Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
December 31, 2009 and 2008

ERNST & YOUNG

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Report of Independent Auditors
(Translation of a report originally issued in Spanish - See Note 2)

To the Shareholders and Directors of
Transelec S.A. (Formerly - Rentas Eléctricas III Limitada):

1. We have audited the accompanying consolidated balance sheets of Transelec S.A. and subsidiary (the "Company") as of December 31, 2009 and 2008 and the related statements of income and cash flows for the years then ended. These financial statements and their accompanying notes are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The attached Reasoned Analysis and Relevant Events are not a part of these financial statements, and therefore this report does not include them.

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

3. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Transelec S.A. and subsidiary as of December 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles in Chile.

4. As mentioned in Note 35, from January 1st 2010, the Company will adopt IFRS as its generally accepted accounting principles.

Miguel Vicencio T. — ERNST & YOUNG LTDA.

Santiago, Chile
January 27, 2010

Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

December 31, 2009 and 2008

(Translation of financial statements originally issued in Spanish - See Note 2b)

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ThCh$	:	Thousand of Chilean pesos
UF	:	Unidad de Fomento (an inflation-indexed, Chilean-peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate)
ThUS$	:	Thousands of United States dollars

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of December 31,

(Translation of financial statements originally issued in Spanish - See Note 2b)

ASSETS	Note	2009 ThCh$	2008 ThCh$
Current Assets			
Cash		3,469,265	1,908,924
Time deposits	(32)	119,927,050	47,052,505
Marketable securities	(4)	14,500,172	16,293,590
Trade accounts receivable, net	(5)	36,468,278	31,939,438
Miscellaneous receivables	(5)	2,439,124	516,576
Notes and accounts receivable from related companies	(6)	50,352	47,095
Inventory, net		39,584	41,298
Recoverable taxes	(7)	2,772,469	2,266,114
Prepaid expenses		696,180	92,758
Deferred taxes	(7)	4,483,787	6,740,685
Other current assets	(8)	996,174	1,225,811
Total current assets		185,842,435	108,124,794
Property, Plant and Equipment			
Land		19,021,039	18,613,783
Buildings and infrastructure		841,731,678	792,223,271
Machinery and equipment		360,384,223	348,791,314
Other property, plant and equipment		1,762,362	1,471,916
Accumulated depreciation		(126,622,813)	(87,451,159)
Total property, plant and equipment	(9)	1,096,276,489	1,073,649,125
Other Assets			
Investments in other companies	(10)	228,066	311,878
Goodwill	(11)	321,486,584	331,102,969
Long-term receivables	(5)	1,456,951	1,527,285
Notes and accounts receivable from related companies	(6)	15,618,680	19,151,799
Long-term deferred taxes	(7)	42,647,378	49,639,434
Intangibles	(12)	156,958,092	158,160,505
Amortization	(12)	(13,753,471)	(9,913,103)
Other	(13)	8,943,206	9,187,416
Total other assets		533,585,486	559,168,184
Total Assets		1,815,704,410	1,740,942,103

The accompanying notes numbers 1 to 35 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of December 31,

(Translation of financial statements originally issued in Spanish - See Note 2b)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2009 ThCh$	2008 ThCh$
Current Liabilities			
Short-term bonds	(15)	82,578,619	15,945,647
Accounts payable	(33)	36,380,092	35,944,199
Provisions	(16)	3,457,451	3,435,231
Withholdings		1,516,946	2,664,823
Other current liabilities	(14)	463,897	88,826
Total current liabilities		124,397,005	58,078,726
Long-Term Liabilities			
Long-term bonds	(15)	778,440,234	796,268,334
Long-term provisions	(16)	1,959,421	1,914,354
Other long-term liabilities	(34)	10,754,652	2,875,692
Total long-term liabilities		791,154,307	801,058,380
Minority Interest	(18)	4,355	5,377
Shareholders' Equity			
Paid-in capital		838,211,823	838,211,823
Other reserves		(404,868)	365,877
Retained earnings		43,221,918	156,413
Net income		47,238,124	55,287,347
Interim dividends		(28,118,254)	(12,221,840)
Total shareholders' equity	(19)	900,148,743	881,799,620
Total Liabilities and Shareholders' Equity		1,815,704,410	1,740,942,103

The accompanying notes numbers 1 to 35 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Income

For the period December 31,

(Translation of the financial statements originally issued in Spanish - See Note 2b)

	Note	2009 ThCh$	2008 ThCh$
Operating Income			
Sales		184,709,573	179,604,238
Cost of sales		(70,529,938)	(58,731,828)
Gross margin		114,179,635	120,872,410
Administrative and selling expenses		(6,452,814)	(6,303,177)
Net operating income		107,726,821	114,569,233
Non-Operating Income and Expenses			
Interest income		2,606,113	10,369,291
Other non-operating income	(20)	847,371	231,612
Interest expenses	(11)	(8,807,853)	(8,825,788)
Amortization of goodwill		(42,318,241)	(39,536,124)
Other non-operating expenses	(20)	(3,985,188)	(2,349,746)
Price-level restatement, net	(21)	1,207,781	(6,039,639)
Foreign currency translation, net	(22)	447,708	118,174
Non-operating loss		(50,002,309)	(46,032,220)
Income before income taxes		57,724,512	68,537,013
Income taxes	(7)	(10,486,242)	(13,249,437)
Income before minority interest		47,238,270	55,287,576
Minority interest	(18)	(146)	(229)
Net income		47,238,124	55,287,347

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the period December 31,

(Translation of financial statements originally issued in Spanish - See note 2b)

	Note	2009 ThCh$	2008 ThCh$
Cash Flows from Operating Activities			
Net income		47,238,124	55,287,347
(Gain) Loss on sale of assets			
Loss on sale on property, plant and equipment		18,620	371,401
Charges (credits) to income that do not represent cash flows			
Depreciation	(9)	41,058,942	34,748,008
Amortization of intangible assets	(12)	3,922,710	3,786,435
Write-offs and provisions		3,004,261	1,447,087
Amortization of goodwill	(11)	8,807,853	8,825,788
Price-level restatement, net	(21)	(1,207,781)	6,039,639
Foreign currency translation, net	(22)	(447,708)	(118,174)
Other credits to income which do not represent cash flows		(10,616,202)	(6,421,644)
(Increase) decrease in assets that affect cash flows			
Trade accounts receivable		(6,784,020)	(7,087,514)
Inventory		1,714	3,810
Other assets		4,346,760	(1,368,814)
Increase (decrease) in liabilities that affect cash flows			
Accounts payable related to operating income		11,304,695	(7,971,167)
Interest payable		(4,291,944)	6,653,442
Income taxes payable		8,742,600	7,873,255
VAT and other taxes payable		112,148	1,174,028
Minority interest	(18)	146	229
Net cash provided by operating activities		105,210,918	103,243,156
Cash Flows from Financing Activities			
Bonds payable		230,204,880	-
Documented loans from related companies		9,906,480	-
Other sources of financing		1,707,821	-
Payment of dividends		(28,182,473)	(21,250,321)
Payment of bonds		(120,615,194)	(1,329,360)
Payment of documented loans to related companies		(9,119,160)	-
Payment of costs of issuance and placement of bonds		(605,491)	-
Other financing disbursements		(40,938,175)	-
Net cash flows provided by (used in) financing activities		42,358,688	(22,579,681)

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the period December 31,

(Translation of financial statements originally issued in Spanish - See note 2b)

	2009 ThCh$	2008 ThCh$
Cash Flows from Investing Activities		
Sales of property, plant and equipment	-	10,153,311
Collection of documented loans to related companies	-	76,453,745
Additions to property, plant and equipment	(74,686,787)	(40,956,485)
Payment of capitalized interest	(2,136,689)	(2,179,812)
Documented loans to related companies	-	(18,495,795)
Other investment disbursements	-	(74,681,489)
Net cash flows used in investing activities	(76,823,476)	(49,706,525)
Total Positive Net Cash Flows for the Year	70,746,130	30,956,950
Effect of Price-Level Restatement on Cash and Cash Equivalents	1,895,338	(339,983)
Net Increase in Cash and Cash Equivalents	72,641,468	30,616,967
Cash and Cash Equivalents at Beginning of the Year	65,255,019	34,638,052
Cash and Cash Equivalents at End of the Year	137,896,487	65,255,019

Note 1 - Business Description

Rentas Eléctricas III Limitada was formed as a limited liability company by public deed on June 6, 2006.

On March 26, 2007, the Company became a corporation and changed its name to Rentas Eléctricas III S.A., On June 30, 2007, it changed its name to its current name, Transelec S.A..

On May 16, 2007, the Company was listed as number 974 in the Securities Registry of the Chilean Superintendency of Securities and Insurance ("SVS") and is subject to the supervision of the SVS. Simultaneously, it registered 1,000,000 shares, which corresponds to the total number of shares issued, subscribed and fully paid.

Its subsidiary Transelec Norte S.A. was listed as number 939 in the SVS and is subject to its supervision.

According to public deed dated May 9, 2007, the Company acquired 100 shares owned by Transelec Holdings Rentas Limitada, corresponding to 0.01% of the share capital of Transelec S.A. (formerly Nueva Transelec S.A.), leaving the Company with 100% ownership. Thus, the merger took place by absorption, and the assets, liabilities, rights and obligations of Transelec S.A. (formerly Nueva Transelec S.A.) passed to the Company. In this way, the Company directly assumed operation of the electrical transmission business previously conducted by the aforementioned subsidiary.

The Company has the exclusive objective of operating and developing electricity systems on its own or on behalf of third parties to transport or transmit electricity. For this purpose, it may obtain, acquire and use the respective concessions and permits and exercise all the rights and powers that the prevailing legislation grants to electrical companies. Its line of business also includes: commercializing the transport capacity of lines and transformation capacity of substations and equipment associated with them so that generating plants, both Chilean and foreign, may transmit the electricity they produce to their consumption centers; providing engineering or management consulting services related to the company's line of business; and developing other business and industrial activities to use electricity transmission facilities. The Company may act directly or through subsidiaries or other related companies, both in Chile and abroad.

Note 2 - Summary of Significant Accounting Principles

a) Periods covered

These consolidated financial statements cover the years ended December 31, 2009 and 2008.

b) Basis of preparation

These consolidated financial statements as of December 31, 2009 and 2008 have been prepared in accordance with generally accepted accounting principles in Chile ("Chilean GAAP") issued by the Chilean Association of Accountants and specific instructions and regulations issued by the SVS. In case of discrepancy, the specific instructions and regulations issued by the SVS will prevail. Certain accounting practices applied by the Company that conform to Chilean GAAP may not conform to generally accepted accounting principles in the United States ("US GAAP") or International Financial Reporting Standards ("IFRS").

For the convenience of the reader, these consolidated financial statements and their accompanying notes have been translated from Spanish to English.

c) Basis of presentation

For comparison purposes, the figures of the consolidated financial statements for the prior period were restated off-balance sheet by the percentage variation of the Consumer Price Index ("CPI") for the year ended on December 31, 2009, which was -2.3%.

d) Basis of consolidation

The effects on unrealized income and transactions and balances with the Company's subsidiary have been eliminated, and the participation percentage of the minority investor has been recognized and presented as minority interest.

With respect to this investment, the difference between the investments maintained in Chilean pesos and the shareholders' equity of the subsidiary in United States dollars has been recognized with a charge to cumulative translation adjustment within other reserves in shareholders' equity.

Note 2 - Summary of Significant Accounting Principles (continued)

d) Basis of consolidation (continued)

In accordance with Technical Bulletin No. 64 issued by the Chilean Association of Accountants, the Company has considered bonds issued abroad up to an amount of US$30,002,000 as an instrument to hedge the risk of exchange rate fluctuations. Foreign currency translation, net of price-level restatement, has been recorded against the cumulative translation adjustment account in other reserves within shareholders' equity.

These consolidated financial statements include the balances of the following subsidiary, whose participation is as follows:

	Direct Participation	
Company	**December 31, 2009 %**	**December 31, 2008 %**
Transelec Norte S.A.	99.99	99.99

e) Price-level restatement

These financial statements have been restated in order to reflect variations in the purchasing power of the Chilean peso during the respective period. For this purpose, and in conformity with current Chilean regulations, non-monetary assets and liabilities and shareholders' equity accounts have been restated in constant period-end pesos and reflected in income. The restatements were calculated based on the official Chilean CPI for at year-end as reported by the National Institute of Statistics, applied with a one-month lag, which was -2.3% for the 2009 period (8.9% for the 2008 period). In addition, income and expense accounts have been restated to year-end values.

f) Basis of conversion

Balances in foreign currency have been considered as monetary items and have been converted at the current exchange rate as of year-end. Indexed balances have been adjusted by the item's adjustability index or by the index agreed upon for that purpose.

Note 2 - Summary of Significant Accounting Principles (continued)

f) Basis of conversion (continued)

As of December 31, 2009 and 2008, assets and liabilities in foreign currency and Unidades de Fomento ("UF") have been converted into Chilean pesos as of the closing exchange or conversion rates, detailed as follows:

	Ch$ per unit	
	December 31, 2009	**December 31, 2008**
Unidad de Fomento	20,942.88	21,452.57
United States dollar	507.10	636.45
Euro	726.82	898.81

g) Time deposits

Investments in time deposits are recorded at price-level restated cost plus interest accrued as of year-end.

h) Marketable securities

Marketable securities include investments in mutual funds valued at the unit price as of year-end.

i) Allowance for doubtful accounts

The Company deems that it is unnecessary to record an allowance for doubtful accounts as of year-end.

j) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost based on fair value as of June 30, 2006, price-level restated as of year-end. Financing costs for property, plant and equipment at construction sites are capitalized during the construction period. During 2009, financing costs of ThCh$2,136,689 have been capitalized (ThCh$2,179,812 in 2008).

Note 2 - Summary of Significant Accounting Principles (continued)

k) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment has been calculated using the straight-line method, based on the estimated useful lives of the respective assets.

l) Lease contract

This capital lease corresponds to assets that have been constructed by the Company at the express request of the lessee. Upon termination of the contract, ownership will be transferred to the lessee, upon payment of an amount equal to the last installment. This contract has been recorded in conformity with Technical Bulletin No. 22 issued by the Chilean Association of Accountants and is classified in miscellaneous receivables and long-term receivables.

m) Intangibles

Intangibles include rights-of-way, valued at acquisition cost based on their fair value as of June 30, 2006, price-level restated as of year-end. These assets are amortized using the straight-line method over a period of 40 years, in conformity with Technical Bulletin No. 55, issued by the Chilean Association of Accountants.

n) Goodwill

Goodwill includes the goodwill incurred in acquiring shares of HQI Transelec Chile S.A. (dissolved company) and Transelec Norte S.A. in relation to its equity method value calculated as of the purchase date, in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants.

This greater cost will be amortized over a 40 year period, the term which was authorized by the SVS on July 23, 2007 through Official Letter No. 7749 of the same date.

Note 2 - Summary of Significant Accounting Principles (continued)

n) Goodwill (continued)

As per the Purchase Agreement for HQI Transelec Chile S.A. and Decree No. 207, published in the Official Gazette on January 15, 2008, issued by the Ministry of Economy, Development and Reconstruction, which sets the installations of the trunk system, areas of common influence, annual transmission value; by segment and its components with their indexation formulas for the four-year period from 2007 to 2010, the sum of ThUS$160,808 was recognized as of March 31, 2008 as goodwill, due to the price adjustment related to the valuation of certain trunk assets. In addition, as of June 30, 2008 the sum of ThCh$3,100,000 was recognized as goodwill for the concept of price adjustments agreed upon on June 30, 2006 and associated with recalculation of regulated trunk income for the period from March 13, 2004 to June 30, 2006.

o) Operations with resale agreements

Within other current assets, the Company has classified purchase commitments with resale agreements recorded at investment value plus adjustments and interest.

p) Bonds payable

The long-term portion of this account includes the par value of the obligation for bonds placed after June 30, 2006 and the fair value as of June 30, 2006 of the obligation for bonds placed by the Company at par value plus readjustments, while the short-term portion includes interest accrued as of year-end. The difference between the fair value and the placement value is recognized over the life of the bonds and presented in other current liabilities and other long-term liabilities.

q) Current and deferred income taxes

The Company has recognized its tax liabilities in accordance with current Chilean tax regulations.

The effects of deferred taxes generated from differences between the financial and tax basis of assets and liabilities are recorded for all temporary differences considering the tax rate that will be in effect on the estimated date of reversal, as established in Technical Bulletin No. 60 issued by the Chilean Association of Accountants.

Note 2 - Summary of Significant Accounting Principles (continued)

r) Staff severance indemnities

The provision for staff severance indemnities to cover the contractual obligations for personnel having completed 15 years of service is shown based on the present value by applying the accrued cost method, at an annual interest rate of 6.5%, and an average period of service of 40 years, plus an average of 75% of the benefit for staff with less than 15 years of service.

s) Vacation provision

In accordance with Technical Bulletin No. 47 issued by the Chilean Association of Accountants, the Company records personnel vacation on an accrual basis.

t) Operating income

Operating income is mainly income arising from the sale of the electric transmission capacity of the Company’s facilities, which includes transmission service provided but not billed as of each period-end, which is valued at the selling prices as stipulated in current contracts and toll reports issued by the “Centro de Despacho Económico de Carga del Sistema Interconectado Central” (CDEC - SIC) and by the Centro de Despacho Económico de Carga del Sistema Interconectado del Norte Grande (CDEC-SING). As of January 1, 2008, operating income also includes income received as a product of recalculating tolls for tariff income from previous years. Those amounts are shown in trade accounts receivable within current assets.

u) Accounting estimates

As part of its operations, the Company must make accounting estimates to determine its accounts receivable and payable for the concept of tariff income. The final billing of these accounts receivable and payable can exceed one year and generate eventual losses or gains that are estimated to be insignificant.

v) Derivative contracts

Future currency and swap contracts have been recorded at their fair value, in accordance with Technical Bulletin No. 57 issued by the Chilean Association of Accountants.

Note 2 - Summary of Significant Accounting Principles (continued)

w) Computer software

Computer software has been acquired in computer packages, which are amortized over a 3-year period.

x) Statements of cash flows

Cash and cash equivalents presented in the statements of cash flows correspond to cash, time deposits, and marketable securities.

Cash flows from operating activities include all cash flows related to the Company's line of business and in general all cash flows that are not defined as from investment or financing. It should be noted that the operating concept used in these statements is broader than that used in the statements of income.

Cash flows from financing and investing activities include all cash flows not defined as operational.

y) Debt security issuance and placement expenses

The Company has recorded the expenses for issuance and placement of debt instruments it has incurred under other current assets and other long-term assets. These expenses are amortized using the straight-line method over the duration of the liabilities.

Companies included in Consolidation:

Taxpayer ID		Company name	Participation percentage			
			December 31, 2009			December 31, 2008
			Direct	Indirect	Total	Total
99521950-6	Transelec Norte S.A.	99.99	-		99.9900	99.9900

Note 3 - Accounting Changes

a) Accounting changes

During the year ended December 31, 2009, there have been no accounting changes in relation to the previous period that could significantly affect the interpretation of these financial statements.

b) Change in accounting estimate

In 2009, the Company reduced the remaining useful lives of some items of property, plant and equipment, specifically electric equipment, in order to better represent their technical useful lives based on the assets' current conditions. This change meant a greater charge to income of ThCh$4,523,590.

Note 4 - Marketable Securities

Marketable securities are detailed as follows:

	December 31, 2009 ThCh$	**December 31, 2008 ThCh$**
FM Banco Scotiabank	5,857,343	-
FM Banco Santander Santiago	1,162,210	703,651
FM Banco Crédito e Inversiones	400,017	1,076,518
FM Banchile	-	4,517,826
FM BBVA	-	3,226,125
FM ITAU	2,200,334	1,632,319
FM Banco Estado S.A AGF	4,880,268	5,137,151
Total marketable securities	14,500,172	16,293,590

Note 5 - Short and Long-Term Receivables

Short and long-term receivables correspond to the transactions detailed as follows:

Short-term trade accounts receivable:

	December 31, 2009 ThCh$	**December 31, 2008 ThCh$**
Trade accounts receivable from tolls	36,468,278	31,939,438
Total	36,468,278	31,939,438

Receivables due between 90 days and 1 year, detailed in the following table, include provisions receivables related to tariff income differences in the amount of ThCh$16,115,208 as of September 30, 2009 (ThCh$21,003,934 in 2008). Short-term accounts payable includes provisions payable for the differences in value related to tariff income for the amount of ThCh$3,751,616 (ThCh$13,447,671 in 2008).

Note 5 - Short and Long-Term Receivables (continued)

Short and long-term receivables

	Current							Long-term	
	Up to 90 days		90 days to 1 year			Total current (net)			
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	Subtotal	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Trade receivables	20,353,070	10,935,504	16,115,208	21,003,934	36,468,278	36,468,278	31,939,438	-	-
Miscellaneous receivables	2,439,124	516,576	-	-	2,439,124	2,439,124	516,576	1,456,951	1,527,285
Total long-term receivables								1,456,951	1,527,285

Note 6 - Balances and Transactions with Related Companies

The most significant transactions and balances with related companies are detailed as follows:

Notes and Accounts Receivable

Transelec Holdings Rentas Limitada

The balance receivable as of December 31, 2009, corresponds principally to a series of credits for ThUS$50,352 (ThCh$47,095 in 2008) made to a mercantile current account whose long-term balance amounts to ThCh$15,618,680 (ThCh$19,151,799 in 2008).

The amount due is expressed and will be paid in US dollars and accrues interest at 90-day LIBOR + 1.75% per annum.

a) Notes and accounts receivable

Taxpayer ID	Company	Short-term		Long-term	
		December 31, 2009 ThCh$	December 31, 2008 Th$	December 31, 2009 ThCh$	December 31, 2008 ThCh$
76.560.200-9	Transelec Holdings Rentas Limitada	50,352	47,095	15,618,680	19,151,799
	Total	50,352	47,095	15,618,680	19,151,799

b) Transactions with related companies

Company	Taxpayer ID	Relationship	Description of the transaction	December 31, 2009 Amount	December 31, 2009 (Charge)/ credit to income	December 31, 2008 Amount	December 31, 2008 (Charge)/ credit to income
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Loan granted	3,282,976	-	18,347,996	-
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Loan collected	3,235,467	-	76,458,854	-
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Interest accrued	514,276	(514,276)	2,003,935	(2,003,935)
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Interest recovered	511,433	-	-	-
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Loans granted	-	-	5,525	-
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Loans received	10,981,620	-	-	-
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Loans collected	10,981,620	-	-	-
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Interest accrued	256,671	256,671	6,468	(6,468)
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Interest paid	256,671	-	6,468	(6,468)
ETC Holdings Ltd.	0-E	Indirect Parent	Loan collected	-	-	114,323	-

Note 7 - Current and Deferred Income Taxes

a) General information

As of December 31, 2009 and 2008, the Parent Company has not established an income tax provision due to a tax loss of ThCh$25,106,941 and ThCh$39,026,698 for 2009 and 2008, respectively.

Its subsidiary as of December 31, 2009 has established an income tax provision for the period of ThCh$356,133 (ThCh$463,476 in 2008) considering a taxable base of ThCh$2,094,899 (ThCh$2,726,332 in 2008).

b) Recoverable and payable taxes

As of December 31, 2009 and 2008, the provision is presented under current assets under the concept of recoverable taxes and is detailed as follows:

Recoverable taxes	**December 31, 2009 ThCh$**	**December 31, 2008 ThCh$**
First category tax	(356,133)	(463,476)
Non-deductible expenses Art. 21	(27,888)	(32,290)
Monthly prepaid tax installments	2,808,912	2,761,880
Remaining VAT tax credit	347,578	-
Total	2,772,469	2,266,114

Note 7 - Current and Deferred Income Taxes (continued)

c) Deferred taxes

SVS Circular No. 1,466 establishes the application of Technical Bulletin No. 60 issued by the Chilean Association of Accountants starting January 1, 2000.

	December 31, 2009			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Long-term ThCh$
Vacation provision	155,378	-	-	-
Staff severance indemnity provision	-	-	-	309,127
Other events	11,706	95,978	-	-
Fair value bonds and swaps	-	1,823,563	-	-
Revaluation of property, plant and equipment (absorption)	-	45,503,003	-	-
Leased assets	-	36,798	-	-
Forward contracts	48,523	-		-
Income from bond placement premiums	-	356,667	-	-
Bond placement discount	-	198,303	-	-
Bond issuance expenses	-	-	-	1,295,226
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	3,762,581
Tax loss	4,268,180	-	-	-
Total	4,483,787	48,014,312	-	5,366,934

	December 31, 2008			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Long-term ThCh$
Vacation provision	156,129	-	-	-
Staff severance indemnity provision	-	-	-	265,550
Other events	12,217	42,217	-	-
Fair value bonds and swaps	-	3,746,111	-	-
Revaluation of property, plant and equipment (absorption)	-	51,545,309	-	-
Leased assets	-	102	-	-
Forward contracts	-		62,199	-
Income from bond placement premiums	-	273,827	-	-
Bond placement discount	-	241,708	-	-
Bond issuance expenses	-		-	1,319,034
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	4,625,255
Tax loss	6,634,538	-	-	-
Total	6,802,884	55,849,274	62,199	6,209,839

Note 7 - Current and Deferred Income Taxes (continued)

d) Income tax

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Income tax expense (income tax provision)	(384,021)	(495,766)
Effect of deferred tax assets or liabilities for the period	(10,102,221)	(12,753,671)
Total	(10,486,242)	(13,249,437)

Note 8 - Other Current Assets

Other current assets are detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Bond issuance expenses	628,300	566,697
Bond placement discount	356,794	277,567
Forward contracts	-	365,877
Other	11,080	15,670
Total	996,174	1,225,811

Note 9 - Property, Plant and Equipment

Of the depreciation expense for the 2009 period of ThCh$41,058,942 (ThCh$34,748,008 in 2008), ThCh$40,438,182 (ThCh$34,513,196 in 2008) was charged to operating costs, and ThCh$620,760 (ThCh$234,812 in 2008) was charged to administrative and selling expenses.

Property, plant and equipment is detailed as follows:

	December 31			December 31, 2008		
Description	**Gross value ThCh$**	**accumulated depreciation ThCh$**	**Net value ThCh$**	**Gross value ThCh$**	**accumulated depreciation ThCh$**	**Net Value ThCh$**
Land	19,021,039	-	19,021,039	18,613,783	-	18,613,783
Buildings and infrastructure						
Buildings	15,940,680	(1,499,660)	14,441,020	14,835,053	(1,021,442)	13,813,611
Access roads	637,354	(44,378)	592,976	637,129	(28,466)	608,663
Lines	606,912,428	(58,608,437)	548,303,991	617,039,928	(40,325,590)	576,714,338
Houses and apartments	94,688	(8,279)	86,409	94,655	(5,914)	88,741
Non-hydraulic civil projects	121,818,234	(11,083,729)	110,734,505	122,814,547	(8,203,848)	114,610,699
Works in progress	96,328,294	-	96,328,294	36,801,959	-	36,801,959
Total buildings and infrastructure	841,731,678	(71,244,483)	770,487,195	792,223,271	(49,585,260)	742,638,011
Machinery and equipment						
Telecommunications equipment	8,332,616	(2,959,034)	5,373,582	8,203,630	(2,305,959)	5,897,671
Furniture, machinery and office equipment	412,737	(86,494)	326,243	159,374	(53,952)	105,422
Service furniture and equipment	54,220	(12,895)	41,325	46,592	(8,188)	38,404
Tools and instruments	1,552,034	(320,643)	1,231,391	1,515,908	(220,798)	1,295,110
Generating equipment	1,199,171	(276,133)	923,038	1,217,887	(203,593)	1,014,294
Electrical equipment	308,189,271	(35,899,475)	272,289,796	297,844,008	(23,497,289)	274,346,719
Mechanical, protective and measuring equipment	36,432,859	(12,947,120)	23,485,739	35,914,584	(9,538,952)	26,375,632
Transport and loading equipment	82,860	(33,220)	49,640	388,387	(128,367)	260,020
Computers	957,188	(722,593)	234,595	758,716	(521,587)	237,129
Software and computer programs	3,171,267	(2,120,723)	1,050,544	2,742,228	(1,387,214)	1,355,014
Total machinery and equipment	360,384,223	(55,378,330)	305,005,893	348,791,314	(37,865,899)	310,925,415
Subtotal property, plant and equipment	1,221,136,940	(126,622,813)	1,094,514,127	1,159,628,368	(87,451,159)	1,072,177,209
Other property, plant and equipment						
Construction materials	1,762,362	-	1,762,362	1,471,916	-	1,471,916
Total other property, plant and equipment	1,762,362	-	1,762,362	1,471,916	-	1,471,916
Total property, plant and equipment	1,222,899,302	(126,622,813)	1,096,276,489	1,161,100,284	(87,451,159)	1,073,649,125

Note 10 - Investments in Other Companies

The balance corresponds to the Company's 6.25% participation in CDEC-SIC Ltda., whose exclusive objective is to manage and operate the economic load dispatch center for the Central Interconnected System and coordinate the operations of that electrical system. The value of that investment as of December 31, 2009 is ThCh$25,445 (ThCh$30,610 in 2008). It also includes the 14.29% participation of Transelec Norte S.A. in the CDEC-SING, whose exclusive objective is to manage and operate the economic loan dispatch center for the Great North Interconnected System and coordinate operations of that electrical system. The value of this investment as of December 31, 2009 amounts to ThCh$202,621 (ThCh$281,625 in 2008).

			Book value	
Taxpayer ID	**Company**	**Participation percentage**	**December 31, 2009 ThCh$**	**December 31, 2008 ThCh$**
77.286.570-8	CDEC - SIC LTDA	6.2500	25,445	30,610
77.345.310-1	CDEC - SING LTDA	14.2900	202,621	281,268

Note 11 - Goodwill

a) Goodwill is detailed as follows:

	December 31, 2009 ThCh$	**December 31, 2008 ThCh$**
HQI Transelec Chile S.A.	351,115,804	284,207,351
Price adjustment as of 03.31.2008	-	63,713,174
Price adjustment as of 06.30.2008	-	3,195,279
Deferred tax fair value adjustment for subsidiary property, plant and equipment	3,812,522	4,674,957
Accumulated amortization of goodwill	(33,441,742)	(24,687,792)
Total	321,486,584	331,102,969

Note 11 - Goodwill (continued)

This account corresponds to goodwill on the acquisition of HQI Transelec Chile S.A., by the Company, after adjusting the financial statements of the subsidiary in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants. As of March 30, 2008 the sum of ThUS$160,808 was recorded as a result of the price adjustments related to valuation of certain trunk segments, and on June 30, 2008 the sum of ThCh$3,100,000 was recorded for the concept of recalculation of regulated trunk income, for the period from March 13, 2004 to June 30, 2006, both in accordance with the share sale agreement between Hydro-Quebec and Rentas Eléctricas IV Ltda, currently Transelec S.A.

This difference will be amortized over a maximum period of 40 years.

The total amount paid on this transaction amounted to ThCh$ 942,160,997 (historic value).

b) The origin of goodwill and its amortization is detailed as follows:

		December 31, 2009		December 31, 2008	
Taxpayer ID	**Company**	**Amortization during the period ThCh$**	**Balance of goodwill ThCh$**	**Amortization during the period ThCh$**	**Balance of goodwill ThCh$**
77.498.870-k	HQI Transelec Chile S.A.	8,807,853	321,486,584	8,825,788	331,102,969
	Total	8,807,853	321,486,584	8,825,788	331,102,969

Note 12 - Intangibles

As of December 31, 2009 and 2008, intangibles are detailed as follows:

	December 31, 200 ThCh$	**December 31, 2008 ThCh$**
Rights of way	156,958,092	158,160,505
Accumulated amortization	(13,753,471)	(9,913,103)
Total	143,204,621	148,247,402

The amortization charge to income amounted to ThCh$3,922,710 (ThCh$3,786,435 in 2008).

Note 13 - Other Assets

The balance as of December 31, 2009 and 2008 is detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Discount on placement of Bonds	1,862,570	1,850,445
Prepaid expenses Bonds UF series C	6,990,675	1,754,975
Prepaid expenses Bonds UF series D	-	5,437,350
Prepaid expenses general facilities	66,564	121,787
Other	23,397	22,859
Total	8,943,206	9,187,416

Note 14 - Other Current Liabilities

The balance as of December 31, 2009 and 2008 is detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Forward contracts	290,520	-
Premium on placement of UF series D Chilean peso bonds	173,377	85,150
Other	-	3,676
Total	463,897	88,826

Note 15 - Short and Long-term Promissory Notes and Bonds

a) During 2001, the Company made a public offering of bonds in the local market according to the following details:

On April 2, 2001, the Company registered the first bond issuance for a maximum of UF 10,000,000 with the SVS under No. 249. From this initial amount, UF 9,200,000 were effectively placed on April 11, 2001.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

As of December 31, 2009, the risk ratings for this bond issuance are detailed as follows:

Rating Agency	Rating
Fitch Chile Clasificadora de Riesgo Ltda.	A
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Clasificadora de Riesgo Humphreys Ltda.	A+

Terms of Issuance

Issuer: HQI Transelec Chile S.A.
Securities issued: Bearer bonds in Chilean pesos denominated in Unidades de Fomento, Maximum issued: Ten million Unidades de Fomento (UF 10,000,000) divided as follows:

Series A

- Series A-1: Up to UF3,000,000, (3,000 bonds of UF1,000 each).
- Series A-2: Up to UF4,000,000, (400 bonds of UF10,000 each).

Series B

- Series B-1: Up to UF1,000,000, (1,000 bonds of UF1,000 each).
- Series B-2: Up to UF3,000,000, (300 bonds of UF10,000 each).

Indexation: Variation of the Unidad de Fomento

Amortization period: Series A, 6 years and Series B, 21 years (6-year grace period and 1 and 15 years for capital amortization, respectively).

Amortization of capital: Series A, in a single installment, upon expiration and Series B, biannual, increasing since September 1, 2007.

Early redemption: Series A without early redemption and Series B effective as of September 1, 2009, on any of its denominated dates of payment of interest or interest and capital amortization.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Interest rate: Series A and B bonds accrue a 6.20% annual interest rate on the outstanding capital, expressed in Unidades de Fomento. Interest is calculated based on a 360-day year, due and compounded semi-annually, with each semester consisting of 180 days.

Interest payments: Semi-annual payments, maturing on March 1 and September 1 yearly, beginning on September 1, 2001. The interest accrued during the 2009 period amounts to ThCh$1,290,331 (ThCh$1.324,298 in 2008) and is presented in current liabilities.

Guarantees: This issuance has no special guarantees, except the general guarantee on all the issuer’s assets.

Placement term: 36 months, as of the date of registration with the SVS.

As of March 1, 2007, the capital of the Series A-1 and A-2 Bonds was fully paid.

b) The Company issued and placed notes in the international market on April 17, 2001, detailed as follows:

The risk ratings obtained as of December 31, 2009 are detailed as follows:

Rating Agency	**Rating**
Standard and Poor’s Rating Group	BBB-
Fitch Ibca, Duff & Phelps	BBB-
Moody’s Investors Service Inc.	BAA3

Terms of Issuance

Issuer: HQI Transelec Chile S.A.
Securities issued: US$ Yankee Bonds traded in the United States

Issue value: Four hundred and sixty five million dollars (ThUS$465,000) in a single series.
Indexation: Variation of the United States dollar.
Capital amortization: At maturity on April 15, 2011.
Nominal interest rate: 7.875% annual.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Interest payments: Interest payments are due every six months, on April 15 and October 15 of each year, starting October 15, 2001. Interest accrued for the 2009 period amount to ThCh$3,688,168 (ThCh$4,743,752 in 2008) and is presented in current liabilities.

On August 18, 2009, a portion (ThUS$219,835) of the principal was bought back.

c) During 2006, the Company issued bonds for public offering in the Chilean market, detailed as follows:

On November 9, 2006, the Company registered the first bond issuance for a maximum of UF 19,500,000 with the SVS under No. 481. From this amount, UF 13,500,000 were effectively placed on the market on December 14, 2006.

The bond issuance risk ratings as of December 31, 2009 are detailed as follows:

Rating Agency	Rating
Fitch Chile Clasificadora de Riesgo Ltda.	A
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Clasificadora de Riesgo Humphreys Ltda.	A+

Terms of Issuance

Issuer: Nueva Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento. Maximum Issuance: Thirteen million five hundred thousand Unidades de Fomento (UF 13,500,000).

Series D: Up to UF 13,500,000, (13,500 bonds of UF 1,000 each).

Amortization period: 21 years.

Capital amortization: in one single installment, upon maturity on December 15, 2027.

Early redemption: Total or partial, starting December 15, 2011.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Interest rate: On the outstanding capital expressed in Unidades de Fomento at an annual interest rate of 4.25%, calculated based on a 360-day year, compounded semi-annually, each semester consisting of 180 days.

Interest payments: Interest payments will be due every six months - expiring on June 15, and December 15 of each year starting on June 15, 2007. Interest accrued for the 2009 period amounts to ThCh$499,992 (ThCh$495,841 in 2008) and is presented in current liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the Issuer's assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

d) In March 2007, the absorbed Company issued bonds for public offering in the Chilean market as follows:

On January 22, 2007, the Company registered in the SVS Securities Registry under No. 480, the first issuance of bonds for a maximum of UF 6,000,000. On March 21, 2007, UF 6,000,000 were effectively placed.

As of December 31, 2009, the bond issuance risk ratings obtained are detailed as follows:

Rating Agency	Rating
- Feller-Rate Clasificadora de Riesgo Ltda.	A+
- Humphreys Clasificadora de Riesgo Ltda.	A+
- Fitch Ratings Clasificadora de Riesgo Ltda.	A

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Maximum issuance: six million Unidades de Fomento (UF 6,000,000).

- Series C: Up to UF 6,000,000, (6,000 bonds of UF1,000 each).

Amortization period: 9.5 years

Capital Amortization: in one single installment, as of maturity on September 1, 2016.

Early redemption: total or partial, starting March 1, 2010.

Interest rate: on the outstanding capital expressed in UF at an annual interest rate of 3.5%, calculated based on a 360-day year, due and compounded semi-annually, with each semester consisting of 180 days.

Interest payments: interest payments will be due every six months, on March 1 and September 1 of each year, beginning on September 1, 2007. Interest accrued as of 2009 period-end amounts to ThCh$1,462,489 (ThCh$1,454,524 in 2008) and is presented in current liabilities.

It has no specific guarantee, except a general guarantee on all of the issuer’s assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

e) In August 2009, the Company issued bonds for public offering in the Chilean market, detailed as follows:

- In a complementary public deed dated July 31, 2009, as part of a 10-year line of bonds, the Company registered the first bond issuance for a maximum of UF 9,000,000 with the SVS under No. 598. On August 13, 2009, UF 3,300,000 were effectively placed.

The risk ratings for this bond issuance as of December 31, 2009 are detailed as follows:

Rating Agency	**Rating**
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Humphreys Clasificadora de Riesgo Ltda.	A+
Fitch Ratings Clasificadora de Riesgo Ltda.	A

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.

Maximum issuance: Nine million Unidades de Fomento (UF 9,000,000).

Series E: The amount effectively placed was UF3,300,000 composed of 6,600 securities of UF500 each.

Amortization period: 5 years

Capital amortization: In one single installment, upon maturity on August 1, 2014.

Early redemption: Total or partial, starting August 1, 2012.

Interest rate: On the outstanding capital expressed in Unidades de Fomento at an annual interest rate of 3.9%, calculated based on a 360-day year, due and compounded semi-annually, with each semester consisting of 180 days.

Interest payments: Interest payments will be due every six months on February 1 and August 1 of each year beginning February 1, 2010. Interest accrued as of December 31, 2009 amounts to ThCh$1,120,681 and is presented in current liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the issuer’s assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

f) In August 2009, the Company issued bonds for public offering in the Chilean market, detailed as follows:

- In a complementary public deed dated July 31, 2009, as part of a 10-year line of bonds, the Company registered the first bond issuance for a maximum of Ch$180,000,000,000 with the SVS under No. 598. On August 13, 2009, Ch$33,600,000,000 were effectively placed.

The risk ratings for this bond issuance as of December 31, 2009 are detailed as follows:

Rating Agency	**Rating**
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Humphreys Clasificadora de Riesgo Ltda.	A+
Fitch Ratings Clasificadora de Riesgo Ltda.	A

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in pesos.

Maximum issuance: One hundred eighty billion pesos (Ch$180,000,000,000).

Series F: Amount effectively placed was Ch$33,600,000,000, composed of 3,360 securities of Ch$10,000,000 each.

Amortization period: 5 years

Capital amortization: in one single installment, upon maturity on August 1, 2014.

Early redemption: Total or partial, starting August 1, 2012.

Interest rate: On the outstanding capital expressed in Chilean pesos at an annual interest rate of 5.7%, calculated based on a 360-day year, due and compounded semi-annually, with each semester consisting of 180 days.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Interest payments: Interest payments will be due every six months on February 1 and August 1 of each year beginning February 1, 2010. Interest accrued as of December 31, 2009 amounts to ThCh$785,117 and is presented in current liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the issuer's assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

g) In August 2009, the Company issued bonds for public offering in the Chilean market, detailed as follows:

- In a complementary public deed dated July 31, 2009, as part of a 30-year line of bonds, the Company registered the first bond issuance for a maximum of UF 9,000,000 with the SVS under No. 599. On August 13, 2009, UF 3,000,000 were effectively placed.

The risk ratings for this bond issuance as of December 31, 2009 are detailed as follows:

Rating Agency	Rating
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Humphreys Clasificadora de Riesgo Ltda.	A+
Fitch Ratings Clasificadora de Riesgo Ltda.	A

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.

Maximum issuance: Nine million Unidades de Fomento (UF 9,000,000).

Series H: Amount effectively placed was UF3,000,000, composed of 6,000 securities of UF500 each.

Amortization period: 22 years

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Capital amortization: in one single installment, upon maturity on August 1, 2031.

Early redemption: Total or partial, starting August 1, 2019.

Interest rate: On the outstanding capital expressed in Unidades de Fomento at an annual interest rate of 4.8%, calculated based on a 360-day year, due and compounded semi-annually, with each semester consisting of 180 days.

Interest payments: Interest payments will be due every six months on February 1 and August 1 of each year beginning February 1, 2010. Interest accrued as of December 31, 2009 amounts to ThCh$1,250,774 and is presented in current liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the issuer's assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

h) In December 2009, the Company issued bonds for public offering in the Chilean market, detailed as follows:

- In a complementary public deed dated July 31, 2009, as part of a 10-year line of bonds, the Company registered the first bond issuance for a maximum of UF20,000,000 with the SVS under No. 598. On December 3, 2009, UF1,500,000 was effectively placed.

The risk ratings for this bond issuance as of December 31, 2009 are detailed as follows:

Rating Agency Rating

- Feller-Rate Clasificadora de Riesgo Ltda. A+
- Humphreys Clasificadora de Riesgo Ltda. A+
- Fitch Ratings Clasificadora de Riesgo Ltda. A

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

Maximum issuance: Three million one hundred thousand Unidades de Fomento (UF3,100,000).

- Series I: Amount effectively placed was UF1,500,000, composed of 3,000 securities of UF500 each.

Amortization period: 5 years

Capital amortization: In one single installment, upon maturity on September 1, 2014.

Early redemption: Total or partial, starting September 1, 2012.

Interest rate: On the outstanding capital expressed in Unidades de Fomento, at an annual rate of 3.5%, calculated based on a 360-day year, due and compounded semiannually, with each semester consisting of 180 days.

Interest payments: interest payments will be due every six months, on March 1 and September 1 of each year, beginning March 1, 2010. Interest accrued as of December 31, 2009 amounted to ThCh$91,008 and is presented in current liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the issuer's assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

i) In December 2009, the Company issued bonds for public offering in the Chilean market, detailed as follows:

- In a complementary public deed dated July 31, 2009, as part of a 30-year line of bonds, the Company registered the first bond issuance for a maximum of UF20,000,000 with the SVS under No. 599. On December 4, 2009, UF1,600,000 was effectively placed.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

The risk ratings for this bond issuance as of December 31, 2009 are detailed as follows:

Rating Agency Rating

- Feller-Rate Clasificadora de Riesgo Ltda. A+
- Humphreys Clasificadora de Riesgo Ltda. A+
- Fitch Ratings Clasificadora de Riesgo Ltda. A

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.

Maximum issuance: Three million one hundred thousand Unidades de Fomento (UF3,100,000).

- Series K: Amount effectively placed was UF1,600,000, composed of 3,200 securities of UF500 each.

Amortization period: 22 years

Capital amortization: In one single installment, upon maturity on September 1, 2031.

Early redemption: Total or partial, starting September 1, 2019.

Interest rate: On the outstanding capital expressed in Unidades de Fomento, at an annual rate of 4.6%, calculated based on a 360-day year, due and compounded semiannually, with each semester consisting of 180 days.

Interest payments: Interest payments will be due every six months, on March 1 and September 1 of each year, beginning March 1, 2010. Interest accrued as of December 31, 2009 amounts to ThCh$126,969 and is presented under current liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the issuer's assets.

Placement term: 36 months from the date of registration in the SVS Securities Registry.

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

j) Bonds are detailed as follows:

Registration or identification number of the instrument	Series	Current nominal amount placed	Bond indexation unit	Interest rate	Maturity date	Periodicity: Interest payment	Periodicity: Amortization payment	Par value December 31, 2009 ThCh$	Par value December 31, 2008 ThCh$	Placement in Chile or abroad
Long term bonds - short term portion										
249	B1	3,816	UF	6.20%	03.01.2010	Semiannually	Semiannually	89,628	51,924	Chile
249	B2	57,237	UF	6.20%	03.01.2010	Semiannually	Semiannually	1,344,421	778,860	Chile
First issuance	Single	4,075,419	US$	7.875%	04.15.2010	Semiannually	Upon final payment	3,688,169	8,512,754	Abroad
Swap contracts	11 contracts	7,947	UF	7.34%	04.15.2010	Semiannually	Upon final payment	755,381	2,180,562	Chile
249	B1	2,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	-	102,524	Chile
249	B2	30,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	-	1,537,874	Chile
249	B1	2,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	-	51,924	Chile
249	B2	30,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	-	778,860	Chile
249	B1	190,000	UF	6.20 %	03.01.2010	Semiannually	Semiannually	4,462,830	-	Chile
249	B2	2,850,000	UF	6.20 %	03.01.2010	Semiannually	Semiannually	66,942,451	-	Chile
481	D	23,658	UF	4.25%	06.15.2010	Semiannually	Upon final payment	495,457	495,841	Chile
480	C	69,199	UF	3.50%	03.01.2010	Semiannually	Upon final payment	1,449,223	1,454,524	Chile
598	E	53,028	UF	3.90%	02.01.2010	Semiannually	Upon final payment	1,110,515	-	Chile
598	F	785,116,764	$	5.70%	02.01.2010	Semiannually	Upon final payment	785,117	-	Chile
599	H	59,191	UF	4.80%	02.01.2010	Semiannually	Upon final payment	1,239,428	-	Chile
598	I	4,306	UF	3.50%	02.28.2010	Semiannually	Upon final payment	90,182	-	Chile
599	K	6,008	UF	4.60%	03.01.2010	Semiannually	Upon final payment	125,817	-	Chile
Total - short-term portion								82,578,619	15,945,647	

Note 15 - Short and Long-term Promissory Notes and Bonds (continued)

j) Bonds are detailed as follows: (continued)

Registration or identification number of the instrument	Series	Current nominal amount placed	Bond indexation unit	Interest rate	Maturity date	Periodicity: Interest payment	Periodicity: Amortization payment	Par value December 31, 2009 ThCh$	Par value December 31, 2008 ThCh$	Placement in Chile or abroad
Long-term bonds										
249	B1	186,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	-	4,476,021	Chile
249	B2	2,790,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	-	67,140,313	Chile
First issuance	Single	245,138,000	US$	7.875%	04.15.2011	Semiannually	Upon final payment	124,821,284	293,904,224	Abroad
481	D	13,500,000	UF	4.25%	12.15.2027	Semiannually	Upon final payment	282,728,880	282,948,672	Chile
480	C	6,000,000	UF	3.50%	09.01.2016	Semiannually	Upon final payment	125,657,280	125,754,965	Chile
Swap contracts	1 contracts	1,906,538	UF	7.34%	04.14.2011	Semiannually	Upon final payment	14,769,718	22,044,139	Chile
598	E	3,300,000	UF	3.90%	08.01.2014	Semiannually	Upon final payment	69,111,504	-	Chile
598	F	33,600,000,000	$	5.70%	08.01.2014	Semiannually	Upon final payment	33,600,000	-	Chile
599	H	3,000,000	UF	4.80%	08.01.2031	Semiannually	Upon final payment	62,828,640	-	Chile
598	I	1,500,000	UF	3.50%	09.01.2014	Semiannually	Upon final payment	31,414,320	-	Chile
599	K	1,600,000	UF	4.60%	09.01.2031	Semiannually	Upon final payment	33,508,608	-	Chile
Total - long-term								778,440,234	796,268,334	

Note 16 - Provisions and Write-Offs

Provisions as December 31, 2009 and 2008 are detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
a) Short-term provisions		
Staff severance indemnities provision (Note 17)	517,901	590,352
Accrued payroll	2,025,564	1,926,475
Vacation provision	913,986	918,404
Total	3,457,451	3,435,231
b) Long-term provisions		
Staff severance indemnities provision (Note 17)	1,959,421	1,914,354
Total	1,959,421	1,914,354

Note 17 - Staff Severance Indemnities

The balance of the account as of December 31, 2009 and 2008 is detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Opening balance	2,504,706	2,076,791
Price-level restatement	3,980	24,705
Provisions	351,286	620,750
Payments	(382,650)	(217,540)
Total	2,477,322	2,504,706
Short-term	517,901	590,352
Long-term	1,959,421	1,914,354
Total	2,477,322	2,504,706

Note 18 - Minority Interest

a) As of December 31, 2009 and 2008, minority interest is the participation of the other shareholder, detailed as follows:

	Equity		Participation percentage		Participation	
	December 31, 2009 ThCh$	December 31, 2008 ThCh$	December 31, 2009 ThCh$	December 31, 2008 ThCh$	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Transelec Holdings Rentas Ltda	43,562,978	53,834,526	0,01%	0,01%	4,355	5,377

b) The minority interest corresponding to the participation of the other shareholder in the results of the subsidiary Transelec Norte S.A. is detailed as follows:

	Income for the period		Participation percentage		Participation	
	December 31, 2009 ThCh$	December 31, 2008 ThCh$	December 31, 2009 ThCh$	December 31, 2008 ThCh$	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Transelec Holdings Rentas Ltda	1,459,654	2,251,820	0,01%	0,01%	146	229

Note 19 - Changes in Shareholders' Equity

As of December 31, 2009 and 2008, equity accounts had the following movements:

a) Capital

On June 6, 2006, Rentas Eléctricas III Ltda. was formed with paid-in capital of US$1,600 in its equivalent in local currency, contributed by the partners as follows: Brookfield Power Inc. contributed the amount of US$16.00 corresponding to 1.0% of the company's equity interests, and Brookfield Asset Management Inc. contributed US$1,584, corresponding to 99.0% of the company's equity interests.

On June 15, 2006, Brookfield Asset Management Inc. sold, ceded and transferred 99.0% of the Company's equity interests to Rentas Eléctricas II Ltda. for US$1,584. Brookfield Power Inc. sold, ceded and transferred 0.99% of the Company's equity interests to Rentas Eléctricas II Ltda. for US$15.84. Brookfield Power Inc. sold, ceded and transferred 0.01% of the Company's equity interests to Rentas Eléctricas I Ltda. for US$0.16. Due to the aforementioned transfers, Brookfield Asset Management Inc. and Brookfield Power Inc. withdrew from the Company, leaving Rentas Eléctricas II Ltda. with 99.99% and Rentas.

Note 19 - Changes in Shareholders' Equity (continued)

a) Capital (continued)

Eléctricas I Ltda. with 0.01% of the equity interests of Rentas Eléctricas III Ltda. In addition, on that date capital was increased to US$ 1,332,441,365.

On September 30, 2006, Rentas Eléctricas II Ltda. and Rentas Eléctricas I Ltda. agreed to increase the company's capital by US$14,156,270. The partners are obligated to contribute pro rata to their participation in the Company US$14,154,854 and US$1,416 respectively. As of December 31, 2007, those contributions were fully paid.

As per public deed dated March 26, 2007, the Company was transformed from a limited liability company to a corporation under the name Rentas Eléctricas III S.A. with capital amounting to ThCh$733,545,501 divided in 1,000,000 common shares with no par value. The referred capital has been subscribed and paid in full by partners of the limited liability company that was transformed. These partners became shareholders of Rentas Eléctricas III S.A. The beginning schedule of shareholders is as follows: a) Transelec Holdings Rentas Limitada, 999,900 shares, equivalent to Ch$733,472,146,050, and b) Rentas Eléctricas I Limitada, 100 shares, equivalent to Ch$73,354,551. Total shares subscribed and paid in full amounted to 1,000,000.

b) Dividends

At the Ordinary Shareholders' Meeting held on April 24, 2008, shareholders approved the distribution of ThCh$8,894,152 as remainder of the final dividend for 2007, equivalent to Ch$8,894.15153 per share, which was to be paid starting May 20, 2008 to the shareholders registered in the respective registry on May 13, 2008.

At the Company's Board of Directors Meeting held on May 29, 2008, the directors approved the distribution of ThCh$12,040,000 as an interim dividend for the period ended March 31, 2008, which was to be paid starting June 23, 2008 to the shareholders registered in the respective registry on June 17, 2008.

At the Ordinary Shareholders' Meeting held on April 30, 2009, shareholders approved the distribution of a final dividend of Ch$12,509,560,000 for the year ended December 31, 2008, which was paid as an interim dividend in July 2008, and therefore they agreed not to distribute the distributable surplus of Ch$44,239,425,255.

Note 19 - Changes in Shareholders' Equity (continued)

b) Dividends (continued)

At its meeting held on May 28, 2009, the Board of Directors approved the distribution of an interim dividend, charged to earnings for 2009, in the amount of Ch$15,108,000,000, to be paid before June 23, 2009 to shareholders registered in the respective registry as of June 17, 2009. As of December 31, 2009, this dividend has been paid in full.

At its meeting held on November 26, 2009, the Board of Directors approved the distribution of a second interim dividend, charged to 2009 earnings , for the amount of Ch$13,106,000,000, to be paid beginning on December 21, 2009 to shareholders registered in the respective as of December 15, 2009. As of December 31, 2009, this dividend has been paid in full.

c) Ownership

The current and sole owners of the Company are:

Transelec Holdings Rentas Limitada, with 99.99%, corresponding to 999,900 shares subscribed and paid in full, and Rentas Eléctricas I Limitada, with 0.01%, corresponding to 100 shares subscribed and paid in full.

The Company's shareholders' equity as of December 31, 2009 and 2008 is detailed as follows:

c.1) The Company's shareholders' equity as of December 31, 2009 is detailed as follows:

Changes in equity	Paid capital ThCh$	Other reserves	Retained earnings ThCh$	Interim dividend ThCh$	Net income ThCh$	Total ThCh$
Opening balance	857,944,548	374,490	160,095	(12,509,560)	56,588,891	902,558,464
Distribution of prior year income	-	-	44,079,331	12,509,560	(56,588,891)	-
Other reserves	-	(779,358)	-	-	-	(779,358)
Price-level restatement of capital	(19,732,725)	-	(1,017,508)	-	-	(20,750,233)
Net income	-	-	-	-	47,238,124	47,238,124
Interim dividends	-	-	-	(28,118,254)	-	(28,118,254)
Final balance	838,211,823	(404,868)	43,221,918	(28,118,254)	47,238,124	900,148,743

Note 19 - Changes in Shareholders' Equity (continued)

c) Ownership (continued)

c.2) The Company's shareholders' equity as of December 31, 2008 is detailed as follows:

Changes in equity	Paid capital ThCh$	Other reserves	Retained earnings ThCh$	Interim dividend ThCh$	Net income ThCh$	Net income ThCh$
Opening balance	787,827,868	-	87,568	(22,880,086)	31,686,669	796,722,019
Distribution of prior year income	-	-	8,806,583	22,880,086	(31,686,669)	-
Final dividend prior year	-	-	(8,806,583)	-	-	(8,806,583)
Other reserves	-	374,490	-	-	-	374,490
Price-level restatement of capital	70,116,680	-	72,527	-	-	70,189,207
Net income	-	-	-	-	56,588,891	56,588,891
Interim dividends	-	-	-	(12,509,560)	-	(12,509,560)
Final balance	857,944,548	374,490	160,095	(12,509,560)	56,588,891	902,558,464
Restated balances	838,211,823	365,877	156,413	(12,221,840)	55,287,347	881,799,620

Number of shares

Series	No, of shares subscribed	No, of paid shares	No, of voting shares
Single	1,000,000	1,000,000	1,000,000

Capital (amount ThCh$)

Series	Subscribed capital ThCh$	Paid-in capital ThCh$
Single	838,211,823	838,211,823

Note 20 - Other Non-operating Income and Expenses

Other non-operating income and expenses as of December 31, 2009 and 2008 are detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Other non-operating income		
Translation adjustment	89,428	-
Prior year income	42,528	21,662
Income from sale of property, plant and equipment	633,412	-
Recovery of provisional payment for absorbed profits from third parties	(18,620)	101,665
Miscellaneous extraordinary gains	100,623	108,285
Total	847,371	231,612
Other non-operating expenses		
Prior year expenses	(89,711)	(75,708)
Directors' fees	(224,203)	(128,059)
Loss from write-off of property, plant and equipment	(2,675,907)	(1,731,012)
Provision for loss on obsolescence of property, plant and equipment	(319,052)	(84,444)
Amortization of prepaid expenses	(297,888)	(55,897)
Fiscal and judicial fines	(378,427)	(272,183)
Miscellaneous exceptional losses	-	(2,443)
Total	(3,985,188)	(2,349,746)

Note 21 - Price-level Restatement

Price-level restatement generated a net charge to income as of December 31, 2009 in the amount of ThCh1,207,781, and in 2008 it generated a net charge to income of ThCh$6,039,639, detailed as follows:

	Indexation	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Assets (charges) / credits			
Inventory	CPI	(972)	125,028
Property, plant and equipment	CPI	(22,237,541)	78,151,518
Investments in related companies	CPI	(1,274,722)	3,664,599
Notes and accounts receivable from related companies	UF	1,578,014	5,307,128
Goodwill	CPI	(7,691,468)	27,412,272
Deferred taxes	CPI	(1,436,155)	5,184,621
Rights of way	CPI	(3,518,913)	12,323,805
Cash and banks	CPI	271,080	872,204
Other non-monetary assets	CPI	(325,547)	945,785
Expense and cost accounts	CPI	(149,517)	2,685,398
Total (charge) / credit		(34,785,741)	136,672,358
Liabilities (charges) / credits			
Shareholder's equity	CPI	20,654,485	(68,201,649)
Notes and accounts payable to related companies	UF	(1,417)	-
Bonds	UF US$	14,984,339	(66,938,568)
Non-monetary liabilities	CPI	(3,980)	(24,705)
Income accounts	CPI	360,095	(7,547,075)
Total (charge) / credit		35,993,522	(142,711,997)
Loss from price-level restatement		1,207,781	(6,039,639)

Note 22 - Foreign Currency Translation

The effect of foreign currency translation generated a net credit to income in 2009 of ThCh$447,708, and a net charge to income in 2008 of ThCh$118,174, detailed as follows:

	Currency	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Assets (charges) / credits			
Time deposits	US$	(1,975,090)	215,486
Banks	US$	27,382,208	2,417,447
Notes and accounts receivable from related companies	US$	(15,590,350)	8,365,578
Investments in related companies	US$	(9,665,916)	7,639,015
Forward contracts	US$	144,642	616,418
Accounts receivable	US$	1,090	141,315
Total credit		296,584	19,395,259
Liabilities (charges) /credits			
Notes and accounts payable to related companies	US$	-	(52,393)
Bonds	US$	33,460,110	(45,922,389)
Swap contracts	US$	(32,908,670)	26,891,227
Lease contracts	US$	(272,335)	280,774
Accounts payable	US$	(127,981)	(474,304)
Total charge		151,124	(19,277,085)
Gain on foreign currency translation		447,708	118,174

Note 23 - Debt Issuance and Placement Costs

The expenses for issuance and placement of bonds in the local market mainly include the following concepts: stamp tax expenses, placement commissions, legal and financial advisory expenses, risk rating reports and printing expenses.

	December 31, 2009 Domestic ThCh$	December 31, 2008 Domestic ThCh$
Placement and issuance expense	8,073,476	8,325,718
Price-level restatement	-	(23,590)
Amortization	(454,501)	(543,106)
Total	7,618,975	7,579,022
Balance sheet presentation		
Other current assets	628,300	566,697
Other assets - other	6,990,675	7,192,325
Total	7,618,975	7,759,022

Note 24 - Statements of Cash Flows

For future cash flow projections the Company did not consider any transactions or events that are not disclosed in these financial statements and their notes.

Note 25 - Derivative Contracts

As of December 31, 2009, the Company has swap contracts to hedge the foreign exchange position of its long-term debt for bonds issued abroad, forward contracts to sell US dollars related to income the Company will invoice during the first half of 2010 and forward contracts to purchase dollars to hedge the exchange rate position of its short-term cash investments, detailed as follows:

Description									Affected accounts			
Type of derivative	Type of contract	Contract value	Maturity or expiration date	Specific item	Purchase and sale position	Hedged item or transaction Name		Value of hedged	Asset / liability		(Charge)/ credit to income	
							Amount ThCh$	items ThCh$	Name	Amount ThCh$	Realized ThCh$	Unrealized ThCh$
S	CCPE	50,000,000	2nd quarter 2011	Exchange rate (US$)	C	US dollar bonds	32,375,000	25,355,000	Bond	15,525,098	(456,905)	(5,662,182)
FR	CCTE	2,012,708	1st quarter 2010	Exchange rate (US$)	C	Income	1,019,287	989,045	Income	30,242	-	(30,242)
FR	CCTE	1,580,197	1st quarter 2010	Exchange rate (US$)	C	Income	800,252	777,062	Income	23,190	-	(23,190)
FR	CCTE	4,041,508	1st quarter 2010	Exchange rate (US$)	C	Income	2,046,723	1,994,484	Income	52,239	-	(52,239)
FR	CCTE	1,010,507	1st quarter 2010	Exchange rate (US$)	C	Income	511,693	497,927	Income	13,766	-	(13,766)
FR	CCPE	9,100,000	1st quarter 2010	Exchange rate (US$)	C	Cash	4,525,157	4,607,746	Other reserve	82,589	-	82,589
FR	CCPE	9,100,000	1st quarter 2010	Exchange rate (US$)	C	Cash	4,525,157	4,601,286	Other reserve	76,127	-	76,129
FR	CCPE	9,100,000	1st quarter 2010	Exchange rate (US$)	C	Cash	4,525,157	4,595,357	Other reserve	70,200	-	70,200
FR	CCPE	9,100,000	2nd quarter 2010	Exchange rate (US$)	C	Cash	4,525,157	4,589,669	Other reserve	64,512	-	64,512
FR	CCPE	9,100,000	2nd quarter 2010	Exchange rate (US$)	C	Cash	4,525,157	4,583,643	Other reserve	58,486	-	58,486
FR	CCPE	9,100,000	2nd quarter 2010	Exchange rate (US$)	C	Cash	4,525,157	4,578,110	Other reserve	52,953	-	52,953
FR	CCPE	2,013	1st quarter 2010	Exchange rate (US$)	C	Cash	1,020,224	1,064,579	Other current assets	44,355	-	44,355
FR	CCPE	726	1st quarter 2010	Exchange rate (US$)	C	Cash	367,736	357,279	Other current assets	10,457	-	(10,457)
FR	CCPE	932	1st quarter 2010	Exchange rate (US$)	C	Cash	471,982	456,262	Other current assets	15,720	-	(15,720)
FR	CCPE	6,587	1st quarter 2010	Exchange rate (US$)	C	Cash	3,326,670	3,317,239	Other current assets	9,430	-	(9,430)
FR	CCPE	3,553	1st quarter 2010	Exchange rate (US$)	C	Cash	1,794,169	1,790,510	Other current assets	3,659	-	(3,659)

Note 26 - Contingencies and Restrictions

a) Management restrictions

Derived from obligations related to the bond issuance, the Company must comply with some covenants and obligations, detailed below:

- Maintain, for the duration of the bond issuance, assets free of any kind of encumbrance whose book value is equal to or greater than 1.2 times the book value of all the liabilities and debts of the issuer that are not subject to any liens or guarantees on assets or instruments belonging to it, including among such liabilities, the debt arising from this bond issuance.

- Not sell, cede, transfer, contribute or in any way give up title to, either for money or for free, the Essential Assets of the Issuer, for amounts exceeding whether in one or more legal acts, 5% of the Consolidated Assets of the Issuer.

- Maintain a level of indebtedness at the individual and consolidated level in which the ratio of Total Demand Liabilities / Total Capitalization and Total Debt / Total Capital is not greater than 0.7, as those terms are defined in the respective prospectuses.

- Maintain at all times during the term of the issuance of the bonds minimum individual and consolidated shareholders' equity of UF 15 million.

- Not make any direct or indirect capital distribution, dividend payment (other than the dividends established in the Companies Law), any payment of principal or interest on any loan to its shareholders, or any other payment of a similar nature unless the following conditions are met: (i) the Issuer has not been involved in any Default Event and it continues, (ii) the ratio of Net Operating Cash Flows / Financial Expenses is higher than 1.5, and (iii) the Issuer must be in compliance with the Debt Service Reserve Agreement.

b) Direct commitments

There are no direct commitments.

Note 26 - Contingencies and Restrictions (continued)

c) Indirect commitments

There are no collateral or guarantees granted for indirect commitments.

d) Pending lawsuits

As of December 31, 2009 there are other lawsuits pending against the Company for which the corresponding defense has been filed, which altogether represent an amount of ThCh$290,099.

Management believes that the above mentioned lawsuits will not result in significant contingencies.

e) Fines

1. On December 5, 2002, the Superintendency of Electricity and Fuel (SEC) in Ordinary Official Letter No. 7183, charged the Company for its alleged responsibility in the interruption of electrical supply in the Central Interconnected System (SIC) on September 23, 2002. The Company presented the answers in a timely manner, and these were added to the corresponding evidence, By Exempt Resolution No. 1438 dated August 14, 2003, the Superintendency applied various fines to Transelec for a total of 2,500 Annual Tax Units (UTA) equivalent as of December 31, 2009 to ThCh$1,105,890. As of December 31, 2009, the Company had appealed the complaint before the Santiago Court of Appeals and placed a deposit of 25% of the original fine, On November 5, 2009, the case was heard, and the parties presented their allegations. A ruling is expected during the next few months. In any case, the Supreme Court's review of the case is still open. The Company contends that it is not liable for this event as it was an act of god or force majeure.

2. In Ordinary Official Letter No. 1210 dated February 21, 2003 the SEC filed charges for the alleged responsibility of Transelec in the interruption of electric service in the SIC, on January 13, 2003. By Resolution No. 808, of April 27, 2004, the SEC imposed a fine of 560 UTA equivalent as of December 31, 2009, to ThCh$247,719, against which a writ of administrative reconsideration was filed, which was rejected. The Company appealed the complaint before the Santiago Court of Appeals and placed a deposit of 25% of the original fine. The Company maintains that it is not responsible for this situation since it considers it a case of force majeure.

Note 26 - Contingencies and Restrictions (continued)

e) Fines (continued)

3. On June 30, 2005, the SEC through Exempt Resolution No. 1117, applied the following sanctions to the Company: a fine of 560 UTA, equivalent as of December 31, 2009 to ThCh$247,719, for allegedly not having coordinated to ensure electric service, as determined in the investigation of the general failure of the SIC on November 7, 2003; a fine of 560 UTA, equivalent as of December 31, 2009, to ThCh$247,719, in the Company's condition as the owner of the facilities, for allegedly operating the facilities without adhering to the operation scheduling set forth by the CDEC-SIC, without justified cause, as determined in the investigation of the general failure of the SIC on November 7, 2003. On September 8, 2009, an appeal was filed before the Santiago Court of Appeals. On September 23, 2009, the court agreed to hear the case. Management asserts that it is not liable for these events.

4. On December 17, 2004, the SEC through Exempt Resolution No. 2334 fined the Company 300 UTA, equivalent as of December 31, 2009, to ThCh$132,707, for its alleged responsibility in the interruption of electrical supply south of Temuco, caused by a truck crashing into a structure of the Charrúa - Temuco line. As of December 31, 2009, the Company had filed a motion of invalidation and administrative reconsideration, firmly sustaining that it was an act of God and that the charges are not applicable and should be annulled.

5. On December 31, 2005, the SEC through Official Letter No. 1831, filed charges against the Company for allegedly infringing on various provisions of the electrical regulations while operating its facilities, which would have caused the interruption of electrical supply in the SIC on March 21, 2005, By SEC Exempt Resolution SEC No. 220, of February 7, 2006, the Company was fined 560 UTA, equivalent as of December 31, 2009, to ThCh$247,719, An appeal was on February 16, 2006, which is still pending, As of December 31, 2009, the Company had presented its required defense. On November 25, 2009, an appeal was filed before the Santiago Court of Appeals. On January 4, 2010, the court agreed to hear the case.

Note 26 - Contingencies and Restrictions (continued)

e) Fines (continued)

6. On June 1, 2007, the SEC through Official Letter No. 2523/ACC 251155/DOC 100503/, filed charges against the Company for allegedly infringing on various provisions of the electrical regulations (Art. 139 of DFL No. 4/20,018 of 2006 from the Ministry of Economy, related to articles 205 and 206 of DS 327/97 from the Ministry of Mining) while operating its facilities, which would have caused the interruption of electrical supply in the SIC on December 4, 2006, By SEC Exempt Resolution SEC No. 274, of February 11, 2009, the Company was fined 100 UTA, equivalent as of December 31, 2009, to ThCh$44,236. An appeal was filed on February 27, 2009, which is still pending. As of December 31, 2009, the Company had presented its required defense.

As of December 31, 2009, the Company has established a provision for these contingent obligations of ThCh$2,150,219. This estimation considers the fact that similar cases are being heard in the Appeals Court and that the Appeals Court and Supreme Court have confirmed the decision of the SEC in similar cases. In addition, there are similar cases with a motion for reconsideration before the SEC for which the SEC has maintained the previously established fine.

f) Transelec Norte S.A. (subsidiary)

1. Management restrictions
   There are no restrictions.

2. Direct Commitments
   There are no direct commitments.

3. Indirect Commitments
   There are no collateral or guarantees granted for the indirect commitments,

4. Pending Lawsuits
   There are no lawsuits.

Note 26 - Contingencies and Restrictions (continued)

g) Direct guarantees

Guarantee creditor	Debtor name	Type of guarantee	Assets involved book value	Balances outstanding as of year end	
				December 31, 2009	December 31, 2008
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	136,177
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	194,938
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	869,293
Banco de Chile	Ministry of Economy, Development and Reconstruction	Security	708,926	708,926	-
Banco Santander Santiago	Director of Highways Atacama	Security	126	126	-
Banco Santander Santiago	Director of Highways Atacama	Security	126	126	-
Banco Santander Santiago	Regional Director of Highways V Region	Security	314	314	-
Banco Santander Santiago	Regional Director of Highways V Region	Security	524	524	-
Scotiabank	Ministry of Economy, Development and Reconstruction	Security	2,332,660	2,332,660	-
Banco Santander Santiago	Regional Director of Highways IV Region	Security	419	419	-
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	1,257

Note 27 - Guarantees Obtained from Third Parties

As of December 31, 2009, the Company has received bank guarantees from contractors and third parties, mainly to guarantee performance of works and maintenance work for ThCh$27,117,022 (ThCh$10,531,784 in 2008). Mortgages have been granted in favor of the Company to guarantee payment of residential loans.

Note 28 - Chilean and Foreign Currency

Assets and liabilities in foreign currency are expressed in Chilean pesos, based on the respective exchange rates as of period-end (see exchange rate table in Note 2f).

These assets and liabilities are detailed as follows:

Description	Currency	Amount December 31, 2009 ThCh$	Amount December 31, 2008 ThCh$
Current assets			
Cash and banks	Ch$	3,088,444	1,852,109
Cash and banks	US$	381,031	56,815
Time deposits	US$	1,392,578	13,974,546
Time deposits	UF	113,349,375	33,077,959
Time deposits	Ch$	5,185,097	-
Marketable securities	UF	14,338,341	16,293,590
Trade accounts receivables	Ch$	34,727,223	29,933,061
Trade accounts receivables	US$	1,741,055	2,006,377
Miscellaneous receivables	Ch$	2,404,306	478,191
Miscellaneous receivables	US$	34,818	38,385
Accounts receivable from related companies	Ch$	50,352	47,095
Marketable securities	Ch$	161,831	-
Inventory	Ch$	39,584	41,298
Recoverable tax	Ch$	2,772,469	2,266,114
Prepaid expenses	Ch$	668,037	92,758
Prepaid expenses	US$	28,143	-
Deferred taxes	Ch$	721,206	6,740,685
Other current assets (forward)	US$	-	365,877
Other current assets (bond discount)	Ch$	-	844,264
Other current assets	Ch$	996,174	15,670
Property, plant and equipment			
Property, plant and equipment	Ch$	1,012,201,805	974,780,185
Property, plant and equipment	US$	84,074,684	98,868,940
Other assets			
Investments in other companies	Ch$	228,066	311,878
Goodwill	Ch$	321,486,584	331,102,969
Long-term receivables	US$	970,886	1,233,206
Long-term receivables	Ch$	486,065	294,079
Notes and receivables from related companies	US$	15,618,680	19,151,799
Intangibles	Ch$	151,442,801	151,397,595
Intangibles	US$	5,515,291	6,762,910
Amortization of intangibles	Ch$	(13,270,883)	(9,490,421)
Amortization of intangibles	US$	(482,588)	(422,682)
Deferred taxes, long-term	Ch$	46,409,959	49,639,435
Other	Ch$	8,853,246	9,042,770
Other	UF	89,960	144,646
Total assets	Ch$	1,578,652,366	1,549,389,735
	US$	109,274,578	142,036,173
	UF	127,777,676	49,516,195

Note 28 - Chilean and Foreign Currency (continued)

		December 31, 2009				December 31, 2008			
		Up to 90 days		90 days to 1 year		Up to 90 days		90 days to 1 year	
Description	**Currency**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**
Bond interest obligations payable	UF	5,233,215	4.54 %	711,456	4.22%	1,659,380	4.79%	2,251,565	4.65%
Bond capital obligations payable	UF	71,405,281	6.20%	-	-	670,693	6.20%	670,693	6.20%
Bond interest obligations payable	US$	-	-	3,688,169	7.88%	8,512,754	7.88%	-	
Bond interest obligations payable	Ch$	785,117	5.70%	-	-	-	-	-	-
SWAP contracts	UF	-	-	755,381	7.26%	-	-	2,180,562	7.14%
Accounts payable	Ch$	29,388,405	-	-	-	24,279,933	-	-	-
Accounts payable	US$	6,619,542	-	-	-	11,019,527	-	-	-
Provisions	Ch$	3,457,451	-	-	-	3,435,231	-	-	-
Withholdings	Ch$	1,421,862	-	-	-	2,536,146	-	-	-
Other current liabilities	UF	-	-	-	-	85,149	-	-	-
Other current liabilities	Ch$	458,809		-	-	3,677	-	-	-
Total current liabilities	UF	76,638,496	-	1,466,837	-	2,415,222	-	5,102,820	-
	US$	6,619,542	-	3,688,169	-	19,532,281	-	-	-
	Ch$	35,511,644	-	-	-	30,254,987	-	-	-

Note 28 - Chilean and Foreign Currency (continued)

Long-term liabilities as of December 31, 2009

		1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
Description	**Currency**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**
Bonds payable	UF	-	-	100,525,824	3.71%	125,657,280	3.50%	379,066,128	4.36%
Bonds payable	US$	124,821,285	7.88%	-	-	-	-	-	-
Bonds payable	Ch$	-	-	33,600,000	5.7%				
SWAP contracts	UF	14,769,718	7.22%	-	-	-	-	-	-
Provisions	Ch$	1,959,421	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	1,924,667							
Other long-term liabilities	US$	8,829,985	-	-	-	-	-	-	-
Total long-term liabilities	UF	14,769,718	-	100,525,824	-	125,657,280	-	379,066,128	-
	US$	133,651,270	-	-	-	-	-	-	-
	Ch$	3,884,088	-	33,600,000	-	-	-	-	-

Note 28 - Chilean and Foreign Currency (continued)

Long-term liabilities prior period, December 31, 2008

		1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
Description	**Currency**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**
Bonds payable	UF	3,409,547	6.20%	8,182,914	6.20%	150,361,035	3.9%	318,366,476	4.44%
Bonds payable	US$	293,904,224	7.88%	-	-	-	-	-	-
SWAP contracts	UF	22,044,138	7.88%	-	-	-	-	-	-
Provisions	Ch$	1,914,354	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	2,875,692	-	-	-	-	-	-	-
Total long-term liabilities	UF	25,453,685		8,182,914	-	150,361,035	-	318,366,476	-
	US$	293,904,224	-	-	-	-	-	-	-
	Ch$	4,790,046	-	-	-	-	-	-	-

Note 29 - Sanctions

During the 2009 and 2008 periods, the Company, its Board and management were not sanctioned by the SVS or other regulatory authorities.

Note 30 - Subsequent Events

On January 19, 2010, the Company, as it is duly authorized to do, informed the SVS of the following essential event, based on another essential event communicated November 23, 2009: As the placement of Series I and K bonds on November 16, 2009 was successful, Transelec S.A. will proceed with the early redemption of all Series B bonds, registered under number 249 in the SVS Securities Registry.

This early redemption will take place on the next coupon maturity date (i.e. March 1, 2010) and the respective payments will be made through Banco de Chile in its capacity as the paying bank.

On January 25, 2010, the Supreme Court issued a ruling by which it rejected the appeal filed by the Company regarding the electricity supply interruption in the Alto Jahuel-Cerro Navia Line on September 23, 2002, thus confirming both the ruling from September 10, 2009 and the fine applied by the Superintendency of Electricity and Fuels (SEC) based on Exempt Resolution No. 1438, dated August 14, 2003. This fine totals UTA 2,500 and has been fully provisioned as of December 31, 2009.

Between December 31, 2009 and the date of issuance of these financial statements there have been no other significant events of a financial accounting nature that could affect the interpretation of these financial statements.

Note 31 - Environment

During the 2009 and 2008 years, the Company has made disbursements related to the environment, detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Urgent work	25,193	130
Replacement of a static condenser with PCB	-	593
Environmental impact studies	-	38,761
Additional system	6,926	-
Subtransmission system	51,392	-
New trunk system work	10,411	-
Total	93,922	39,484

Note 32 - Time Deposits

Time deposits are detailed as follows:

Banks	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Banco Crédito e Inversiones	22,370,093	5,009,161
Banco Santander Santiago	15,749,386	17,926,533
Banco Bilbao Viscaya A,	4,698,268	5,444,541
Banco de Chile	20,606,166	9,648,884
Banco HSBC	10,595,348	-
Banco Itaú Chile	9,202,940	2,949,957
Banco Security	8,402,292	5,084,435
Banco Corpbanca	7,697,037	988,994
Scotiabank	15,004,400	-
Banco Bice	5,601,120	-
Total	119,927,050	47,052,505

The balance of the time deposits in the table above is equivalent to UF3,040,000, which is in turn equal to the total outstanding principal of the Series B1 and B2 bonds placed by the Company, which will be fully paid on March 1, 2010. This amount to be used to redeem the Series B1 and B2 bonds was raised in its entirety from placing Series I and Series K bonds on December 3, 2009 and December 4, 2009, respectively.

Note 33 - Accounts Payable

Accounts payable are detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Provision for fines and lawsuits	2,440,318	2,015,879
Provision for urgent projects	6,619,542	11,019,527
Provision for VIRTs payable (1)	3,751,616	13,447,670
Provision for asset under construction	893,703	1,724,552
Contractor withholdings	1,344,720	1,483,392
Accounts payable	21,330,193	6,253,179
Total	36,380,092	35,944,199

(1) VIRT is the Spanish acronym for "Valuation of Injections and Withdrawals per Segment" and corresponds to the concept of "real tariff income per segment" defined as "the difference arising from applying the marginal costs of real system operation to capacity and energy injections and withdrawals in that segment". This definition can be found in the fourth paragraph of article 101 of DFL 4, which establishes the modified, coordinated and systematized text of DFL No, 1 from the Ministry of Mining, from 1982, General Electricity Services Law.

As the owner of the trunk transmission system, has the right to provisionally receive the real tariff income from the various segments (VIRTs), but compensation should consist solely of the expected tariff income for those segments (IT). Monthly differences arise between these two concepts that create additional accounts payable in case the VIRTs are greater than the IT, and additional accounts receivable (see Note 5) in case the VIRTs are less than the IT. These differences are settled periodically in order to ensure that trunk transmission companies receive compensation in accordance with the first paragraph of the aforementioned article and that generation companies and those making withdrawals pay in accordance with that Law.

Note 34 - Other Long-Term Liabilities

These liabilities are detailed as follows:

	December 31, 2009 ThCh$	December 31, 2008 ThCh$
Provision for urgent works	8,829,985	1,350,096
Premium UF Bond Series D	1,924,667	1,525,596
Total	10,754,652	2,875,692

Nota 35 - IFRS Adoption

In accordance with SVS standards on International Financial Reporting Standards, the Company has communicated that it will fully adopt IFRS for the year ended December 31, 2010. As a result, the beginning balance of shareholders' equity as of January 1, 2010 will change, which will affect net income for future years. The preliminary effects of applying these new standards in preparing the Company's financial statements have been quantified and communicated to the SVS based on instructions in Official Circular No. 457 dated June 20, 2008.

a) Summary

In the year ended December 31, 2009 TRANSELEC S.A. and subsidiary recorded net income of ThCh$47,238,124, which is 14.56% lower than in 2008. This net income is derived from operating income of ThCh$107,726,821, a non-operating loss of ThCh$50,002,039, a first category and deferred income tax charge of ThCh$10,486,242 and minority interest of ThCh$146. In 2008, the Company recorded net income of ThCh$55,287,347, derived from operating income of ThCh$114,569,223, a non-operating loss of ThCh$46,032,220, a first category and deferred income tax charge of ThCh$13,249,437 and minority interest of ThCh$229.

In 2009, revenues reached ThCh$184,709,573 (ThCh$179,604,238 in 2008), which represents an increase of ThCh$5,105,335, despite the non-recurring income of ThCh$22,655,137 recorded in 2008, detailed in the following paragraph. It is important to note that revenues are mainly obtained from sales of the transmission capacity of the Company's facilities, but also include sales of services related to its main activity. Among these services, the Company has provided engineering services since July 2008 to hydroelectrical utilities in Aysen, generating in 2009 a positive difference of ThCh$8,440,082 (which includes the margin on the services provided in 2008). Another significant difference in the revenue obtained in 2009 is due to tolls from subtransmission facilities; since January 14, 2009, these tolls have been received in accordance with the subtransmission decree published on January 9, 2009, while in 2008 they were received based on the toll report issued by the CDEC. This new procedure applied in 2009 generates a higher subtransmission tolls collection than in the comparison year (increase of ThCh$10,838,780). Unlike trunk tolls, subtransmission tolls prior to January 14, 2009 will not be reassessed.

a) Summary (continued)

In addition to normal revenues from commercialization of transmission capacity of the facilities, sales in 2008 included non-recurrent revenues due to the following concepts and amounts: i) reassessment of Trunk Transmission System tolls for 2007, in accordance with Decree 207 published on January 15, 2008 and the 2007 Toll Report issued by the CDEC-SIC in March 2008 and amended in September 2008 (ThCh$ 7,349,925), ii) toll recalculations for the Trunk Transmission System for the period from March 13, 2004 to December 31, 2006, as per provisions included in the aforementioned decree, which amounted to ThCh$ 13,139,000, net of tariff income, interest and contractual discounts, and iii) tolls from prior years based on an agreement reached with Puyehue S.A. and Panguipulli S.A. for ThCh$ 2,166,212.

In 2009, cost of sales reached ThCh$ 70,529,983 (ThCh$ 58,731,828 in 2008). These costs are due primarily to maintain and operate the Company's facilities; in addition, these costs comprise disbursements incurred in providing engineering services to hydroelectrical utilities in Aysen since July 2008. In percentage, the Company’s costs consist of: 57.3% depreciation of property, plant and equipment (58.8% in 2008), 12.1% personnel costs (13.0% in 2008), 25.0% supplies and services hired (21.8% in 2008) and 5.6% amortization of intangibles (6.4% in 2008).

Administrative and selling expenses amounted to ThCh$ 6,452,814 (ThCh$ 6,303,177 in 2008) and consist of 51.4% personnel expenses (52.5% in 2008), 39.0% work, supplies and services hired (43.8% in 2008), and 9.6% depreciation (3.7% in 2008).

a) Summary (continued)

The Company recorded a non-operating loss of ThCh$50,002,309 for the current period (loss of ThCh$46,032,220 in 2008), generated mainly by financial expenses of ThCh$42,318,241, which includes, in addition to regular interest, payments associated with the premium paid for buy back of US$219.86 million from its US dollar denominated bonds occurred in August 2009. In 2008, financial expenses amounted to ThCh$39,536,124, and included interest on trunk reassed tolls from previous years of ThCh$2,574,260. The non-operating loss also includes amortization of goodwill of ThCh$8,807,853 (ThCh$8,825,788 in 2008). Other important accounts that affected the non-operating loss during the period were financial income of ThCh$2,606,113 (ThCh$10,369,291 in 2008, of which ThCh$5,499,438 was from interest associated with the abovementioned trunk tolls reassessment). Foreign currency translation for the period produced a gain of ThCh$447,708 (gain of ThCh$118,174 in 2008), valued in accordance with SVS Circular No. 1,560. In turn, price-level restatement generated a gain of ThCh$1,207,781 (a loss of ThCh$6,039,639 in 2008), and net other non-operating expenses of ThCh$3,137,817 (net expenses of ThCh$2,118,134 in 2008); these increased net other non-operating expenses, which grew by ThCh$1,019,683, mainly explained by an increase in write-off of property, plant and equipment during 2009.

b) Income

	For the period ended December 31, 2009 ThCh$	For the period ended December 31, 2008 ThCh$	Variation December 2009/2008	Variation December 2009/2008 ThCh$
Sales	184,709,573	179,604,238	2.84%	5,105,335
Toll income	169,358,896	173,600,634	-2.44%	-4,241,738
Work and services	15,350,677	6,003,604	155.69%	9,347,073
Cost of sales	-70,529,938	-58,731,828	20.09%	-11,798,110
Fixed costs	-26,169,045	-20,432,197	28.08%	-5,736,848
Depreciation	-40,438,183	-34,513,196	17.17%	-5,924,987
Amortization of intangibles	-3,922,710	-3,786,435	3.60%	-136,275
Administrative and selling expenses	-6,452,814	-6,303,177	2.37%	-149,637
Operating Income	**107,726,821**	**114,569,233**	**-5.97%**	**-6,842,412**
Non-Operating Loss	**-50,002,309**	**-46,032,220**	**8.62%**	**-3,970,089**
Income before income taxes	**57,724,512**	**68,537,013**	-15.78%	-10,812,501
Income taxes (1)	-10,486,242	-13,249,437	-20.86%	2,763,195
Minority Interest	-146	-229	-36.24%	83
Net Income	**47,238,124**	**55,287,347**	**-14.56%**	**-8,049,223**
EBITDA	**152,708,473**	**153,103,676**	**-0.26%**	**-395,203**

(1) The decrease in income taxes in 2009 is mainly explained by lower deferred taxes, basically because of a decrease in the accounting value of certain assets affected by the negative price-level restatement in 2009 of -2.3% (positive 8.9% in 2008), which does not apply to the tax value of those assets since it is negative, thus generating a temporary difference of ThCh$ 21,353,196, which, in turn, generates a lower deferred tax loss for the period of ThCh$ 2,651,450.

b) Income (continued)

Profitability

	For the period ended December 31, 2009	For the period ended December 31, 2008	Variation December 2009/2008
Return on equity	5.25%	6.27%	-16.27%
Return on assets	2.60%	3.18%	-18.24%
Return on operating assets	8.69%	9.38%	-7.36%
Earnings per share (Ch$)	47,238.12	55,287.35	-14.56%

c) Balance Sheet Analysis

	As of December 31, 2009 ThCh$	As of December 31, 2008 ThCh$	Variation December 2009/2008	Variation December 2009-2008 ThCh$
Current assets	185,842,435	108,124,794	71.88%	77,717,641
Property, plant and equipment	1,096,276,489	1,073,649,125	2.11%	22,627,364
Other assets	533,585,486	559,168,184	-4.58%	-25,582,698
Total Assets	**1,815,704,410**	**1,740,942,103**	**4,29%**	**74,762,307**
Current liabilities	124,397,005	58,078,726	114.19%	66,318,279
Long-term liabilities	791,154,307	801,058,380	-1.24%	-9,904,073
Minority interest	4,355	5,377	-19.01%	-1,022
Equity	900,148,743	881,799,620	2.08%	18,349,123
Total liabilities and shareholders' equity	**1,815,704,410**	**1,740,942,103**	**4.29%**	**74,762,307**

c) Balance Sheet Analysis (continued)

With respect to liabilities, it is important to mention that the Company carried out the following transactions in August 2009 to reduce the refinancing risk of its Yankee Bonds amounted to US$465 million maturing in April 2011. This operation included the following transactions:

- Purchase of a portion of the Yankee Bonds:

  On August 19, the Company purchased a portion of its Yankee Bonds for US$ 219,862,000 in debt. This buy back involved a premium of $8,788,436,256 paid to bondholders.

- Novation or early termination of swap contracts:

  In August 2009, in relation to the aforementioned redemption of US dollar debt, the Company terminated swap contracts totaling US$220,000,000 that it maintained with banks and financial institutions. The net amount paid to these financial institutions was approximately US$55.9 million.

- During the same month, the Company issued bonds (Series E, F and H) in UF and Chilean pesos on the Chilean market, raising Ch$166,171,439,001, equivalent to approximately US$304.7 million.

Likewise, in December 2009 two new series of bonds (I and K) were placed in order to early redeem the current Series B1 and B2 in March 2010, that were issued at a higher interest rate (6.2% per annum). These new issuances includes: i) UF1.5 million, annual interest rate of 3.5% and ii) UF1.6 million, annual interest rate of 4.6%. It is important to mention that as of December 31, 2009, the funds raised are being maintained in current assets until the amortization date of the Series B1 and B2 bonds.

c) Balance Sheet Analysis (continued)

Value of principal operating property, plant and equipment

ASSETS	As of December 31, 2009 ThCh$	As of December 31, 2008 ThCh$	Variation December 2009/2008 %	Variation December 2009-2008 ThCh$
Land	19,021,039	18,613,783	2.19%	407,256
Buildings and infrastructure	841,731,678	792,223,271	6.25%	49,508,407
Machinery and equipment	360,384,223	348,791,314	3.32%	11,592,909
Other property, plant and equipment	1,762,362	1,471,916	19.73%	290,446
Accumulated depreciation	(126,622,813)	(87,451,159)	44.79%	(39,171,654)
Total	1,096,276,489	1,073,649,125	2.11%	22,627,364

Differences between book values and economic values and/or market values of principal assets

As the assets of the Company and its subsidiary were valued at fair value in June 2006, in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants, for consolidation purposes, it is estimated that the book value of the assets of Transelec Norte S.A. is 35.73% lower than their economic and/or market value.

c) Balance Sheet Analysis (continued)

Liquidity and indebtedness

Ratio	As of December 31, 2009	As of December 31, 2008	Variation December 2009/2008
Current liquidity	1.49	1.86	-19.89%
Acid ratio	1.11	1.12	-0.89%
Total liabilities/equity	1.02	0.97	5.15%
% short-term debt	13.59	6.76	100.99%
% long-term debt	86.41	93.24	-7.32%
Financial expense coverage ratio	3.56	3.66	-2.85%

Current liquidity decreases as of year-end 2009 mainly due to current liabilities includes the total amount of the principal of the bonds Series B1 and B2 bonds, as the Company declared its intention to early redeem this debts in March 2010. This fact also explains the increase of the short term debt portion on December 31, 2009.

Financial expenses coverage also decreases as of December 31, 2009. EBITDA in 2009 was lower for just an amount of Ch$395,203 compared with 2008, and financial expenses in 2009 were higher for an amount of Ch$2,763,451 than in the comparison period.

Regarding the liquidity of the Company, it has to be notice that, in order to ensure funds to cover working capital needs, project financing (for projects under development and potential projects), and transmission lines acquisitions, the Company has secured the following committed credit lines:

Bank	Amount (up to)	Maturity	Type of Credit
Scotiabank	US$ 15,000,000	11-06-2010	Working capital
BCI	US$ 30,000,000	02-28-2010	Working capital
Santander	US$ 15,000,000	03-31-2010	Working capital
Scotiabank - Corpbanca	UF 3,206,453	09-15-2010	Project financing and refinancing liabilities

d) Most important changes in the company's market

Transelec S.A. carries out its activities in the electricity market, which has been divided into three different sectors: generation, transmission and distribution. The electricity generation sector consists of the companies that generate electricity, whether from hydroelectric, coal, oil, gas, wind energy or other types of power plants. This sector is dedicated to the production of electricity, which will subsequently be used throughout the country by end users. The purpose of the distribution sector is to carry electricity to the physical location where each end user will use the electricity. To do so, distribution companies have electrical networks that enable electricity to flow within cities, from the "points of entry" into their networks to the residence or business of each end user. Lastly, the primary goal of the transmission sector is to transmit the generated electricity from where it is produced (electrical power plants) to the "points of entry" of the distribution companies' networks or of large end users.

Transelec's business mainly centers on commercializing the capacity of its facilities to transmit and transform electricity, in accordance with established quality standards. The transmission system of Transelec S.A. and subsidiary, which spans 2,900 kilometers between Arica to the Island of Chiloé, encompasses the majority of the trunk transmission lines and substations in the SIC and the SING. This transmission system transports the electricity that supplies approximately 99% of Chile's population. The Company owns 100% of the 500 kV electricity transmission lines, 51.1% of the 220 kV lines and 94.5% of the 154 kV.

The legal framework that governs the electrical transmission business in Chile is regulated by DFL No. 4/2006, which establishes the modified, coordinated and systemized text of Decree with Force of Law No. 1 from the Ministry of Mining, issued in 1982; the General Electricity Services Law of 1982 (DFL(M) No. 1/82) and its subsequent modifications, including Law 19,940 (Short Law I) enacted on March 13, 2004, Law 20,018 (Short Law II) enacted on May 19, 2005 and Law 20,257 (Generation with Non-conventional Renewable Energy Resources) enacted April 1, 2008. These standards are complemented by the Regulations of the General Electricity Services Law of 1997 (Supreme Decree No. 327/97 from the Ministry of Mining) and its respective modifications, as well as by the Technical Rules for Reliability and Quality of Service (Exempt Ministerial Resolution No. 40 dated May 16, 2005) and its subsequent modifications.

d) Most important changes in the company's market

Law 19,940, also called Short Law I, modified the General Electricity Services Law enacted in 1982 in matters relating to electricity transmission activity, subdividing the transmission network into three types of systems: trunk transmission, subtransmission and additional transmission. It also establishes that electricity transmission – both by trunk transmission as well as subtransmission systems – is considered a public service and is subject to regulated tariffs.

Finally, Law 19,940 established that the new payment regime for the use of the trunk facilities would become effective as of March 13, 2004 and determined a transitory period that was in effect until the first trunk transmission decree was issued. Thus, from 2004 to 2007, collection and payment for use of transmission facilities was carried out provisionally using subsequent recalculations in accordance with legal and regulatory standards in effect until Short Law I was published. On January 15, 2008, a decree from the Ministry of Economy, Development and Reconstruction was published that set the new Investment Value (VI), the Annuity of the Investment Value (AVI), the Operation, Maintenance and Administration Costs (COMA) and the Annual Transmission Value per Segment (VATT) for the trunk facilities for the period from March 14, 2004 to December 31, 2010, as well as the indexation formulas applicable during that period. New rates for the trunk transmission system began being applied in April 2008 and during 2008 trunk income was recalculated for the period from March 13, 2004 to December 31, 2007.

The decree that set rates for subtransmission facilities was published in the Official Gazette on January 9, 2009 and the new rates will begin to be applied as of January 14, 2009.

e) Market risk factors

Due to the nature of the electrical market and the legislation and standards that regulate this sector, the Company is not exposed to significant risks in developing its principal business. However, the following risk factors should be mentioned and considered:

Regulatory Framework

The laws governing the electricity transmission business in Chile were amended by the enactment of Law 19,940, referred to as Short Law I, published on March 13, 2004.

Even though some application-related aspects of Short Law I still need to be defined in the electricity regulations, which have not yet been prepared, the most relevant methodological aspects for establishing tolls for trunk facilities to be paid by each user company, as well as procedures for payment and recalculation, are defined in decree No. 207, issued July 9, 2007 by the Ministry of Economy, Development and Reconstruction published in the Official Gazette on January 15, 2008. Regarding subtransmission facility tolls, although some application-related aspects of the new calculation method still need to be defined in electricity regulations, which have not yet been prepared, the decree that sets subtransmission tariffs and indexation formulas, already published in January 2009, comprises provisions in the process of being applied that allow to fix the amount and payment procedures of the tolls for the use of the associated facilities.

Concentration of Income

A major part of Transelec's total sales (70.3)% is from one single customer, Empresa Nacional de Electricidad S.A. (Endesa) and its subsidiaries generating companies. The toll agreements signed with Endesa and its subsidiaries Pangue and Pehuenche will generate a large part of the Company's future cash flows. Therefore, a substantial change in the assets, financial condition or operating income of Endesa or its subsidiaries could negatively affect Transelec.

e) Market risk factors (continued)

Operating Risks

Although the Company's management believes it has adequate risk coverage, in line with industry practices, it cannot guarantee the sufficiency of its insurance policy coverage for certain operating risks to which it is exposed, including forces of nature, damages to transmission facilities, on-the-job accidents and equipment failure. Any of these events could negatively affect the Company’s business.

Application of Environmental Standards and/or Policies

Transelec is also subject to regulatory environmental standards that, among other things, require it to conduct environmental impact studies for future projects and obtain the respective regulatory authorizations. It is not possible to ensure that these environmental impact studies will be approved by government authorities within the periods and under the terms presented by Transelec, or that delays or modifications will not occur in the proposed projects, or that the laws and regulations will not change or be interpreted in a manner that could adversely affect the Company’s operations and plans.

Delays in Construction of New Transmission Facilities

The success of the program for extending the transmission network and building new facilities will depend on numerous factors, including cost and availability of funds to finance the program. Although Transelec has experience with large-scale construction projects, construction of new facilities could be negatively affected by factors commonly associated with projects including delays in obtaining regulatory authorizations; scarcity of equipment, materials, labor or changes in their prices; adverse weather conditions; natural catastrophes; and unforeseen circumstances and difficulties in obtaining financing at reasonable rates. Any of these factors could cause delays in the partial or total completion of the capital investment program, and could increase the costs of the projects.

e) Market risk factors (continued)

Technological Changes

Transelec is compensated for investments it makes in electrical transmission facilities through an annuity of the valuation of the existing facilities (AVI). Any important technological changes in the equipment that comprise its facilities could lower this valuation, which could, in turn, prevent partial recovery of the investments made.

f) Foreign exchange and interest rate risk

Foreign Exchange Risk

Depending on the market and other considerations, Transelec has carried out, when deemed necessary, certain hedging activities such as cross currency swaps and currency forwards in order to hedge the risk of fluctuations in the UF-dollar exchange rate for its bonds denominated in US dollars. However, it is not possible to ensure that Transelec will be fully protected by these foreign exchange hedge contracts. In addition, cross currency swaps and forwards contain counterparty credit risks, cash requirements upon maturity and other associated risks.

As of December 31, 2009, a portion of the fair value debt of the Company and its subsidiary was denominated in US dollars as a result of bonds placed abroad for US$ 250.3 million (including accrued interest) and other short-term liabilities of US$ 30.0 million. The assets denominated in US dollars correspond to: credit in mercantile current accounts with related companies (mainly Transelec Holdings Rentas Limitada) of US$30.9 million (including interest earned), short-term financial investments of US$3.5 million (including interest earned), forward contracts to purchase US dollars of US$18.9 million, fair value swap contracts for US$48.6 million, trade receivables and other current assets of US$3.4 million and property, plant and equipment and intangible assets at fair value of US$177.6 million. These assets exceed the respective liability by US$2.7 million.

f) Foreign exchange and interest rate risk (continued)

Foreign Exchange Risk (continued)

Additionally, as of December 31, 2009, the Company maintains forward contracts for sales of US dollars amounting to US$ 54.6 million associated with revenue the Company will invoice from January to June 2010, in order to set the underlying portion of its revenue in pesos.

As of December 31, 2008, a portion of the fair value debt of the Company and its subsidiary was denominated in US dollars as a result of bonds placed abroad for US$ 480 million (including accrued interest) and other short-term liabilities of US$ 20.5 million. The assets denominated in US dollars correspond to: credit in mercantile current accounts with related companies (mainly Transelec Holdings Rentas Limitada) of US$30.8 million (including interest earned), short-term financial investments of US$22.7 million (including interest earned), fair value swap contracts for US$274 million, trade receivables and other current assets of US$3.2 million and property, plant and equipment and intangible assets at fair value of US$171.2 million. Therefore, in 2008, these dollar denominated assets exceed the respective liability by US$1.5 million.

Additionally, as of December 31, 2008, the Company maintains forward contracts for sales of US dollars amounting to US$ 54 million associated with revenue the Company was set to invoice from January to June 2009, in order to set the underlying portion of its revenue in pesos.

Revenues denominated in US dollars are exposed to the exchange rate variations. This exposure is partially mitigated by the fact that toll revenues are indexed monthly or semiannually, as the case maybe, by an indexation formula partly linked to the US dollar.

Currently, trunk and additional tolls are denominated in US dollars (71.2% approximately), but monthly invoices are expressed in their Chilean peso equivalent using the monthly average of the dollar observado. Subtransmission tolls revenues and some services are denominated in Chilean pesos; during 2009 represented approximately 25.4% of the total revenues. Most of the remaining revenues (approximately 3.4%), mainly from providing services, are invoiced in Chilean pesos using the value of the UF. The exchange rates used are detailed as follows:

f) Foreign exchange and interest rate risk (continued)

Foreign Exchange Risk (continued)

Exchange rate

Month	**Average 2009 (Ch$/US$)**	**Last day 2009 (Ch$/US$)**	**Average 2008 (Ch$/US$)**	**Last day 2008 (Ch$/US$)**
January	623.01	612.43	480.90	465.30
February	606.00	595.76	467.22	458.02
March	592.93	582.10	442.94	439.09
April	583.18	588.62	446.43	459.16
May	565.72	564.64	470.10	479.66
June	553.08	529.07	493.61	520.14
July	540.42	541.90	502.24	502.78
August	546.88	550.64	516.70	516.47
September	549.07	546.07	530.17	552.47
October	545.83	531.74	618.39	664.96
November	507.78	495.84	651.51	659.43
December	501.45	506.43	649.32	629.11
Average for the period	559.61	553.77	522.46	528.88

The indexation formulas, applied semiannually to revenues from toll contracts and from subtransmission tariffs, and monthly to revenues from regulated trunk tariffs, take into account variations in the value of the facilities and of operating, maintenance and administration costs. In general, those indexation formulas take into consideration variations in the international prices of equipment, materials and local labor.

For the 2009 period, indexation decreased the value of tolls by an average of 6.5% over 2008.

f) Foreign exchange and interest rate risk (continued)

Foreign Exchange Risk (continued)

Interest Rate Risk

As of December 31, 2009, the Company has no debt with variable interest rates. In effect, its debt denominated in US dollars accrues interest at a fixed annual rate of 7.875%. All UF debt denominated was placed at fixed interest rates varying from 3.5% to 6.2%, depending on each bond. Bonds denominated in Chilean pesos were placed at a fixed rate of 5.70%.

The Company also maintains the following variable-rate assets: a) mercantile current accounts with related companies denominated in US dollars, for a net amount of US$ 30.9 million and b) cash and short-term investments equivalent to US$ 271.9 million. As cash balances are set aside for the early redemption of its Series B bonds, project financing and profit distributions, management believe that the Company is at no risk of a change in interest rates affecting its results.

g) Principal cash flows for the period

For the year ended December 31, 2009, the Company recorded net positive cash flows of ThCh$70,746,130; operating activities generated cash flows of ThCh$105,210,918 and financing activities generated ThCh$42,358,688, while investing activities required disbursements of ThCh$76,823,476. In 2008, the Company recorded net positive cash flows of ThCh$30,956,950, attributable to positive cash flows from operating activities of ThCh$103,243,156, offset by negative cash flows from financing activities of ThCh$22,579,681 and negative cash flows from investing activities of ThCh$49,706,525.

The net positive cash flows from financing activities during the year ended December 31, 2009 of ThCh$42,358,688 are due primarily to bond placements (E, F, H, I and K series), partially offset by the purchase of a portion of its US dollar denominated bonds (Yankee Bonds) and the premium paid for this purchase. In addition, the Company settled swap contracts amounting to US$220 million, which involved paying approximately US$55.9 million to the financial institutions that were party to these contracts. In 2009 the Company also paid dividends of ThCh$28,128,473. In 2008, the Company recorded net negative cash flows from financing activities of ThCh$22,579,681, principally as a result of dividend payments.

g) Principal cash flows for the period (continued)

In 2009, investing activities generated net negative cash flows of ThCh$76,823,476, because of net additions to property, plant and equipment. In 2008, investing activities generated negative cash flows of ThCh$49,706,525, due to net additions to property, plant and equipment of ThCh$32,982,986, other investment disbursements for price adjustments with Hydro Québec and IFC (stemming from publication of the trunk transmission decree) for ThCh$74,174,705 and, partially offset by net proceeds collected on loans to related companies of ThCh$57,957,950.

In 2009, the effect of inflation on cash and cash equivalents was positive, amounting to ThCh$ 1,895,336. In 2008, the effect was negative and amounted to ThCh$ 339,983.

The final balance of cash and cash equivalents as of December 31, 2009 amounted to ThCh$ 137,896,487, from an opening balance of ThCh$ 65,255,019. It is worth mentioning that this final balance of cash and cash equivalents includes the funds raised from placing the Series I and K bonds, which are intended to finance the early redemption of the Series B bonds for UF3,040,000 that Transelec will carry out on March 1, 2010. In 2008, the final balance of cash and cash equivalents amounted to ThCh$ 65,255,019, from an opening balance of ThCh$ 34,638,052.

Relevant Events

During the year between January 1 and December 31, 2009, in accordance with General Character Standard No. 30, the Company has informed the SVS about the following essential or relevant events:

On March 26, 2009, the Company informed the SVS that its Board of Directors, at the meeting held on March 26, 2009, agreed to convene a Regular Shareholders' Meeting on April 30, 2009, at 2:30 pm, at its offices located at Av. Apoquindo 3721, 6th Floor, Las Condes.

The objective of this meeting was to inform and obtain approval from shareholders regarding the following matters:

1) Annual Report, Balance Sheet, Financial Statements and Report of Independent Auditors, corresponding to the year ended as of December 31, 2008.
2) Distribution of final dividend.
3) Dividend policy and information regarding the payment procedures to be used.
4) Board of Directors' and Audit Committee's fees.
5) Designation of Independent Auditors.
6) Newspaper to be used to publish announcement of the Shareholders' Meetings.
7) Other matters of interest for the Company under the jurisdiction of the Shareholders' Meeting.

On May 4, 2009, the SVS was informed of the following essential event: On April 30, 2009, at an Regular Shareholders' Meeting, the Company's shareholders undertook the following:

1) Approved the Annual Report, Financial Statements and the Report of Independent Auditors, corresponding to the year ended December 31, 2008.

2) Unanimously approved the distribution of a final dividend of Ch$12,509,560,000 for the year ended December 31, 2008, which was paid as an interim dividend in July 2008, and, therefore, they agreed not to distribute the distributable surplus of Ch$44,239,425,255.

3) Were informed of the dividend policy for 2009.

Relevant Events (continued)

4) Renewed all current members of the Board, which is composed of the following regular directors and their respective alternates:

Regular Director	**Alternate Director**
Mr, Jeffrey Blidner	Mr, Thomas Keller
Mr, Bruce Hogg	Mr, Graeme Bevans
Mr, Bruno Guilmette	Mr, Patrick Charbonneau
Mrs, Brenda Eaton	Mr, Richard Dinneny
Mr, Felipe Lamarca Claro	Mr, Enrique Munita Luco
Mr, Juan Andrés Fontaine Talavera	Mr, Juan José Eyzaguirre Lira
Mr, Blas Tomic Errázuriz	Mr, Federico Grebe Lira
Mr, José Ramón Valente Vias	Mr, Juan Paulo Bambach Salvatore
Mr, Alejandro Jadresic Marinovic	Mr, Juan Irarrázabal Covarrubias

5) Set the Board of Directors' and Audit Committee's fees.

6) Approved the designation of Ernst & Young as the Company's independent auditors for 2009.

7) Approved the designation of the Diario Financiero as the newspaper to be used to publish announcements of general shareholders' meeting.

On May 4, 2009, the SVS was informed of the following essential event: On April 30, 2009, the Board, in extraordinary session No. 33, elected Mr. Jeffrey Blidner as Chairman of the Board.

On June 1, 2009, the SVS was informed of the following essential event: At the Company's Board of Directors Meeting held on May 28, 2009, the directors approved the distribution of Ch$15,108,000,000 as an interim dividend for 2009, which was to be paid starting June 23, 2009 to the shareholders registered in the respective registry on June 17, 2009.
Form No. 1 on dividend distributions is attached.

Relevant Events (continued)

On June 4, 2009, the SVS was informed of the following essential event: On June 3, 2009, at an Extraordinary Shareholders' Meeting, the Company's shareholders undertook the following:

1) Ratified the agreement adopted by the Company's Board of Directors in session No. 35 on May 28, 2009, approving registration of two lines of bonds, maturing in 10 and 30 years, respectively, by entering into bond issuance contracts for debt security lines, as well as any modifications, clarifications and all related acts and contracts and approving the Company's indebtedness through future bond issuances and placements with a charge to these lines for an amount of up to twenty million UF each.

2) The shareholders also agreed to limit this authorization so that the sum of the bonds placed with a charge to these lines may not exceed twenty million UF or its equivalent in pesos or US dollars as of the date of placement. Therefore, new shareholders' and Board of Directors' meetings would be needed to approve the issuance and placement of new bonds charged to these lines in excess of twenty million UF.

3) Likewise, shareholders agreed to give the Board of Directors the power to determine the amounts, characteristics, timing, terms and specific conditions for future bond issuances charged to these lines that are registered with the SVS Securities Registry, which shall in all cases be limited to the maximum authorized amounts and reflect market conditions at the moment of issuance.

On August 13, 2009, the SVS was informed of the following essential event: On August 13, 2009, Transelec S.A. placed three series of bonds (E, F and H) in the Chilean market, detailed as follows:

1) Series E Bonds: ticker symbol BNTRA-E, as part of the 10-year line of bonds registered under No. 598 in the Securities Registry, in Unidades de Fomento, for UF 3,300,000 (three million, three hundred thousand Unidades de Fomento).

   These bonds mature in 5 years, with a face interest rate of 3.9% per annum, compounded semi-annually (i,e, 1.9313% per semester), with an IRR of 3.80% (price 100.43%), and a spread of 121 basis points.

Relevant Events (continued)

2) Series F Bonds: ticker symbol BNTRA-F, as part of the 10-year line of bonds registered under No. 598 in the Securities Registry, in nominal pesos, for Ch$ 33,600,000,000 (thirty three billion, six hundred million pesos), equivalent to UF 1,602,591 (one million, six hundred two thousand, five hundred ninety-one Unidades de Fomento) upon placement.

   These bonds mature in 5 years, with a face interest rate of 5.7% per annum, compounded semi-annually (i,e, 2.8105% per semester), with an IRR of 5.78% (price 99.65%), and a spread of 148 basis points.

3) Series H Bonds: ticker symbol BNTRA-H, as part of the 30-year line of bonds registered under No, 599 in the Securities Registry, in Unidades de Fomento, for UF 3,000,000 (three million Unidades de Fomento),

   These bonds mature in 22 years, with a face interest rate of 4.8% per annum, compounded semi-annually (i,e, 2.3719% per semester), with an IRR of 4.79% (price 100.09%), and a spread of 138 basis points.

   Larraín Vial S.A. Corredora de Bolsa acted as placement agent for these three placements.

   The funds raised by Transelec S.A. from these placements will be used for the early partial repayment, on August 19, 2009, of US$ 220,000,000 (two hundred twenty million US dollars) on the 144 A bonds it placed in the United States, of a total of US$465,000,000 (four hundred sixty-five million US dollars), maturing April 15, 2011.

   Transelec S.A. is also terminating certain US$/UF swap contracts early, These contracts are related to the 144A bonds that the Company will purchase, The face value of the swaps being terminated early amounts to US$220,000,000 (two hundred twenty million US dollars).

   The partial early purchase process for the 144 A bonds in the United States will be carried out using a public tender offer for those securities, subject to obtaining local financing by placing bonds in Unidades de Fomento and pesos. HSBC Securities (USA) Inc, will act as deal manager for the tender offer.

   At a meeting held September 24, 2009, the Board of Directors agreed to inform the SVS, as an essential event, that it had agreed to convene an Extraordinary Shareholders' Meeting on October 28, 2009, at 3:00 pm, at its offices located at Av, Apoquindo 3721, 6th Floor, Las Condes.

Relevant Events (continued)

The objective of this meeting was to inform and obtain approval from shareholders regarding the following matter:

Revoking the current members of the Board of Directors and newly electing regular and alternate directors.

On October 29, the SVS was informed that on October 28, 2009, the Company held an Extraordinary Shareholders' Meeting, at which shareholders approved the following:

Regular Director	**Alternate Director**
Mr. Jeffrey Blidner	Mr. Thomas Keller
Mr. Bruce Hogg	Mr. Graeme Bevans
Mr. Patrick Charbonneau	Mr. Paul Defresne
Mrs. Brenda Eaton	Mr. Richard Dinneny
Mr. Felipe Lamarca Claro	Mr. Enrique Munita Luco
Mr. Juan Andrés Fontaine Talavera	Mr. Juan José Eyzaguirre Lira
Mr. Blas Tomic Errázuriz	Mr. Federico Grebe Lira
Mr. José Ramón Valente Vias	Mr. Juan Paulo Bambach Salvatore
Mr. Alejandro Jadresic Marinovic	Mr. Juan Irarrázabal Covarrubias

On October 29 the SVS was informed that at its Extraordinary Session No. 45, held on October 28, 2009, the Board of Directors of Transelec Norte S.A. elected Mr. Jeffrey Blidner as Chairman of the Board.

On November 23 the SVS was informed, as an essential event, of Translec S.A.'s intention to carry out the early redemption of the Series B bonds.

In the event that the placement of the Series I, J and K bonds that is detailed below is carried out successfully, the funds obtained through such placements will be used to refinance liabilities and/or pay the Company's debts and for the early redemption of the Series B bonds of Transelec S.A.

The Series B bonds were placed by Transelec S.A. on April 11, 2001, and their outstanding capital to date amounts to UF3,040,000, and their maturity date is March 1, 2022. These bonds are divided into subseries B1 and subseries B2, and they are registered under number 249 at the Securities Register of the Chilean Superintendency of Securities and Insurance. Subseries B1 comprises 1,000 bonds, for a maximum nominal capital amount equivalent to UF1,000,000 (one million Unidades de Fomento), with a face value of UF1,000 each, and subseries B2 comprises

Relevant Events (continued)

300 bonds, with a maximum nominal capital amount equivalent to UF3,000,000 (three million Unidades de Fomento), with a face value of UF10,000 each.

Of the bonds issued in the quantities detailed in the preceding paragraph, 200 subseries B1 bonds were placed, for a total of UF200,000, and 300 subseries B2 bonds were placed, for a total of UF3,000,000, Therefore the total amount initially placed for Series B was UF3,200,000.

For these purposes, Transelec S.A. has issued the Series I, J and K bonds on November 16, 2009. Such bonds are expected to be placed during the early days of December, with the following characteristics:

1. Series I Bonds, under the code BNTRA-I, charged to the line of bonds maturing in 10 years, registered in the Securities Register under No. 598, in Unidades de Fomento, for the amount of UF3,100,000 (three million one hundred thousand Unidades de Fomento).

2. Series J Bonds, under the code BNTRA-J, charged to the line of bonds maturing in 10 years, registered in the Securities Register under No. 598, in nominal Chilean pesos, for the amount of Ch$65,020,000,000 (sixty-five billion, twenty million Chilean pesos), which, as of the date of the complementary public deed for bonds charged to the line of debt instruments, is equal to UF3,093,611 (three million ninety-three thousand six hundred eleven Unidades de Fomento).

3. Series K Bonds, under the code BNTRA-K, charged to the line of bonds maturing in 30 years, registered in the Securities Register under No. 599 in Unidades de Fomento, for the amount of UF3,100,000 (three million Unidades de Fomento).

On November 30, the SVS was informed that at its meeting held on November 26, 2009, the Board of Directors approved the distribution of a second interim dividend to be charged to earnings for the 2009 period in the amount of Ch$13,106,000,000, to be paid beginning on December 21, 2009 to shareholders of record as of December 15, 2009.

On December 3, 2009, the SVS was informed, as an essential event, that on this date Transelec S.A. placed Series I bonds (code BNTRA-I) in the local market, charged to the line of bonds maturing in 10 years, registered in the Securities Register under No. 598, in Unidades de Fomento, in the amount of UF1,500,000 (one million five hundred thousand Unidades de Fomento).

Relevant Events (continued)

Such bonds were placed with a five-year maturity date, with a nominal annual compound rate of 3.5%, or 1.7349% semiannually, an internal rate of return of 3.75%, and a spread of 101 basis points.

Larraín Vial S.A. Corredora de Bolsa acted as the agent in the placement.

On December 4, 2009, the SVS was informed, as an essential event, that on this date Transelec placed Series K bonds (code BNTRA-K) in the local market, charged to the line of bonds maturing in 30 years, registered in the Securities Register under No. 599, in Unidades de Fomento, for the amount of UF1,600,000 (one million six hundred thousand Unidades de Fomento).

Such bonds were placed with a maturity of 22 years, with a nominal annual compound rate of 4.6%, or 2.2741% semiannually, an internal rate of return of 4.59%, and a spread of 81 basis points.

Larraín Vial S.A. Corredora de Bolsa acted as the agent in the placement.

Transelec Norte S.A. (subsidiary)

During the period between January 1 and December 31, 2009, in accordance with General Character Standard No. 30, the Company has informed the SVS about the following essential or relevant events:

On March 26, 2009, Transelec Norte S.A. informed the SVS that its Board of Directors, at the meeting held on March 26, 2009, agreed to convene an Ordinary Shareholders' Meeting on April 30, 2009, at 3:30 pm, at its offices located at Av. Apoquindo 3721, 6th Floor, Las Condes.

The objective of this meeting was to inform and obtain approval from shareholders regarding the following matters:

1) Annual Report, Balance Sheet, Financial Statements and Report of Independent Auditors, corresponding to the period ended December 31, 2008.
2) Distribution of final dividend.
3) Dividend policy and information regarding the payment procedures to be used.
4) Board of Directors fees.
5) Designation of Independent Auditors.
6) Newspaper to be used to publish announcement of the Shareholders' Meetings.
7) Other matters of interest regarding the Company that come under the jurisdiction of the meeting.

Relevant Events (continued)

On May 4, 2009, the SVS was informed of the following essential event: On April 30, 2009, the Board, in extraordinary session No. 59, elected Mr. Jeffrey Blidner as Chairman of the Board.

On May 4, 2009, the SVS was informed of the following essential event: On April 30, 2009, at an Ordinary Shareholders' Meeting, the Company's shareholders undertook the following:

1) Approved the Annual Report, Financial Statements and the Report of Independent Auditors, corresponding to the period ended December 31, 2008.

2) Approved distribution of dividends totaling US$3,621,386.31 from the distributable surplus for the year ended December 31, 2008, which will be paid starting on May 20, 2009.

3) Were informed of the dividend policy for 2009.

4) Renewed all current members of the Board, which is composed of the following regular directors and their respective alternates:

Regular Director	Alternate Director
Mr. Jeffrey Blidner	Mr. Thomas Keller
Mr. Bruce Hogg	Mr. Graeme Bevans
Mr. Bruno Guilmette	Mr. Patrick Charbonneau
Mrs. Brenda Eaton	Mr. Richard Dinneny
Mr. Felipe Lamarca Claro	Mr. Enrique Munita Luco
Mr. Juan Andrés Fontaine Talavera	Mr. Juan José Eyzaguirre Lira
Mr. Blas Tomic Errázuriz	Mr. Federico Grebe Lira
Mr. José Ramón Valente Vias	Mr. Juan Paulo Bambach Salvatore
Mr. Alejandro Jadresic Marinovic	Mr. Juan Irarrázabal Covarrubias

5) Set the Board of Directors' fees.

6) Designation of Ernst & Young as the Company's independent auditors for 2009 was approved.

7) Designation of the Diario Financiero as the newspaper to be used to publish announcements of general shareholders' meeting was approved.

At a meeting held September 24, 2009, the Board of Directors agreed to inform the SVS, as an essential event, that it had agreed to convene an Extraordinary Shareholders' Meeting on October 28, 2009, at 3:00 pm, at its offices located at Av. Apoquindo 3721, 6th Floor, Las Condes.

Relevant Events (continued)

The objective of this meeting was to inform and obtain approval from shareholders regarding the following matter:

Revoking the current members of the Board of Directors and newly electing regular and alternate directors.

Regular Director	Alternate Director
Mr. Jeffrey Blidner	Mr. Thomas Keller
Mr. Bruce Hogg	Mr. Graeme Bevans
Mr. Patrick Charbonneau	Mr. Paul Dufresne
Mrs. Brenda Eaton	Mr. Richard Dinneny
Mr. Felipe Lamarca Claro	Mr. Enrique Munita Luco
Mr. Juan Andrés Fontaine Talavera	Mr. Juan José Eyzaguirre Lira
Mr. Blas Tomic Errázuriz	Mr. Federico Grebe Lira
Mr. José Ramón Valente Vias	Mr. Juan Paulo Bambach Salvatore
Mr. Alejandro Jadresic Marinovic	Mr. Juan Irarrázabal Covarrubias

On October 29, 2009, the following essential event was informed: On October 28, 2009, the Board, in extraordinary session No. 67, elected Mr. Jeffrey Blidner as Chairman of the Board.