENTINA



CENTRAL TERMOELÉCTRICA BUENOS AIRES S.A.

During 1999 the Wholesale Electric Market continued with its sustained growth, reflecting an increase in the demand that amounted to 72,159 GWh, that is, an increase of 4.7 % with respect to 1998.

Central Termoeléctrica Buenos Aires S.A. operated 4,245 hours connected to the system, which is equivalent to an availability of about 56 %. For the evolution of this unit the General Repair equivalent to 25,000 hours carried out during July, August and September of 1999 Fiscal Year must be taken into account, being this unit the first of its type in the world to reach such a figure. The results of this important maintenance were satisfactory, and at the end of Fiscal Year the unit was operating under normal conditions.

During 1999 the Company maintained a clear orientation, focusing its commercial activity into achieving an adequate sales mix, both in the spot and final markets, taking into account the conditions prevailing in the market, which reflected the effects of the low hydroelectric generation at Comahue and the lack of gas availability at the beginning of the winter.



CBA COMBINED-CYCLE THERMAL PLANT, ARGENTINA

HIDROELÉCTRICA EL CHOCÓN S.A.

In December, 1999, the fourth transmission line between Comahue and Buenos Aires was commercially started. The project in which the Company participates with a 16.3 % and required a total investment of US\$ 250 million, will allow to increase the transmission capacity and, consequently, the Company's sales level.

The hydrological situation during the period ended on December 31, 1999, with a low affluence of flows, was reflected into a lower generation level which, in turn, was translated into lower income and to an operation close to the minimum level. Although 1999 was hydrologically better than 1998, which was a minimum historical, the volume contributed was not enough to recover all the dams of the basin.

At the Extraordinary Shareholders Meeting of January 25, 1999, the A\$ 50 million decrease of the Company's capital was approved, to be carried out on two occasions. The first, of A\$ 30 million was effected during 1999 and the second, of A\$ 20 million will be made during 2000, on the date stipulated by the Board of Directors.

CIEN PROJECT- POWER INTERCONNECTION
ARGENTINA-BRAZIL

(The details on this project appear in the chapter Operations in Brazil)



CACHOEIRA DOURADA HYDROELECTRIC POWER PLANT, BRAZIL

OPERATIONS IN BRAZIL

GENERATION FACILITIES

INSTALLED CAPACITY (MW)	1998	1999
CACHOEIRA DOURADA		
Cachoeira Dourada (HYDROELECTRIC)	658.0	658.0
TOTAL INSTALLED CAPACITY IN BRAZIL	658.0	658.0

GENERATION AND SALES OF ELECTRICITY

GENERATION (GWH)	1998	1999
CACHOEIRA DOURADA	2,941.4	3,222.0
TOTAL GENERATION IN BRAZIL	2,941.4	3,222.0

SALES OF ELECTRICITY (GWH)	1998	1999
CACHOEIRA DOURADA	3,894.0	3,754.0
TOTAL SALES OF ELECTRICITY IN BRAZIL	3,894.0	3,754.0

ACTIVITIES AND PROJECTS

CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.

During the second year of private management, Centrais Elétricas Cachoeira Dourada S.A. achieved consolidation in several aspects.

The Company started a self protection policy in case of possible devaluations of the Real. When a devaluation effectively took place in Brazil, the Company was well prepared as a result of this policy, since it had already made a dividends distribution and it had swaps for the balance of its monies.

Regarding the participation of the Company in the Brazilian electric sector, Centrais Elétricas Cachoeira Dourada S.A. had and is having an active participation in the preparation and

discussion of the market laws on the Brazilian electric sector, by having a representative at the Executive Committee COEX of the new electric market lawfully created.

Technical problems were solved at the generating units, with an adequate preventive maintenance, which allowed to identify problems that some units had since the previous project, at the time of privatization.

Negotiations on the power sales contracts necessary for the installation of a thermal station in Rio de Janeiro continued, which may represent a future opportunity.



CROSSING OF PARAGUAY RIVER, CIEN POWER INTERCONNECTION ARGENTINA-BRAZIL

CIEN PROJECT – ARGENTINA-BRAZIL POWER INTERCONNECTION

This project is carried out by Compañía de Interconexión Energética S.A. – CIEN, a company affiliated to Endesa-Chile, where ENDESA from Spain also participates as partner. The purpose of this interconnection is to market a firm power of 1,000 MW, with associated power from Argentina and Brazil.

Within the project’s works, the construction of a 487 km long line and 1,004 towers is considered, which is divided into a section of 1 x 500 KV and 134 km long between substation Rincón de Santa María in Argentina and the Garabí converting station in Brazil, and other section of 1 x 525 KV and 353 km long between the Garabí converting station and Itá substation in Brazil. Also, it considers the installation of a converting station with a 50 to 60 Hz frequency called Garabí and the enlargements of substations Rincón de Santa María and Itá.

The works were started in October, 1998, to continue during 1999 with the construction works of the Garabí converting station. On the other hand, during 1999 the enlargement works of the existing substations Rincón de Santa María and Itá were started, together with the construction of the line both in the Argentinean and Brazilian sectors. As of December 31, the project showed a progress of 97 % and the date for its service start-up is scheduled for May, 2000.

Finally, it is important to point out that on December 13, 1999, CIEN entered an agreement for the supply of 800 MW during a 20-year term with Compañía Paranaense de Energía – COPEL. This fact is the starting point for a second power interconnection line similar to the first one, which shall start operations during the first half of year 2002.

The estimated investment in the first and second interconnection line is approximately US\$ 650 million.

OPERATIONS IN CHILE

Endesa-Chile and its subsidiaries in Chile own twenty two generation facilities distributed along the Central Grid System (SIC), including three emergency facilities and a station in the Northern Grid System (SING). Additionally, as of December 31, 1999, the associated company NOPEL in the SING had in operation 75 % of the power of the project, which consists of four natural gas combined-cycle modules, of 185 MW each.

GENERATION FACILITIES OF
ENDESA-CHILE AND ITS CHILEAN SUBSIDIARIES

FACILITY	TYPE	SYSTEM	INSTALLED CAPACITY (MW) (1)
HYDROELECTRIC			2,899.0
RAPEL	RESERVOIR	SIC	377.0
CIPRESES	RESERVOIR	SIC	106.0
EL TORO	RESERVOIR	SIC	450.0
CANUTILLAR	RESERVOIR	SIC	172.0
PEHUENCHE	RESERVOIR	SIC	566.0
LOS MOLLES	RUN-OF-THE-RIVER	SIC	18.0
SAUZAL	RUN-OF-THE-RIVER	SIC	80.0
SAUZALITO	RUN-OF-THE-RIVER	SIC	10.0
ISLA	RUN-OF-THE-RIVER	SIC	68.0
ANTUCO	RUN-OF-THE-RIVER	SIC	320.0
ABANICO	RUN-OF-THE-RIVER	SIC	136.0
CURILLINQUE	RUN-OF-THE-RIVER	SIC	89.0
LOMA ALTA	RUN-OF-THE-RIVER	SIC	40.0
PANGUE	RUN-OF-THE-RIVER	SIC	467.0
THERMAL-ELECTRIC			1,231.21
HUASCO	COAL-STEAM	SIC	16.0
BOCAMINA	COAL-STEAM	SIC	128.0
TARAPACÁ (2)	COAL-STEAM AND GAS	SING	181.8
DIEGO DE ALMAGRO	TURBOGAS	SIC	23.78
HUASCO	TURBOGAS	SIC	64.23
SAN ISIDRO	NATURAL GAS	SIC	379.0
LOS ROBLES	EMERGENCY (3)	SIC	78.4
CABRERO	EMERGENCY	SIC	260.0
ANTILHUE	EMERGENCY	SIC	100.0
TOTAL POWER			4,130.21

(1) Until 1998 Endesa-Chile took into account in this figure as installed capacity of each plant the plate value or the starting power of the machine. Starting in 1999 the normal operation power of each plant informed to the CDEC is included.

(2) The first synchronization to the SING of Tarapacá plant was made on August 13, 1998 and its commercial operation started in April, 1999. The back-up 23.8 MW turbine of Tarapacá plant was temporarily moved from the SING to the Los Robles plant in the SIC, being returned to the SING and becoming operational on November 30, 1999. On the other hand, both turbines of 36.4 MW each belonging to Endesa-Chile, which constituted Mejillones Station in the SING, were moved to Los Robles plant in the SIC, being one of them disassembled in November for its sale.

(3) The emergency turbogas units in the SIC will be disassembled for its sale. They include a turbine of 36.4 MW that was part of Mejillones plant in the SING.

The generation capacity of Endesa-Chile and its subsidiaries in Chile represents 56.6 % of the total installed capacity for public service in the SIC and 7.2 % of the SING (29.1 % with NOPEL).

The Company also owns through its subsidiary Transelec, of which Endesa-Chile is the 100 % owner, a transmission system that includes most of the lines and substations connected to the SIC. Transelec's transmission system is developed through an area of 1,700 km between Diego de Almagro substation at the Third Region, in the North, and Chomeco substation at Chiloé Island in the South. It is formed by 5,734 km of lines of simple and double circuit with voltages from 66 to 500 KV. Additionally, Endesa-Chile and its subsidiaries own 2,309 km of transmission lines that connect its stations to the grid systems.

CONTRACTS AND CUSTOMERS

The Company is oriented to satisfy the electric power supply of regulated and non-regulated customers of the Central Grid System (SIC) and of the Northern Grid System (SING). In those systems the electric market has experienced annual growths that have reached average annual ratios of 7.3 % and 17.6 % respectively.

During 1999 and due to the dramatic drought that affected the SIC, Endesa-Chile entered into agreements with several of its customers for them to self-generate electric power with their engines, or to reduce their consumption. This constituted an effective contribution of its customers to overcome the severe condition of electric supply affecting the country.

In December, 1999, the subsidiary Celta, which operates in the SING, entered into an agreement with Interacid for the installation of a sulfuric acid terminal at Punta Patache. The term of the contract is of 10 years, renewable for 5-year terms.

Endesa-Chile and Codelco División Salvador entered into an agreement to supply a power increase associated to the start-up of the customer's Acid Plant.

MARKET SHARE

The sales of electricity by Endesa-Chile and its subsidiaries to its SIC customers amounted to 13,761 GWh in 1999, showing a growth of 3 % with respect to 1998. This volume represents a share of 55.1 % in the total sales of the SIC. The sales to regulated clients represented 69.4 % of this amount, while the sales to non-regulated represented 30.6 %.

Also, the sales of electric power of Endesa-Chile and the subsidiary Celta to its clients of the SING amounted to 627 GWh during 1999, representing a share of 8.3 % in the total sales of the SING.

By reason of the move of the units of Mejillones Station to the SIC due to the drought, Endesa-Chile stopped participating directly in the SING on April 30, 1999. Nevertheless, it continued participating through its subsidiary Celta.

In May the Company transferred the electric supply agreements that it had in the SING. The contracts with Cerro Colorado and La Cascada were transferred to its subsidiary Celta, while the contracts with El Tesoro and Enaex were transferred to the associated company NOPEL.

During 1999 the electric market in both grid systems has continued showing an aggressive competition among the generation companies. Notwithstanding, Endesa-Chile has maintained its leadership position in the domestic electric market.



SAN ANTONIO AND SAN ISIDRO THERMAL PLANTS, CHILE

TURBINES INSTALLATION PLAN IN THE SIC

Until July, 1999, the country continued being affected by the dramatic drought that had started during 1998 and that has been characterized as one of the most severe ever recorded.

As a result of the above, Endesa-Chile put into practice an investment plan in the Central Grid System, which ended in May, 1999, with the installation of 19 emergency units with a total power of 653.6 MW.

Together with the normalization of the electric supply, the installed turbines started to be removed. In November, the four turbines of San Antonio station (155 MW) were removed from the Central Grid System, and in October one unit of 36.4 MW and another of 23.8 MW that had been moved from the SING were removed.

The rest of the units could be removed before the end of October, 2000.

INSTALLED CAPACITY, GENERATION AND SALES OF ELECTRICITY
OF ENDESA-CHILE AND ITS CHILEAN SUBSIDIARIES (1)

INSTALLED CAPACITY (MW) (2)	1998	1999
ENDESA-CHILE	2,041.8	2,407.4
PEHUENCHE	695.0	695.0
PANGUE	467.0	467.0
SAN ISIDRO	379.0	379.0
CELTA	181.8	181.8
TOTAL INSTALLED CAPACITY	3,764.6	4,130.2
GENERATION (GWh)	1998	1999
ENDESA-CHILE	8,194.6	6,314.7
PEHUENCHE	2,499.9	2,634.0
PANGUE	743.5	1,564.7
SAN ISIDRO	590.3	2,285.0
CELTA	159.9	874.0
TOTAL GENERATION	12,188.2	13,672.4
SALES OF ELECTRICITY (GWh)	1998	1999
TO COSTUMERS BY CONTRACTS:		
ENDESA-CHILE	9,805.6	10,344.0
PEHUENCHE	2,408.2	2,322.0
PANGUE	1,184.3	1,067.0
SAN ISIDRO	-	-
CELTA	193.9	627.0
SALES OF ELECTRICITY IN THE SPOT MARKET	568.7	1,589.0
TOTAL SALES OF ELECTRICITY	14,160.7	15,949.0

(1) As of December 31, 1999, the associated company NOPEL in the SING had in operation 75 % of the power of the project, which consists of four natural gas combined-cycle modules, of 185 MW each. In 1999 NOPEL generated 920.1 GWh and sold 859.2 GWh.

(2) Until 1998 Endesa-Chile took into account in this figure as installed capacity of each plant the plate value or the starting power of the machine. Starting in 1999 the normal operation power of each plant informed to the CDEC is included.

OTHER ACTIVITIES AND ELECTRICITY PROJECTS

The following were the main activities and projects carried out in 1999:

RALCO PROJECT

The Ralco project, formed by the hydroelectric stations Ralco and Palmucho, is located in the zone of High Bio-Bio, at some 120 km at the South East of Los Angeles and at some 30 km upstream the Panguingue station.

The Ralco dam station, which nominal power is 570 MW will allow a contribution to the electric system of an average generation of 3,100 GWh.

Palmucho station, on the other hand, will have a power of 30 MW and will be located at the foot of the dam of Ralco station. The purpose of the Palmucho station is to take advantage of the sustaining ecological flow required by Bio-Bio river. The average energy contribution of this station to the electric system will be 245 GWh per year.

As of December 31, 1999, the progress in the construction of the works was 12.5 %, a situation that is not in agreement with the program to complete the start-up during the first half of 2003. The infrastructure works are currently completed (roads, bridges and the electric supply line for the works) and the majority of the civil works is in progress (by-pass tunnel, excavation of the base of the dam, machines cave and adduction tunnel), together with the supply of the main equipment. The contracts that are in the bidding stage and that will be awarded during 2000 are the construction of the dam, the supply of the Palmucho station equipment and the supply of the rest of the equipment (sluices, crane bridges and others).

Part of the land required for the execution of the Ralco project belongs to indigenous of the Pehuenche community of Quepuca-Ralco and Ralco-Lepoy. In order to solve this situation Endesa-Chile developed a plan aimed to obtain voluntary agreements with the affected Pehuenche families. As of December 31, 1999, an agreement of exchange or easement had been reached for 84 of the 91 cases to be solved, and the Company has the total easement promises necessary for the performance of infrastructure works in indigenous land.

With respect to the environment, the independent environmental audit aimed to verify the compliance with the environmental commitments of the Ralco project continues in progress. This audit has certified up to now the compliance by Endesa-Chile with all the environmental commitments made.

ATACAMA PLANT PROJECT

This project is developed by Nor Oeste Pacífico Generación de Energía Ltda. (NOPEL), an associated company. It consists in the construction and operation of a natural gas combined cycle station with a total power of 740 MW. The station is located at 70 km North of Antofagasta, in the industrial neighborhood of Mejillones.

The gas supply comes from the Argentinean North East and is transported to the station by Gasoducto Atacama Compañía Ltda., an associated company. The station has at present three modules of 185 MW each, consisting in a gas turbine, a steam turbine shared between two gas turbines, and it is connected to the SING through the substations Mejillones and Encuentro, thus ensuring the best service quality for the supply of its clients.

Atacama station started its commercial operations on November 1, 1999, and its construction had started in September, 1997.

TALTAL PLANT PROJECT

This project belongs to Compañía Eléctrica Taltal Ltda. and consists in the installation of a natural gas combined cycle thermal electric plant at Paposo, II Region, at approximately 50 km North of Taltal, to deliver a maximum power of 360 MW to the Central Grid System (SIC) and it is being developed in two stages. Its fuel will be natural gas coming from Argentina, which will be transported through the gas pipes belonging to GasAtacama and Gasoducto Taltal Ltda.

The main purpose of this station will be to supply electricity to the mining clients of the North Zone of the SIC, which will be achieved through the connection of this unit to the SIC with a double circuit transmission line with a tension of 220 kV and it will be 180 km long, uniting Paposo with the SIC' Diego de Almagro Substation.

The first stage of the project, that consists in the installation of a gas turbine with a power of 120 MW will be in service during the first quarter of 2000.



TALTAL GAS PIPE PROJECT

This project belongs to Gasoducto Taltal Ltda., a subsidiary of Gasoducto Atacama Compañía Ltda. The development of the project was initially awarded to Compañía Eléctrica Tarapacá S.A. Nevertheless, during 1999 the project was transferred to GasAtacama for its development.

The purpose of this gas pipe is to allow the supply of natural gas to Taltal station and to some industrial and mining clients, as well as to gas distributors located in Mejillones, Antofagasta and Paposo.

This gas pipe is located between Mejillones (I Region) and Paposo (II Region) with a length of 229 km divided into two sections. The first is located between Mejillones and La Negra, 88 km long and a diameter of 16 inches, and the other is located between La Negra and Paposo, 141 km long and a diameter of 12 inches.

During 1999 the construction of the gas pipe started, with the excavation of ditches, and the pipes laying, curving, lining and down placing. Also, at the end of the year the works related to the filling, tests, drying and restoration of strip were started. With respect to the environment, the company Dames & Moore was retained to supervise in the field the environmental and security aspects of the project, and up to this date there are no environmental remarks. As of December 31, 1999, the progress of the project was 94 % and the date for its start-up is scheduled for the first half of February 2000.

TALTAL TRANSMISSION SYSTEM PROJECT

This project belongs to Endesa-Chile, that requested its development to the subsidiary Compañía Nacional de Transmisión Eléctrica S.A., Transelec. The purpose of this transmission system consists in taking the power from the Taltal Station to the Central Grid System (SIC), at the Diego de Almagro substation.

This transmission system is located between Paposo (II Region) and Diego de Almagro (III Region). During the first stage it will have a circuit of 220 KV, it will be 182 km long and it will have 530 towers. Also, the construction of a substation called Paposo and the enlargement of the existing Diego de Almagro substation are considered.

TALTAL THERMAL PLANT, CHILE



The construction of the transmission line started in mid June, 1999, and ended in November, 1999. The construction of Paposo substation and the works at Diego de Almagro substation started at the end of August. As of December 31, the project showed a progress of 99% and its start-up was scheduled for mid January, 2000.

TRANSELEC

During 1999 Transelec started, continued and put in service several investment projects as part of the works plan, aimed to develop or to increase the capacity of its transmission and transformation of electric power system.

The main works effected by Transelec during 1999 appear below:

- Installation of meters in the Trunk System.
- Renewal Project SCADA System.
- Protection systems for A. Jahuel – Polpaico – Chena – Cerro Navia lines.
- Enlargement Diego de Almagro substation through connection with Taltal plant.

On the other hand, during 1999 several projects were carried out for Endesa-Chile and third parties with an investment amounting to Ch\$ 23,657 million during the year, among them:

- Supply to Compañía Minera Los Pelambres, for Endesa-Chile.
- 220 kV Transmission System Paposo–Diego de Almagro, for Endesa-Chile.
- Temporary enlargement of capacity, section Polpaico–Quillota 220 kV, for Endesa-Chile. (*)
- Connection to the SIC of turbines of San Antonio, Los Robles, Cabrero and Antilhue stations, for Endesa-Chile. (*)
- Section of 220 kV Cerro Navia substation, for Chilectra.
- Enlargement Coronel substation, for Compañía General de Electricidad.

(*) projects effected to face the dramatic drought occurred since mid 1998.

The 220 kV Transmission System project, Paposo - Diego de Almagro, developed by Endesa-Chile, with a budgeted investment of Ch\$ 14,250 million should also be mentioned. It is formed by a 220 kV simple

circuit line, 182 km long, a 220 kV section at the Paposo substation and a 220 kV section at the Diego de Almagro substation, allowing to obtain the power from the Taltal Station, located in the second Region of Antofagasta. This work started in June, 1999, and began to provide service at the beginning of 2000.

ELECTROGAS S.A.

The gas pipe to the Fifth Region is formed by a main line of a 24 inches diameter, 121 km long that runs from San Bernardo to Quillota, and a side line of a 16 inches diameter, 16 km long, from El Maqui to Colmo, near Con-Con.

The main section is in service since February 8, 1998, and the side section since August 1, 1998.

This company has rendered its gas transportation services with a 100 % availability during 1999.

The investments made during this year have been in minor works to finish the installation of the Company's gas pipe.

During February a loan contract was subscribed with a group of international banks leaded by the Dresdner Bank Luxembourg S.A. for approximately US\$ 54 million, thus allowing to refinance most of the financial liabilities.

GASODUCTO ATACAMA COMPAÑÍA LTDA.

The main gas pipe of GasAtacama is 925 km long, between Cornejo, Salta, Argentina and Mejillones, Chile. It started its commercial operation on June 2, 1999, with the purpose of rendering natural gas transport service to Chilean generators and to certain industrial and mining clients in the Argentinean provinces of Salta and Jujuy, and in the I and II Regions in Chile.

Gasoducto Cuenca Noroeste Ltda., is the associated company owning the 525 km of the gas pipe and the compression stations in the Argentinean territory.

Gasoducto Atacama Compañía Ltda. is the associated company owning the 411 km of the main gas pipe and of the branches under construction. Among these the Mejillones / Paposo gas pipe can be mentioned, which as of December 31, 1999, was still owned by Gasoducto Taltal Ltda.



UBALÁ RESERVOIR, EL GUAVÍO HYDROELECTRIC POWER PLANT, COLOMBIA

OPERATIONS IN COLOMBIA

GENERATION FACILITIES

The generation facilities of the subsidiaries of Endesa-Chile in Colombia and the installed capacity corresponding to each of them is as follows:

INSTALLED CAPACITY (MW)		1998	1999
EMGESA	Guavio (HYDROELECTRIC)	1,150.0	1,150.0
	Cadena Vieja (HYDROELECTRIC SYSTEM)	544.0	544.0
	Cadena Nueva (HYDROELECTRIC SYSTEM)	580.5	580.5
	Termozipa (THERMAL-ELECTRIC)	220.0	220.0
BETANIA	Betania (HYDROELECTRIC)	540.0	540.0
TOTAL INSTALLED CAPACITY IN COLOMBIA		3,034.5	3,034.5

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GENERATION AND SALES OF ELECTRICITY

GENERATION (GWH)		1998	1999
EMGESA		9,642.8	8,439.0
BETANIA		1,846.5	2,459.0
TOTAL GENERATION IN COLOMBIA		11,489.3	10,898.0

SALES OF ELECTRICITY (GWH)		1998	1999
EMGESA		12,256.0	10,964.0
BETANIA		2,617.3	2,503.0
TOTAL SALES OF ELECTRICITY IN COLOMBIA		14,873.3	13,467.0

ACTIVITIES AND PROJECTS

EMGESA S.A. E.S.P.

On June 30, 1999, an amendment to Emgesa's by-laws was effected, regarding the decrease of the company's capital by 566,440 million of Colombian pesos, which actually took place during July and October, 1999.

In August, 1999, the Extraordinary Shareholders Meeting of Emgesa approved the issuance of ordinary bonds for 400,000 million of Colombian pesos. The placing was carried out on two tranches, one in October and the other in November, 1999, becoming a total success for their high acceptance in the Colombian

financial market, specially for the pension funds. Of the total placing, 77 % has a 10-year term maturity. The funds were used to refinance the financial liabilities of the company and to finance some credits originated during the payments of the capital decrease process.

The Superintendency of Domicile Public Services celebrated Emgesa for its excellent management during 1998. Its performance was the best among the electric generation companies of the country. Also, during 1999 an availability of 92 % was achieved at the generation units and the stoppages per failure decreased 30 %.

Emgesa incorporated the company Fundación Emgesa to address the social contribution of the company to the communities close to its operations. The foundation will devote to this activity funds of 1,800 million of Colombian pesos during the next 5 years.

The commercial area achieved its contracts target for 1999, by formalizing contracts “pay as contracted” and “pay as requested”. Nevertheless, and as a result of the dramatic fell of demand (approximately 5% per year), the “pay as requested” contracts were not entirely dispatched. As a result, during the year sales contracts for 5,800 GWh were generated.

In the operational aspect, the average spot prices during the first quarter of 1999 was 2.72 mils/kWh, increasing to 4.12 mils/kWh during the term May-December, but being highly lower to the one recorded during 1998, of 26.31 mils/kWh.

Regarding Emgesa’s participation in the Asociación Colombiana de Generadores, ACOGEN, and the Consejo Nacional de Operación (C.N.O.), it was concentrated in the commercial area, where important regulatory achievements were made. As from the second half of 2000 the generating companies will not pay restrictions, and as from January 2001 they will not pay transmission charges in the whole country, which will be paid by the consumer. All the above means an annual saving for the company of US\$ 35 million.

CENTRAL HIDROELÉCTRICA DE BETANIA S.A. E.S.P.

In 1999 a real availability of 95 % was reached, improving 2 % with respect to the estimated index. The number of stoppages per failure of each unit due to internal causes decreased 67 %.



EL GUAVÍO HYDROELECTRIC PLANT, COLOMBIA

The final report on the updating of the Dam Operation Manual was received, which together with the study of Downstream Danger Map of the station, also retained by Betania in agreement with the Environment Ministry, will help to reduce the risks of demands for floods.

During 1999 the target of 1,300 GWh contracted was reached, including the transfer of the contract of Electrificadora del Atlántico Genercauca. The sales portfolio was enhanced towards the Non Regulated Market by contracting the supply of power with three large clients, with a demand of 100 GWh per year.

Through the Assotiation of Generating Companies, ACOGEN, it was possible to transfer the charges paid by the generating companies for restrictions

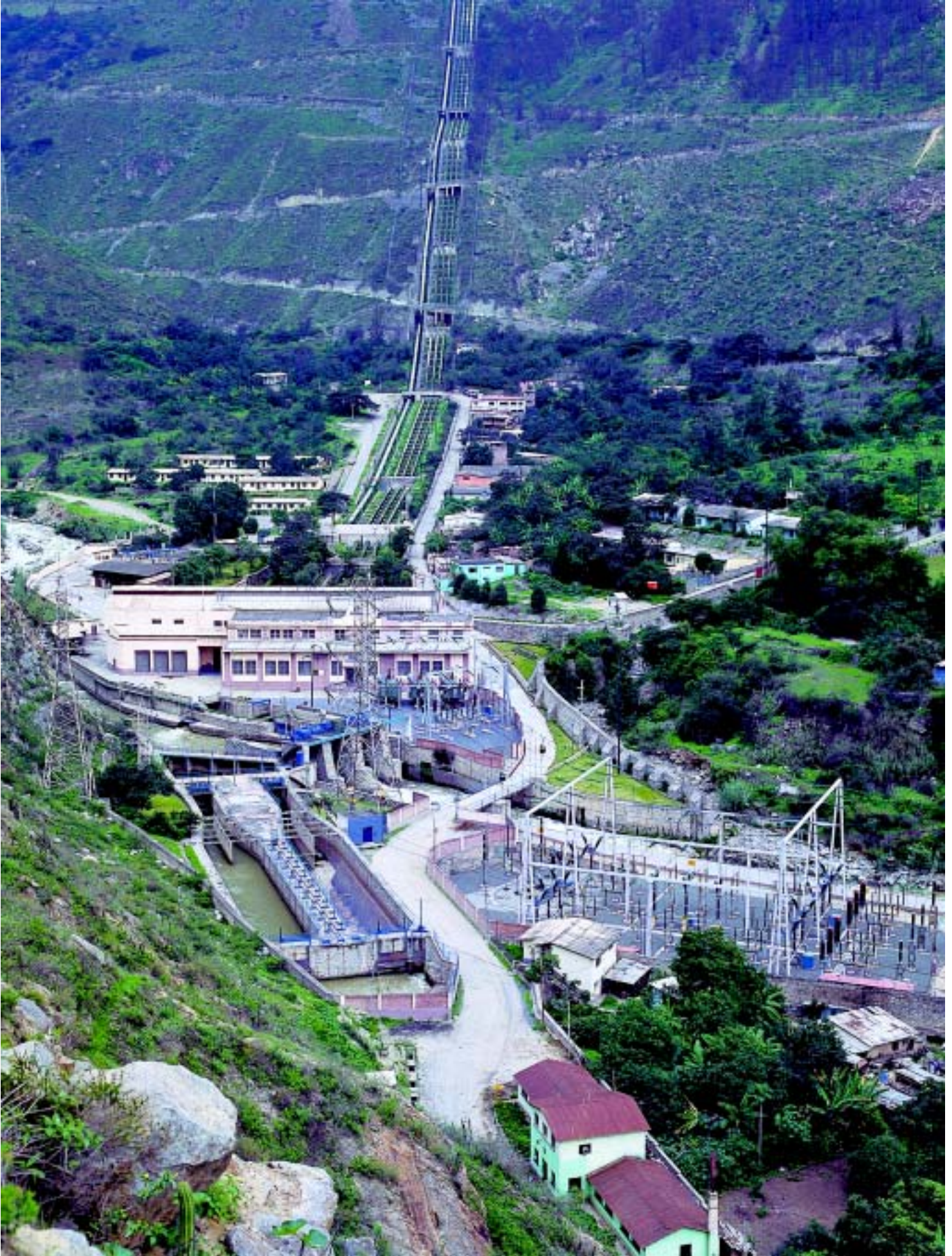
and for the use of the National Transmission System (NTS) to the demand (marketers) in mid 2000 and at the beginning of 2001, respectively. This implies an annual saving of approximately US\$ 5.5 million per year.

In May, 1999, Endesa de Colombia capitalized Betania in US\$ 130 million, which were used to prepay debt, thus relieving the financial burden of the Company.

In November, Central Betania Overseas Company, a 100 % subsidiary of Central Hidroeléctrica de Betania, as a result of the capital decrease of its affiliated company, Capital Energía S.A., received US\$ 91.3 million, which it was used to prepay US\$ 69.5 million of debt to Compañía Eléctrica Cono Sur S.A.



BETANIA HYDROELECTRIC PLANT, COLOMBIA



CALLAHUANCA HYDROELECTRIC POWER PLANT, PERU

OPERATIONS IN PERU

GENERATION FACILITIES

The generation facilities of the subsidiaries of Endesa-Chile in Peru and the installed capacity corresponding to each of them is as follows:

INSTALLED CAPACITY (MW)		1998	1999
EDEGEL	Huínco (HYDROELECTRIC)	247.3	247.3
	Matucana (HYDROELECTRIC)	128.6	128.6
	Callahuanca (HYDROELECTRIC)	74.4	74.4
	Moyopampa (HYDROELECTRIC)	64.7	64.7
	Huampani (HYDROELECTRIC)	30.2	30.2
	Santa Rosa (THERMAL-ELECTRIC)	261.0	261.0
TOTAL INSTALLED CAPACITY IN PERU		806.2	806.2

GENERATION AND SALES OF ELECTRICITY

GENERATION (GWH)	1998	1999
EDEGEL	3,071.8	2,950.0
TOTAL GENERATION IN PERU	3,071.8	2,950.0

SALES OF ELECTRICITY (GWH)	1998	1999
EDEGEL	3,278.6	2,999.0
TOTAL SALES OF ELECTRICITY IN PERU	3,278.6	2,999.0

ACTIVITIES AND PROJECTS

EDEGEL S.A.

1999 was a period of high financial activity and growth, due to the execution of the hydroelectric projects Yanango, of 42 MW; Chimay, of 142 MW and a transmission line of 220 kV that connects both stations with the Central North Grid System (SICN).

Yanango station is a pass-by hydroelectric station, that receives water from rivers Tarma and Yanango, and is located at 280 km North East of Lima. Chimay hydroelectric station, on the other hand, will be located at 320 km North East of Lima, and it will take advantage of the hydro-energetic resources of river Tulumayo.

In January, 2000, Yanango station started its trial operation and in 2001 Chimay station will start its commercial operations. Both projects imply a total investment of approximately US\$ 145 million, and they will generate about 1,120 GWh as a yearly average.

Also, on June 4, 1999, Edegel S.A. made a bonds issuance for US\$ 30 million at a 7-year term, with an interest rate of 8.75 %.

OTHER BUSINESSES

INGENDESA

During 1999 Ingendesa participated in important domestic investment projects, specially in the power and infrastructure areas, through services rendered to Endesa-Chile, its subsidiaries and related companies. Some of the main services developed were the design of details and the inspection of the civil works of Ralco Hydroelectric Station; the engineering and management advisory for the construction of the combined cycle thermal station Atacama and its associated transmission system; miscellaneous engineering services and support to management for the construction of Autopista del Sol and Autopista Los Libertadores.

A significant part of its activities was carried out for third parties, in the energy, mining and public works sectors, among which the following shall be mentioned: the project to improve the electric supply to Arica, Iquique and Antofagasta for Transemel; the basic design of El Bato dam for the Ministry of Public Works, miscellaneous services of engineering and management for

projects of División Andina of Codelco Chile; the detailed engineering of Domeyko substation and the enlargement of Escondida substation for Minera Escondida, and the support to management for the construction of Santa Ana railstation of the project for line N° 5 of the Santiago Metro.

In the international area, must be mentioned: the leading and supervisory services at the works of San Gabán Hydroelectric station; support to Edegel in the construction of the Yanango and Chimay hydroelectric stations; the basic engineering for the by-pass of Asana river corresponding to the Quellaveco project developed by Compañía Minera Mantos Blancos in Peru; supervision of the construction of the works of Angostura Hydroelectric station, in Costa Rica; the management and technical inspection services for the Electric Interconnection Project Argentina – Brazil, and engineering services to recapture the transmission lines of the Domestic Interconnected System of Paraguay for Ande.



TÚNEL EL MELÓN S.A.

During 1999 a total 1,123,144 vehicles used Túnel El Melón in making their trips. From this total, 66% corresponded to light vehicles and pick-ups and 34 % to buses and trucks.

In August, 1999, the prices were increased, thus allowing to slightly increase the income of the concession.

On the other hand, during 1999 the Ministry of Public Works was informed on the difficult economic and financial situation of Túnel El Melón S.A. With this purpose, in November a meeting was held with the Ministry of Public Works, where it was agreed to work jointly with professionals of that ministry in order to analyze a possible solution to the concession's economic regime.

AUTOPISTA DEL SOL S.A.

The Concession consists in the design, construction and exploitation of the road Santiago – San Antonio, with a standard of close highway, 108 km long. The new highway includes the improvement of the existing pavement and accesses, without changing the plot in the sector Malloco – Leyda; a new plot 24 km long, two ways in the urban sector Santiago – Malloco; the amendment of the plot by adding the two-way road between Leyda and Agua Buena; the unbalance of crossroads, the decrease of the amount of accesses and the incorporation of complementary services of public service, such as fuel stations, telephone, toilets, trucks parking lot, restaurants, etc.

On August 21, 1999, the Ministry of Public Works granted the Provisional Reception of the total of the works, and as a result the operation and collection of the total toll stations were transferred to the Concessionary.

The vehicles flow during 1999 was 15,403,963 vehicles, with a collection of Ch\$ 10,804 million.

During the year the construction of the outstanding works was continued, together with the development of additional works requested by the Ministry of Public Works, such as service streets, road and air security elements for the businessmen of the Melipilla sector. Also, the details and terms regarding new additional works to be incorporated to the project .

LOS LIBERTADORES HIGHWAY PROJECT

The project includes the enlargement and the improvement of the current General San Martín highway, of approximately 90 km, taking into account the construction of the double pavement between Peldehue and Casas de Chacabuco and the Los Andes By-pass on simple road. Also, it includes the service improvement and re-paving of Túnel Chacabuco.

The construction of the works as of December 31, 1999, reached a progress of 64 %, as compared to 62 % scheduled for such date. Also, 74 km were expropriated, which represents 88% of the total to be expropriated, thus solving a great number of the interferences with public and private services.

During 1999 two supplementary agreements were entered into with the Ministry of Public Works for amendments to works and works additional to those contained in the original project, amounting to UF 717 thousand.

On December 4, 1999, the by pass section Colina - Toll Station Chacabuco was delivered in advance to the Ministry of Public Works, thus complying with the second supplementary agreement.

INVESTMENTS

During 1999 Endesa-Chile and its subsidiaries invested a total equivalent to US\$ 662.9 million, according to the following detail:

	INVESTMENTS (MILLION DOLLARS)
IN ARGENTINA	
CENTRAL COSTANERA S.A.	14.0
CENTRAL TERMOELÉCTRICA BUENOS AIRES S.A.	10.6
HIDROELÉCTRICA EL CHOCÓN S.A.	1.3
TOTAL INVESTMENTS IN ARGENTINA	25.9
IN BRAZIL	
CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.	0.6
TOTAL INVESTMENTS IN BRAZIL	0.6
IN CHILE	
ENDESA-CHILE	286.0
PEHUENCHE S.A.	0.0
PANGUE S.A.	0.0
CELTA	0.0
SAN ISIDRO S.A.	0.9
TRANSELEC	1.9
INGENDESA	0.2
TÚNEL EL MELÓN S.A.	0.0
AUTOPISTA DEL SOL S.A.	11.4
TOTAL INVESTMENTS IN CHILE	300.5
IN COLOMBIA	
EMGESA S.A.	40.6
CENTRAL HIDROELÉCTRICA DE BETANIA S.A. E.S.P.	0.1
TOTAL INVESTMENTS IN COLOMBIA	40.7
IN PERU	
EDEGEL S.A.	118.7
TOTAL INVESTMENTS IN PERU	118.7
TOTAL PURCHASES OF SHARES	486.4
TOTAL FINANCIAL INVESTMENTS	176.5
TOTAL INVESTMENTS	662.9

FINANCIAL ACTIVITIES

FINANCIAL ANALYSIS OF 1999

The consolidated financial statements of Endesa-Chile for 1999 incorporate all the Chilean subsidiaries, consolidating Celta since April 1999, the Argentinean subsidiaries Hidroeléctrica El Chocón S.A., Central Costanera S.A. and CBA, the Colombian subsidiaries Central Hidroeléctrica de Betania S.A. and EMGESA, the Brazilian subsidiary Centrais Elétricas Cachoeira Dourada S.A. and the Peruvian subsidiary Edegel.

1999 was characterized by several events that negatively affected the results for Endesa-Chile and its subsidiaries:

- Extreme hydrologic conditions. Chile and Argentina experienced the most severe droughts in their histories. On the other hand, the rains in Colombia had an adverse effect on energy prices.
- The consequences of the regional economic crisis, which began in 1998 as a result of the Asian crisis, have resulted in moderate economic growth rates in Latin American's prominent economies.
- The instability of the exchange rate in three of the five markets where Endesa-Chile operates (Brazil, Chile and Colombia).
- The accounting adjustments which were the results of adjustments for obsolete assets; low feasibility projects; uncollectable accounts; agreements between generation companies, originated primarily from the drought conditions that affected Chile; and others. These adjustments amounted to approximately Ch\$ 43,750 million.

The aforementioned situations resulted in total net losses in 1999 of Ch\$ 176,734 million, as compared to net income of Ch\$ 46,351 million in 1998.

Operating income during 1999 totaled Ch\$ 167,236 million, being Ch\$ 131,492 million lower than in 1998. This decrease affected the main markets where Endesa-Chile operates. Consequently, the operating income at Argentina's Hidroeléctrica El Chocón decreased Ch\$ 15,003 million, mainly due to lower hydraulic generation. In Brazil, this decrease amounted to Ch\$ 18,089 million primarily due to the devaluation of the Brazilian real.

In Chile, operating income decreased Ch\$ 83,344 million, mainly due to the severe drought that affected the Country beginning in mid-1998 until mid-1999. The condition caused an increase in the cost per fuel of Ch\$ 55,230 million and in the cost per energy purchases of Ch\$ 6,991 million. In fact, during 1999 only 57.5 % of the energy generation was hydroelectric, a percentage that would have been 77 % during a normal hydrologic year. In addition, the average energy sales price of Endesa-Chile and its domestic subsidiaries that operate in the Central Grid System (SIC) decreased 8.1 %.

In Colombia, the decrease in electric energy demand and rains caused lower operating income of Ch\$ 31,204 million.

The operating income of Edegel in Peru increased Ch\$ 3,056 million, and the operating income of Central Costanera S.A. in Argentina increased Ch\$ 13,092 million.

On the other hand, non-operating results for 1999 showed a loss of Ch\$ 315,357 million, compared to a Ch\$ 177,038 million loss during 1998. This is basically explained by a higher loss of Ch\$ 56,949 million due to the Price Level Restatement; other losses of Ch\$ 50,854 million were the result of higher financial expenses due to higher nominal debt. Finally, the Company's non-operating results were also affected by the accounting effect of forward contracts celebrated to avoid the volatility of the results originated by the fluctuations of the exchange rates, during 1999.



RISK RATING

The credit rating for Endesa-Chile’s domestic bonds at December 31, 1999 by Fitch-IBCA Chile and Humphreys Ltda. is AA+, while that of Feller & Rate is AA. The ratings of Endesa-Chile’s external debt are Standard & Poor’s A-, Moody’s Baa1, and Duff & Phelps A-.

COVERAGE OF CURRENCY RISK

Within a scenario of high volatility of the United States dollar during 1999, the Company decided to partially cover its dollar liabilities with the purpose of minimizing the fluctuations generated on the results by the changes in the exchange rate. As of December 31, 1999, the Company had covered dollar through Future contracts in dollar-UF amounting to US\$ 1,151 million.

Also, Endesa-Chile maintained its policy of covering the variation risks of the exchange rates other than US dollar, through currency swaps. As of December 31, 1999, these operations amounted to a total of US\$ 29.6 million.

INSURANCE

The insurance program, covering Endesa-Chile and its subsidiaries was renewed in August 1999. Bids were invited from the main local insurance brokers for the new insurance program. This resulted in the award of the following insurance covers:

- All-risk over physical assets and business interruption up to US\$ 400 million to protect the generating plants and main transforming substations against earthquakes, avalanches, fire, explosions, terrorism, floods, etc.

- Equipment breakdown and loss of profits up to US\$ 100 million to protect the principal plant production and substation machinery and equipment against operating faults, short circuits, breakage of parts, material fatigue and mechanical faults in general.

- Extra-contractual civil liability up to US\$ 50 million to cover the Company for damages its business may cause to third parties and which it is forced to indemnify.

The Company also has insurance cover for sea, air and land transportation of machinery, equipment and inputs, life insurance for its personnel traveling, and those that current legislation obliges it to have.

INCREASE IN CAPITAL OF ENDESA-CHILE

At the Extraordinary Shareholders Meeting held on June 24, 1999, the Board of Directors of Endesa-Chile proposed the Shareholders to cancel the capital increase approved by the Extraordinary Shareholders Meeting of April 21, 1998. Also, the approval of the Shareholders was requested to increase the Company’s capital by issuing paying shares, with the purpose of obtaining funds in order to finance the Company’s investment plan. The issuance of 1,733,245,420 shares without face value, of one and only series, equivalent to 17.45 % of the capital shares of the Company was registered at the Record of Securities of the Superintendency of Securities and Insurances, under N° 581, on September 23, 1999, and its placing maturity ends on June 24, 2002. The conditions of the international financial market have made it impossible to materialize the placing, but the Company remains waiting in order to make it once the market conditions are favorable.



ARROYITO HYDROELECTRIC POWER PLANT, ARGENTINA

DEBT

The development of the Company's investments program has required new financing, both by the holding company and by the subsidiaries, in Chile and in other countries. The Company's consolidated debt ratio, measured as Debt on Equity plus Minority Interest increased from 1.07 % in 1998 to 1.45 % in 1999.

The main financing activities of the Company occurred during 1999 are as follows:

In January, 1999, Endesa-Chile through its Agency at the Cayman Islands hired a bilateral credit with Citibank N.A., for a total US\$ 70 million, which was devoted to corporate use. This financing was at two years bullet and at a LIBOR interest rate, plus 1.15 % per year.

Afterwards, on February 2, 1999, Endesa-Chile retained three credits with a group of banks which agent is Banque Nationale de Paris (three credits buyer with a COFACE guarantee and three financial credits), in order to finance equipment for the projects Ralco, Charrúa and Atacama. The three buyer credits, for approximately US\$ 67 million, have a 10-year maturity and were granted at fixed rates between 5.78 % and 5.98 % per year. Also, the three financial credits for a total approximate of US\$ 88 million have a 10-year maturity, with 4 years free and variable interest rates based on LIBOR, with its spreads varying from 0.625 % to 1.75 %.

In April, 1999, Endesa-Chile placed Yankee Bonds for a total US\$ 400 million, at 10 year bullet and at an interest rate of 8.5 % per year, in order to finance corporate needs of the holding company. In this operation the lead manager was Salomon Smith Barney.

With the purpose of financing the acquisition of turbines to decrease the effects of the drought affecting the country, between October and November, 1999, two credits from Societé Generale were obtained, with a guarantee from the US Eximbank, for a total US\$ 47.9 million. The financing was granted with a 7.5-year maturity, with a LIBOR interest rate, plus 0.05 % and 0.08 %, respectively.

Finally, in July 1999, Endesa-Chile, at a consolidated level, entered into a global refinancing process on its liabilities, for which purpose it called a group of banks for them to grant credits or to agree to amendments to some existing financings, under similar contractual and financing conditions, in order to obtain an important financial saving.

This liabilities refinancing process includes credits of Endesa-Chile holding, Endesa Chile Overseas Co., Compañía Eléctrica Cono Sur S.A., Pangué S.A., Pehuenche S.A., Central Hidroeléctrica de Betania and Inversiones Betania S.A., for approximately US\$ 1.843 million in capital.

The new credits, for a total US\$ 1,391 million, were granted to Endesa Chile Overseas Co. at a 2-year bullet, with an interest rate LIBOR plus 0.75 % and 15 bps of flat commission, and included US\$ 653 million of Banco Santander Central Hispano, US\$ 225 million of Midland Bank Plc, US\$ 305 million of Citibank N.A., US\$ 108 million of The Chase Manhattan Bank and US\$ 100 million of Paribas.

On the other hand, the credits that were subject to amendments are the syndicated credits with The Chase Manhattan Bank of Endesa-Chile holding for US\$ 156.1 million and Dresdner Bank Luxembourg of Pangué S.A., for a total US\$ 180 million and the credit with Banco Santander – Chile of Pehuenche S.A., for US\$ 27 million.

DIVIDEND POLICY

The Shareholders Meeting held on April 26, 1999 was informed of the Board’s intention to distribute a dividend for 1999 amounting to the equivalent of 75 % of net income for the year, after taxes and adjustments for the accounting effects of goodwill and negative goodwill of investments in Chile and abroad. Such dividend may be payable from income for the year and retained earnings from previous years. For the year 1999, the Board intends to distribute three interim dividends against net income for the year, whose amounts will be calculated and paid as follows:

First interim dividend: Up to 30 % of the net income for the period January-May 1999 subject to the adjustments mentioned above, as shown in the financial statements at May 31, 1999, and payable in July 1999.

Second interim dividend: Up to 45 % of the net income for the period January-August 1999 subject to the adjustments mentioned above, as

shown in the financial statements at August 31, 1999 and less the first interim dividend, payable in October 1999, and

Third interim dividend: Up to 55 % of the net income for the period January-November 1999 subject to the adjustments mentioned above, as shown in the financial statements at November 30, 1999 and less the first and second interim dividends, payable in January 2000.

The final dividend will be agreed by the Shareholders Meeting to be held in April 2000 and will be payable following that meeting.

Compliance with the above program will depend on the net income actually produced and also on the results of the periodic projections made by the Company, on the effect of applying the covenants contained in the Company’s different loan agreements, or the existence of certain conditions, as the case may be.

DIVIDENDS DISTRIBUTED OVER LAST FIVE YEARS

	DIVIDEND PER SHARE		
	CHILEAN PESOS OF EACH YEAR	CONSTANT CHILEAN PESOS AS OF DECEMBER 31, 1999	DIVIDEND / EARNINGS RATIO
1995	18.26337	22.14639	100
1996	17.05117	19.45232	100
1997	11.74800	12.68736	100
1998 (1)	2.06200	2.09705	
1999 (1)			

(1) No interim dividends were paid during 1998 and 1999.

PRINCIPAL SUBSIDIARIES



CENTRAL COSTANERA S.A.

Costanera is a publicly traded electricity generation company located in Buenos Aires, Argentina, with a 1,131 MW capacity oil and gas-fired generation facility and a 851.0 MW capacity natural gas combined-cycle facility, that came into service in December 1998.

Endesa-Chile acquired a 24 % interest in Costanera in 1992, when Costanera was privatized by the Argentine government. In 1995, the Company increased its beneficial ownership. Endesa-Chile, through its subsidiary Endesa Argentina, has a 45.57 % shareholding in Costanera, and through its subsidiary Energía Hidráulica has an additional 6.1 % holding. Endesa-Chile is the operator of Costanera under an operating agreement which was signed in December 1992 and expires in May 2002. It provides for an annual fee payable to Endesa-Chile.

Since commencement of the Company's operation of Costanera, the Company has implemented programs to increase operating efficiency.

Endesa-Chile owns 51.67 % of Costanera and Costanera holds 51.05 % of the share capital of CBA.

The Company's generation reached 6,263 GWh and total sales reached 11,105 GWh in 1999

CENTRAL TERMOELÉCTRICA
BUENOS AIRES S.A., CBA

This company was formed to develop and operate the first combined-cycle thermal plant in Argentina. In September 1995, CBA began operations using an open cycle process with a new 220 MW turbine. In February 1997, CBA commenced commercial operation with a 120 MW turbine owned by Costanera in combined-cycle with the 220 MW turbine installed previously by CBA. The combined-cycle operations have an effective capacity of 320 MW.

Endesa-Chile's direct and indirect holding in this company is 53.15 %.

During 1999 total generation was 1,463 GWh and total sales of electricity were 1,669 GWh.

HIDROELÉCTRICA EL CHOCÓN S.A.

El Chocón is an electricity generation company located between Neuquén and Río Negro provinces in southern Argentina (the Comahue Zone). It has two hydroelectric power stations with an aggregate installed capacity of 1,320 MW. El Chocón is currently the second largest hydroelectric facility in Argentina. This 30-year concession was granted by the Argentine government to Hidroinvest S.A., which bought 59 % of the shares in July 1993 during the privatization process.

Endesa-Chile operates El Chocón for a fee pursuant to an operating agreement with a term equal to the duration of the concession, which is not terminable by the Company, for a period of five years from its effective date.

Endesa-Chile’s indirect holding in Hidroeléctrica El Chocón S.A. is 47.45 %, through its subsidiaries Energía Hidráulica S.A., Hidroinvest S.A. and Hidroelectricidad S.A.

During 1999, total generation was 1,424 GWh and total sales were 1,869 GWh.

CENTRAIS ELÉTRICAS CACHOEIRA DOURADA S.A.

The Brazilian company is located in Goias state, south of Brasilia. It consists of a run-of-the-river hydroelectric plant with a total installed capacity of 658 MW.

In September, 1997, a consortium comprising Endesa-Chile, with 81.94 % and the Peruvian associated Edegel, with 18.06 % was awarded 79.36 % of the share capital of Centrais Elétricas Cachoeira Dourada S.A. In December 1997, the 0.47 % balance of shares not taken up by employees was acquired by the Company. With this, the Company’s shareholding in Cachoeira Dourada reached 69.29 % by the end of 1997. In 1998, Endesa-Chile, through its subsidiary Lajas Holding Inc., increased its indirect holding in Centrais Elétricas Cachoeira Dourada S.A. to its present 91.19 %. Endesa-Chile is the operator of the plant.

During 1999, total generation was 3,222 GWh and total sales were 3,754 GWh.

PEHUENCHE S.A.

Pehuenche, a generation company connected to the Central Grid System (SIC) owns three hydroelectric facilities south of Santiago in the high-rainfall hydrological basin of the Maule river. Its 566-MW Pehuenche plant started operating in 1991; its 89-MW Curillinque plant started up in late 1993 and its 40-MW Loma Alta plant started operating in August 1997. In 1999 Pehuenche generated 2,634 GWh, which accounted for 9.8 % of total SIC’s generation.

Endesa-Chile holds 92.55 % of the share capital of Pehuenche.

PANGUE S.A.

The Company was formed to construct and operate the 467-MW installed capacity Pangue hydroelectric power station on the Bío-Bío river. The synchronization of the first unit was on October 31, 1996, while the synchronization of the second one was on February 3, 1997. In 1999 Pangue generated 1,565 GWh, which accounted for 5.8 % of total SIC’s generation. Endesa-Chile holds 92.48 % of the share capital of Pangue S.A.

COMPAÑÍA ELÉCTRICA TARAPACÁ
S.A., CELTA

This company was formed in November 1995 to construct and operate 182 MW coal fired thermal plant in the Northern Grid System (SING). In 1999 Celta generated 874 GWh, which accounted for 11 % of total SING’s generation.

Celta is a 100 % owned subsidiary of Endesa-Chile.

COMPAÑÍA ELÉCTRICA SAN ISIDRO
S.A.

The Company was formed in February 1996 to construct and operate a 379 MW combined-cycle thermal plant in Quillota in the Fifth region. The plant began commercial operations in October 1998. In 1999 San Isidro generated 2,285 GWh, which accounted for 8,5% of total SIC’s generation.

Endesa-Chile holds 75 % of the share capital of San Isidro. The other shareholder is Entergy.

COMPAÑÍA ELÉCTRICA TALTAL
LTDA.

The Company was formed in February 1996 to construct and operate a 360 MW combined-cycle thermal plant in the second region, obtaining the natural gas from GasAtacama and generating energy in the extreme north of the SIC. The first part of the project is expected to enter into operation in the first quarter of 2000.

Endesa-Chile holds 100 % of the share capital of Taltal.

TRANSELEC

Transec was formed in 1993 to transport electricity and provide transmission services to Endesa-Chile and other Chilean power companies on an «open-access» basis, as required for transmission systems under the Electricity Law. It also provides maintenance and repair services to third-party transmission companies on a fee basis. Transec operates a power transmission system comprising most of the lines and substations connected to the Central Grid System (SIC).

Users of the SIC transport energy in large blocks and pay a toll for the use of the line. These payments serve to recoup the investment in transmission assets.

Endesa-Chile has a 100.00 % share in Transec.

INGENDESA

Ingendesa is a multi-disciplinary engineering company founded in late 1990. Its purpose is to provide engineering services, project management and related services in Chile and internationally. It therefore offers all the necessary specializations: civil, mechanical and electrical engineering, metallurgy, architectural and environmental.

Since its creation, Ingendesa has been consolidating its position as one of the principal consulting firms in the Chilean electrical industry, with a large share in the design and inspection of Chile’s largest electricity generation and transmission projects. It has also diversified into new business areas.

Ingendesa is a 96.08 % owned subsidiary of Endesa-Chile.

TÚNEL EL MELÓN S.A.

Túnel El Melón S.A. was formed in July 1993 to construct and manage the public road tunnel called Túnel El Melón, under a 23-year concession. It includes 3.3 km of access roads and a tunnel approximately 2.5 km long. It is located 130 km north of Santiago. It was the first infrastructure concession granted by the Chilean state.

Commercial operation of the tunnel began in September 1995.

Endesa-Chile owns 96 % of this company.

AUTOPISTA DEL SOL S.A.

This company was formed to construct and manage the Santiago-San Antonio Highway N° 78 under a 23-year concession. The highway is 107 km long. The first section between Malloco and San Antonio began its operation in April 1997, while the section Santiago-Malloco began its operations in January 1998.

Endesa-Chile has a 60.04 % holding in this subsidiary.

AUTOPISTA LOS LIBERTADORES S.A.

The objective of this company is the construction and management of the Santiago-Colina-Los Andes Highway under a 28-year concession.

The project consists of the widening and improvement of the present road over approximately 90 km and includes the construction of double-lane by-pass and service roads, as well as service improvements and repairs to the Chacabuco tunnel and repaving and maintenance of some roads. Construction of the roadworks began in June 1998 and at December 1999 is 64 % in advance. The expected start-up date is September 2000.

Endesa-Chile’s indirect share holding in this company is 58.36 %.

EMGESA S.A. E.S.P., EMGESA

On September 15, 1997, Central Hidroeléctrica de Betania, through its subsidiary Inversiones Betania S.A. and in association with Endesa Desarrollo S.A. of Spain, was awarded control of the generating company Emgesa, with 48.48 % of the shares. 51 % of this investment, made on October 23, 1997 through Capital Energía S.A. is held by Inversiones Betania S.A. and 49 % by Endesa Desarrollo S.A. At the time Emgesa was acquired, it had a total installed generating capacity of 2,495 MW, of which 2,260 MW was hydroelectric and 235 MW thermal generated.

The year 1998 saw completion of the construction of the Salto I 56-MW hydroelectric plant and this began to operate commercially in August 1998.

Endesa-Chile’s indirect holding in Emgesa is 22.41 %.

During 1999, total generation was 8,439 GWh and total sales were 10,964 GWh.

CENTRAL HIDROELÉCTRICA DE BETANIA S.A. E.S.P., BETANIA

Betania is a hydroelectric generation facility and it is located at the intersection of the Magdalena and Yaguará rivers, in the southwest of Colombia.

In December 1996, a consortium comprising Endesa-Chile, with 75 % and the Colombian company Corfivalle, with the remaining 25 %, was awarded 99.9 % of the share capital of Central Hidroeléctrica de Betania S.A.

In 1997, following a program of operating improvements introduced, the capacity of the plant was increased from 510 to 540 MW.

Currently Endesa-Chile owns 85.62 % of Betania.

During 1999, total generation was 2,459 GWh and total sales were 2,503 GWh.

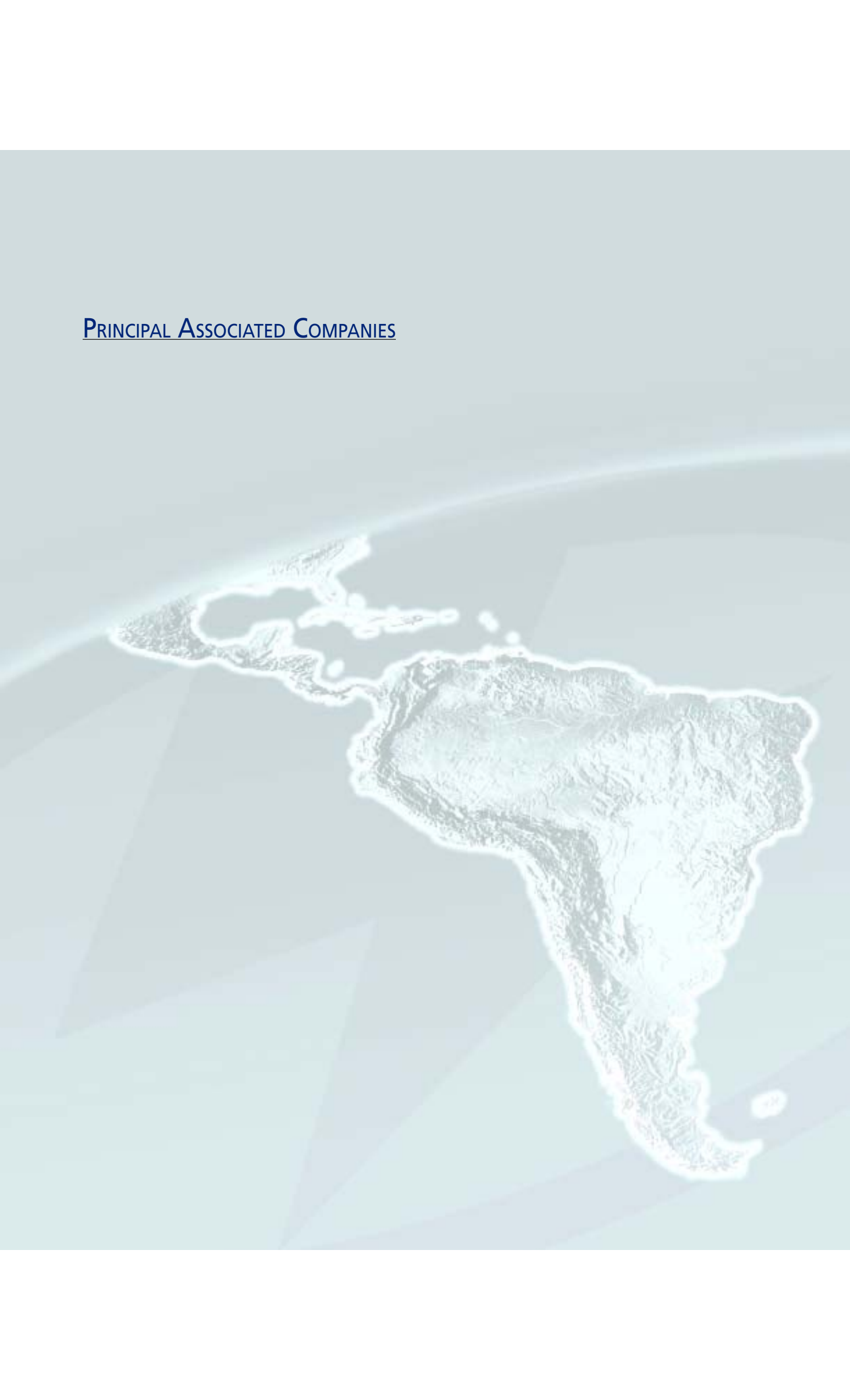
**EMPRESA DE GENERACIÓN
ELÉCTRICA DE LIMA S.A. , EDEGEL**

Edegel is an electricity generation company that owns five hydroelectric plants (Huinco, Matucana, Callahuanca, Moyopampa and Huampani) and one thermal plant (Santa Rosa), with a combined installed capacity of 806 MW.

Endesa-Chile has a 32.63 % share in this indirect subsidiary.

During 1999, total generation was 2,950 GWh and total sales were 2,999 GWh.

PRINCIPAL ASSOCIATED COMPANIES



COMPañÍA DE INTERCONEXIÓN
ENERGÉTICA S.A., CIEN

This Brazilian company is responsible for trading electricity in the Brazilian market and for the operation of the whole transmission system on the Brazilian side of the Brazil-Argentina interconnection project.

Endesa-Chile has a 45.00 % share in this company.

ELECTROGAS S.A.

Electrogas was formed in late 1996. The objective of this company is to offer natural gas transportation services to the Fifth Region, especially to the San Isidro and Nahuenco combined-cycle plants at Quillota.

Endesa-Chile has a 42.5 % share in this company. The other shareholders are Colbún S.A. and Enap.

GASODUCTO ATACAMA COMPAÑÍA LTDA. , GASATACAMA

Gasoducto Atacama Compañía Ltda. was formed with the purpose of transporting natural gas both within Chile and abroad, including the construction and placing of pipelines and any other related activities.

Endesa-Chile has a 50 % share in this company.

NOR OESTE PACÍFICO GENERACIÓN DE ENERGÍA LTDA., NOPEL LTDA.

The purpose of this company is the generation, transmission, purchase, distribution and sale of electric energy in the Northern Grid System.

Endesa-Chile has a 50 % share in this company.

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CONSOLIDATED FINANCIAL STATEMENTS

Exchange rate as of December 31, 1999: Ch\$ 530.07 for US\$ 1

