Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
June 30, 2009 and 2008

Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

June 30, 2009 and 2008

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

Index

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

Report of Independent Auditors

(Translation of a report originally issued in Spanish - See Note 2 b)

To the Directors and Shareholders of
Transelec S.A.:

We conducted a review of the accompanying consolidated balance sheets of Transelec S.A. and subsidiary ("The Company") as of June 30, 2009 and 2008 and the related consolidated statements of income and cash flows for the six-month periods then ended. These interim financial statements and the related notes are the responsibility of the company's management. The attached Ratio Analysis and Relevant Events are not a part of these financial statements, and therefore this report will not include information regarding them.

We conducted our review in accordance with generally accepted auditing standards in Chile. A review of interim financial information consists primarily of applying analytical review procedures and of inquiries of employees responsible for financial and accounting matters. The scope of our review is substantially less than an audit conducted in accordance with generally accepted auditing standards in Chile, the objective of which is expressing an opinion on the financial statements taken as a whole. Consequently, the interim consolidated financial statements as of June 30, 2009 and 2008 have not been audited, and therefore we are in no position to express an opinion on these interim financial statements.

Based on our review of the interim consolidated individual financial statements as of June 30, 2009 and 2008, we are not aware of any significant adjustments that should be made to the financial information in conformity with generally accepted accounting principles in Chile.

Miguel Vicencio T. ERNST & YOUNG LTDA.

Santiago, Chile
July 15, 2009

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of June 30,

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

ASSETS		2009 ThCh$	2008 ThCh$
Current Assets			
Cash		3,024,516	1,716,606
Time deposits	(33)	78,411,049	13,553,585
Marketable securities	(4)	200,521	20,231,933
Trade accounts receivable, net	(5)	38,894,671	29,326,118
Miscellaneous receivables	(5)	569,433	653,317
Notes and accounts receivable from related companies	(6)	48,219	192,620
Inventory, net		42,270	43,669
Recoverable taxes	(7)	2,343,217	2,352,140
Prepaid expenses		431,608	283,229
Deferred taxes	(7)	3,049,944	4,820,195
Other current assets	(8)	3,736,178	26,500,802
Total current assets		130,751,626	99,674,214
Property Plant and Equipment			
Land		18,343,283	17,573,922
Buildings and infrastructure		806,784,903	795,117,339
Machinery and equipment		349,409,900	328,349,020
Other property, plant and equipment		1,677,670	1,545,127
Accumulated depreciation		(104,503,963)	(68,696,745)
Total property, plant and equipment	(10)	1,071,711,793	1,073,888,663
Other Assets			
Investments in other companies	(11)	238,670	208,508
Goodwill	(12)	326,062,005	345,269,366
Long-term receivables	(5)	1,337,843	1,382,136
Notes and accounts receivable from related companies	(6)	16,378,208	15,893,435
Long-term deferred taxes	(7)	49,251,741	46,690,053
Intangibles	(13)	157,142,661	156,765,060
Amortization	(13)	(11,806,163)	(7,893,136)
Other	(14)	8,738,547	9,631,343
Total other assets		547,343,512	567,946,765
Total Assets		1,749,806,931	1,741,509,642

The accompanying notes 1 to 34 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of June 30,

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

LIABILITIES AND SHAREHOLDERS' EQUITY		2009 ThCh$	2008 ThCh$
Current Liabilities			
Short-term bonds	(16)	15,322,646	9,312,839
Dividends payable		-	21,562,177
Accounts payable	(34)	43,206,861	47,571,474
Miscellaneous payables		-	1,251,183
Notes and accounts payable to related companies	(6)	9,595,004	-
Provisions	(17)	2,633,363	2,370,485
Withholdings		1,114,301	3,587,809
Other current liabilities	(15)	89,205	3,281,948
Total current liabilities		71,961,380	88,937,915
Long-Term Liabilities			
Long-term bonds	(16)	773,764,555	788,351,878
Long-term provisions	(17)	1,959,421	1,531,467
Other long-term liabilities	(35)	6,256,824	1,566,707
Total long-term liabilities		781,980,800	791,450,052
Minority Interest	(19)	4,533	4,628
Shareholders' Equity			
Paid-in capital		857,944,548	811,462,704
Capital restatement reserve		(19,732,725)	25,966,807
Other reserves		1,223,220	-
Retained earnings		43,221,918	515,739
Net income		28,265,933	35,933,000
Interim dividends		(15,062,676)	(12,761,203)
Total shareholders' equity	(20)	895,860,218	861,117,047
Total Liabilities and Shareholders' Equity		1,749,806,931	1,741,509,642

The accompanying notes 1 to 34 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Income

For the six-month periods ended June 30,

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

		2009 ThCh$	2008 ThCh$
Operating Income			
Sales		86,210,477	90,767,016
Cost of sales		(31,378,103)	(26,877,474)
Gross margin		54,832,374	63,919,542
Administrative and selling expenses		(2,670,163)	(2,842,430)
Net operating income		52,162,211	61,077,112
Non-Operating Income			
Interest income		1,802,511	7,829,267
Other non-operating income	(21)	425,690	26,944
Interest expenses		(17,914,707)	(19,884,359)
Amortization of goodwill	(12)	(4,406,244)	(4,330,989)
Other non-operating expenses	(21)	(437,813)	(424,644)
Price-level restatement, net	(22)	(296,869)	524,812
Foreign currency translation, net	(23)	1,931,176	(874,800)
Non-operating loss		(18,896,256)	(17,133,769)
Income before income taxes		33,265,955	43,943,343
Income taxes	(7)	(4,999,907)	(8,010,258)
Income before minority interest		28,266,048	35,933,085
Minority interest	(19)	(115)	(85)
Net income		28,265,933	35,933,000

The accompanying notes 1 to 34 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the six-month periods ended June 30,

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

		2009 ThCh$	2008 ThCh$
Cash Flows Provided by Operating Activities			
Net income		28,265,933	35,933,000
Charges (credits) to income which do not represent cash flows			
Depreciation	(10)	18,236,326	17,493,322
Amortization of intangible assets	(13)	1,963,659	1,926,152
Write-offs and provisions		-	-
Amortization of goodwill	(12)	4,406,244	4,330,989
Price-level restatement, net	(22)	296,869	(524,812)
Foreign currency translation, net	(23)	(1,931,176)	874,800
Other credits to income other than cash flows		(3,071,738)	(3,079,098)
(Increase) decrease in assets which affect cash flows			
Trade accounts receivable		(7,008,088)	(4,634,611)
Inventory		(972)	1,398
Other assets		(2,532,780)	(14,327,978)
Increase (decrease) in liabilities which affect cash flows			
Accounts payable related to operating income		8,565,215	736,048
Interest payable		(623,001)	29,307
Income taxes payable		4,001,333	12,595,018
Other accounts payable related to non-operating income		-	3,193,000
VAT and other taxes payable		(274,278)	2,146,557
Minority interest	(19)	115	85
Net cash provided by operating activities		50,293,661	56,693,171
Cash Flows Provided by (Used in) Financing Activities			
Documented loans from related companies		9,571,680	-
Payment of dividends		(15,108,000)	-
Payment of bonds		(673,975)	(659,321)
Net cash flows used in financing activities		(6,210,295)	(659,321)

The accompanying notes 1 to 34 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the six-month periods ended June 30,

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

	2009 ThCh$	2008 ThCh$
Cash Flows Provided by (Used in) Investing Activities		
Collection of documented loans to related companies	-	77,651,458
Additions to property, plant and equipment	(25,112,370)	(14,731,410)
Payment of capitalized interest	(401,798)	(1,319,605)
Documented loans to related companies	-	(19,207,647)
Other investment disbursements	-	(74,111,706)
Net cash flows used in investing activities	(25,514,168)	(31,718,910)
Total positive (negative) net cash flows for the period	18,569,198	24,314,946
Effect of price-level restatement on cash and cash equivalents	(539,674)	1,775,535
Net increase (decrease) in cash and cash equivalents	18,029,524	26,090,481
Cash and Cash Equivalents at Beginning of period	65,255,019	34,605,724
Cash and Cash Equivalents at End of period	83,284,543	60,696,205

The accompanying notes 1 to 34 form an integral part of these financial statements

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 changed its name to Rentas Eléctricas III S.A. and became a corporation. 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 six-month periods ended June 30, 2009 and 2008.

b) Basis of preparation

These consolidated financial statements as of June 30, 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 twelve-month period ended on June 30, 2009, which was 3.0%.

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 as a contra-asset 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	**June 30, 2009 ThCh$**	**June 30, 2008 ThCh$**
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 the period end as reported by the National Institute of Statistics, applied with a one-month lag, which was -2.3% for the 2009 period (3.2% for the 2008 period). In addition, income and expense accounts have been restated to period-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 period 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 June 30, 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	
	2009	**2008**
Unidad de Fomento	20,933.02	20,252.71
United States dollar	531.76	526.05
Euro	746.33	828.16

g) Time deposits

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

h) Marketable securities

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

i) Allowance for doubtful accounts

The Company deems that it is unnecessary to record an allowance for doubtful accounts as of period-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 period-end. Financing costs for property, plant and equipment at construction sites are capitalized during the construction period. During the 2009 period, financing costs of ThCh$401,798 have been capitalized (ThCh$1,319,605 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 of 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 period 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 greater cost 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 of 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 item includes the liability determined based on the fair value as of June 30, 2006, for the placement of bonds issued by the Company at their par value plus adjustments, and the short-term portion includes interest accrued as of period-end. The difference between the book value and the placement value is recognized over the term of these liabilities and is shown 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 originate 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 of 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, marketable securities and financial titles with resale agreements.

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:

		Participation percentage			
		June 30, 2009			June 30, 2008
Taxpayer ID	Company name	Direct	Indirect	Total	Total
99521950-6	Transelec Norte S.A.	99.99	-	99.99	99.99

Note 3 - Accounting Changes

During the six-month period from January 1 to June 30, 2009, there have been no accounting changes in relation to the previous period that could significantly affect the interpretation of these financial statements.

Note 4 - Marketable Securities

Marketable securities are detailed as follows:

	2009 ThCh$	2008 ThCh$
FM Banco Scotiabank	-	9,407,559
FM Banchile	-	8,221,559
FM BBVA	-	1,709,768
FM BICE	-	893,047
FM ITAU	200,521	-
Total marketable securities	200,521	20,231,933

Note 5 - Short and Long-Term Receivables

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

Short-term trade accounts receivable

	2009 ThCh$	2008 ThCh$
Trade accounts receivable from tolls	38,894,671	29,326,118
Total	38,894,671	29,326,118

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

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$28,283,775 as of June 30, 2009 (ThCh$20,520,049 in 2008). Short-term accounts payable includes provisions payable for the differences in value related to tariff income for the amount of ThCh$21,426,912 as of June 30, 2009 and includes recalculation of the 2007 agreement with Endesa in the amount of ThCh$2,624,000 (ThCh$17,488,035 in 2008).

Short and long-term receivables

	Current							Long-term	
	Up to 90 days		90 days to 1 year		Subtotal	Total current (net)			
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008		June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Trade receivables	10,610,896	8,806,069	28,283,775	20,520,049	38,894,671	38,894,671	29,326,118	-	-
Miscellaneous receivables	569,433	653,317			569,433	569,433	653,317	1,337,843	1,382,136
						Total long-term receivables		1,337,843	1,382,136

Note 6 - Balances and Transactions with Related Companies

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

Notes and Accounts Receivable

Rentas Eléctricas I Limitada

Corresponds to expenses and payments made on behalf of Rentas Eléctricas I Limitada for the amount of ThCh$78,909 in the 2008 period.

Transelec Holdings Rentas Limitada

The balance receivable as of June 30, 2009 is mainly due to a series of loans credited to a mercantile account, which has a long-term balance of ThCh$16,378,208 (ThCh$15,893,435 in 2008).

The loans are expressed and will be paid in US dollars and accrue interest at the LIBOR rate.

Loans have also been made to the mercantile current account in Chilean pesos totaling ThCh$48,219 as of June 30, 2009, which accrue interest at 6.5% considering a 360-day year.

ETC Holdings Ltd.

The balance receivable corresponds to expenses and payments made on behalf of ETC Holdings Ltd. of ThCh$113,711 in 2008.

Notes and Accounts Payable

Rentas Eléctricas I Limitada

The balance payable as of June 30, 2009 corresponds to a loan granted to Transelec S.A. for ThCh$9,595,004.

Note 6 - Balances and Transactions with Related Companies (continued)

a) Notes and accounts receivable

Taxpayer ID	Company	Short-term June 30, 2009 ThCh$	Short-term June 30, 2008 Th$	Long-term June 30, 2009 ThCh$	Long-term June 30, 2008 ThCh$
76.559.580-0	Rentas Eléctricas I Limitada	-	78,909	-	-
76.560.200-9	Transelec Holdings Rentas Limitada	48,219	-	16,378,208	15,893,435
0-E	ETC Holding Ltd	-	113,711	-	-
	Total	48,219	192,620	16,378,208	15,893,435

b) Notes and accounts payable

Taxpayer ID	Company	Short-term June 30, 2009 ThCh$	Short-term June 30, 2008 ThCh$
76.559.580-0	Rentas Eléctricas I Limitada	9,595,004	-
	Total	9,595,004	-

c) Transactions with related companies

Company	Taxpayer ID	Relationship	Description of the transaction	June 30, 2009 Amount	June 30, 2009 (Charge)/ credit to income	June 30, 2008 Amount	June 30, 2008 (Charge)/ credit to income
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Loan granted	2,202,765	-	19,107,270	-
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Loan collected	2,129,910	-	48,623,314	-
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Interest accrued	313,434	(313,434)	1,595,591	(1,595,591)
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Loans granted	-	-	34,543	-
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	Interest accrued	25,765	(25,765)	2,012	(2,012)
ETC Holdings Ltd.	0-E	Indirect Parent	Loans granted	-	-	55,012	-

Note 7 - Current and Deferred Income Taxes

a) General information

As of June 30, 2009 and 2008, the Parent Company has not established an income tax provision due to a tax loss of ThCh$18,212,431 for the period. In the 2008 period, there was a tax loss of ThCh$27,799,649.

Its subsidiary as of June 30, 2009, has established an income tax provision for the period of ThCh$242,802 (ThCh$201,829 in 2008) considering a taxable base of ThCh$1,428,246 (ThCh$1,187,225 in 2008).

Recoverable and payable taxes

As of June 30, 2009 and 2008, the provision is presented under current assets under the concept of recoverable taxes and is detailed as follows:

Recoverable taxes	**June 30, 2009 ThCh$**	**June 30, 2008 ThCh$**
First category tax	(242,802)	(201,828)
Non-deductible expenses Art. 21	(8,834)	(12,734)
Monthly prepaid tax installments	2,594,853	2,566,702
Total	2,343,217	2,352,140

Note 7 - Current and Deferred Income Taxes (continued)

b) 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.

As described in Note 2q, deferred taxes have been restated as of June 30, 2009 to recognize the effect of the income tax rate changes introduced by the tax reform published in September 2001.

	June 30, 2009			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Short-term ThCh$
Vacation provision	149,346	-	-	-
Leased assets	-	32,418	-	-
Staff severance indemnity provision	-	-	-	261,068
Other events	12,505	70,795	-	-
Tax loss	3,096,113	-	-	-
Income from bond placement premiums	-	266,589	-	-
Revaluation of property, plant and equipment (absorption)	-	51,031,250	-	-
Fair value bonds and swaps	-	3,112,080	-	-
Bond placement discount	-	222,850	-	-
Forward contracts	-	-	208,020	-
Bond issuance expenses	-	-	-	1,270,865
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	3,952,308
Total	3,257,964	54,735,982	208,020	5,484,241

Note 7 - Current and Deferred Income Taxes (continued)

b) Deferred taxes (continued)

	June 30, 2008			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	**Short-term ThCh$**	**Long-term ThCh$**	**Short-term ThCh$**	**Long-term ThCh$**
Vacation provision	100,544	-	-	-
Leased assets	-	31,716	-	-
Staff severance indemnity provision	-	-	-	223,437
Other events	10,836	97,262	-	-
Tax loss	4,725,940	-	-	-
Income from bond placement premiums	-	280,802	-	-
Revaluation of property, plant and equipment (absorption)	-	47,487,821	-	-
Fair value bonds and swaps	-	4,159,403	-	-
Bond placement discount	-	265,441	-	-
Forward contracts	-	-	17,125	-
Bond issuance expenses	-	-	-	1,365,926
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	4,043,029
Total	4,837,320	52,322,445	17,125	5,632,392

c) Income tax

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Income tax expense (income tax provision)	(251,636)	(214,562)
Effect of deferred tax assets or liabilities for the period	(4,748,271)	(7,795,696)
Total	(4,999,907)	(8,010,258)

Note 8 - Other Current Assets

Other current assets are detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Securities under resale agreements	1,648,457	25,194,081
Bond issuance expenses	566,696	566,167
Bond placement discount	277,567	277,308
Forward contracts	1,223,645	100,734
Other	19,813	362,512
Total	3,736,178	26,500,802

Note 9 - Information regarding Transactions with Purchase Commitments, Sales Commitments, Sale with Repurchase Commitments and Purchase with Resale Commitments of Titles or Securities

As of June 30, 2009, these transactions are detailed as follows:

Code	Dates		Counterparty	Currency of origin	Subscription value	Rate	Final value	Identification of instruments	Market value
	Start	End							
Purchase with resale	06-30-2009	07-02-2009	Banco de Crédito e Inversiones	US dollar	1,640,153	0.03	1,648,457	BCP	1,648,457

Note 10 - Property, Plant and Equipment

Of the depreciation expense for the 2009 period of ThCh$18,236,326 (ThCh$17,493,322 in 2008), Th$17,992,886 (ThCh$17,376,458 in 2008) was charged to operating costs, and ThCh$243,440 (ThCh$116,864 in 2008) was charged to administrative and selling expenses.

Property, plant and equipment is detailed as follows:

Description	Gross value ThCh$	June 30, 2009 accumulated depreciation ThCh$	Net value ThCh$	Gross value ThCh$	June 30, 2008 accumulated depreciation ThCh$	Net value ThCh$
Land	18,343,283	-	18,343,283	17,573,922	-	17,573,922
Buildings and infrastructure						
Buildings	14,996,791	(1,264,995)	13,731,796	14,649,750	(809,137)	13,840,613
Access roads	636,967	(36,391)	600,576	636,809	(20,491)	616,318
Lines	607,359,509	(48,985,606)	558,373,903	607,540,301	(31,503,685)	576,036,616
Houses and apartments	94,631	(7,091)	87,540	94,607	(4,729)	89,878
Non-hydraulic civil projects	121,937,162	(9,584,230)	112,352,932	121,859,362	(6,515,679)	115,343,683
Works in progress	61,759,843	-	61,759,843	50,336,510	-	50,336,510
Total buildings and infrastructure	806,784,903	(59,878,313)	746,906,590	795,117,339	(38,853,721)	756,263,618
Machinery and equipment						
Telecommunications equipment	8,069.098	(2,592,717)	5,476,381	7,992,057	(1,835,100)	6,156,957
Furniture, machinery and office equipment	161,335	(66,135)	95,200	155,868	(41,927)	113,941
Service furniture and equipment	48,023	(10,391)	37,632	44,177	(6,091)	38,086
Tools and instruments	1,515,673	(269,973)	1,245,700	1,348,092	(171,447)	1,176,645
Generating equipment	1,201,613	(238,657)	962,956	1,197,099	(161,205)	1,035,894
Electrical equipment	299,212,242	(27,715,525)	271,496,717	279,600,034	(18,624,087)	260,975,947
Mechanical, protective and measuring equipment	35,560,285	(11,210,791)	24,349,494	34,466,730	(7,535,845)	26,930,885
Transport and loading equipment	164,779	(60,313)	104,466	387,622	(100,794)	286,828
Computers	757,651	(649,967)	107,684	756,896	(392,002)	364,894
Software and computer programs	2,719,201	(1,811,181)	908,020	2,400,445	(974,526)	1,425,919
Total machinery and equipment	349,409,900	(44,625,650)	304,784,250	328,349,020	(29,843,024)	298,505,996
Subtotal property, plant and equipment	1,174,538,086	(104,503,963)	1,070,034,123	1,141,040,281	(68,696,745)	1,072,343,536
Other property, plant and equipment						
Construction materials	1,677,670	-	1,677,670	1,545,127	-	1,545,127
Total other property, plant and equipment	1,677,670	-	1,677,670	1,545,127	-	1,545,127
Total property, plant and equipment	1,176,215,756	(104,503,963)	1,071,711,793	1,142,585,408	(68,696,745)	1,073,888,663

Note 11 - 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 June 30, 2009 is ThCh$25,445 (ThCh$39,492 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 June 30, 2009 amounts to ThCh$213,225 (ThCh$169,016 in 2008).

Taxpayer ID	**Company**	**Participation percentage**	**Book value**	
			June 30, 2009 ThCh$	**June 30, 2008 ThCh$**
77.286.570-8	CDEC - SIC LTDA	6.2500	25,445	39,492
77.345.310-1	CDEC - SING LTDA	14.2900	213,225	169,016

Note 12 - Goodwill

a) Goodwill is detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
HQI Transelec Chile S.A.	355,790,761	283,942,097
Price adjustment as of 03/31/2008	-	74,238,815
Price adjustment as of 06/30/2008	-	3,193,000
Deferred tax fair value adjustment for subsidiary property, plant and equipment	-	3,869,961
Accumulated amortization of goodwill	(29,728,756)	(19,974,507)
Total	326,062,005	345,269,366

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 of 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:

Taxpayer ID	Company	June 30, 2009		June 30, 2008	
		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.	4,406,244	326,062,005	4,330,989	345,269,366
	Total	4,406,244	326,062,005	4,330,989	345,269,366

Note 13 - Intangibles

As of June 30, 2009 and 2008, intangibles are detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Rights of way	157,142,661	156,765,060
Accumulated amortization	(11,806,163)	(7,893,136)
Total	145,336,498	148,871,924

The amortization charge to income amounted to ThCh$1,963,659 (ThCh$1,926,152 in 2008).

Note 14 - Other Assets

The balance as of June 30, 2009 and 2008 is detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Discount on placement of UF Bonds	1,711,661	1,987,372
Prepaid expenses UF Bonds Series C and D	6,908,978	7,468,696
Prepaid expenses general facilities	94,511	120,998
Other	23,397	54,277
Total	8,738,547	9,631,343

Note 15 - Other Current Liabilities

The balance as of June 30, 2009 and 2008 is detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Premium on placement of UF series D Chilean peso bonds	85,150	85,071
Provision for price adjustment (1)	-	3,193,000
Other	4,055	3,877
Total	89,205	3,281,948

(1) his corresponds to a provision for the price adjustment payable to the Company's former owners, in accordance with the share sale agreement for shares of HQI Transelec Chile S.A. (dissolved company) and as a result of Decree No. 207, published January 15, 2008, issued by the Ministry of Economy, Development and Reconstruction, which set the installations for the trunk system and their corresponding value.

Note 16 - 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 was finally placed on April 11, 2001.

As of June 30, 2009, the risk ratings for this bond issuance are 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).

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

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.

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 over a period of 360 days, upon maturity and payable semi-annually in two semesters of 180 days each.

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$1,291,476 (ThCh$1,331,640 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.

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

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

The risk ratings obtained as of June 30, 2009 are 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.

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$4,090,042 (ThCh$4,305,814 in 2008) and is presented in current liabilities.

c) During 2006, the Company issued bonds for public offering in the Chilean market, 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 was finally placed on the market on December 14, 2006.

The bond issuance risk ratings as of June 30, 2009 are 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+

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

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, as of maturity on December 15, 2027.

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

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$495,223 (ThCh$526,403 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 was finally placed.

Note 16- Short and Long-term Promissory Notes and Bonds (continued)

As of June 30, 2009 the bond issuance risk ratings obtained are 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: 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, from 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, expired, 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$1,465,311 (ThCh$1,447,663 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.

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

e) The detail of bonds is as follows:

Registration or identification no. of the instrument	Series	Current nominal amount placed	Bond indexation unit	Interest rate	Maturity date	Periodicity Interest payment	Periodicity Amortization payment	Par value June 30, 2009 ThCh$	Par value June 30, 2008 ThCh$	Placement in Chile or abroad
Long term bonds - short term portion										
249	B1	3,856	UF	6.20%	09.01.2009	Semiannually	Semiannually	100,212	83,227	Chile
249	B2	57,840	UF	6.20%	09.01.2009	Semiannually	Semiannually	1,503,183	1,248,413	Chile
First issuance	Single	7,691,518	US$	7.875%	10.15.2009	Semiannually	Upon final payment	7,314,607	4,305,814	Abroad
Swap contracts	11 contracts	15,621	UF	6.56%	10.15.2009	Semiannually	Upon final payment	2,780,828	366,263	Chile
249	B1	2,000	UF	6.20%	09.01.2009	Semiannually	Semiannually	51,978	41,720	Chile
249	B2	30,000	UF	6.20%	09.01.2009	Semiannually	Semiannually	779,663	625,808	Chile
249	B1	2,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	51,978	41,720	Chile
249	B2	30,000	UF	6.20%	03.01.2010	Semiannually	Semiannually	779,663	625,808	Chile
481	D	23,658	UF	4.25%	12.15.2009	Semiannually	Upon final payment	495,223	526,403	Chile
480	C	70,000	UF	3.50%	09.01.2009	Semiannually	Upon final payment	1,465,311	1,447,663	Chile
Total - short-term portion								15,322,646	9,312,839	
Long-term bonds										
249	B1	188,000	UF	6.20%	03.01.2022	Semiannually	Semiannually	4,408,713	4,555,997	Chile
249	B2	2,820,000	UF	6.20%	03.01.2022	Semiannually	Semiannually	66,130,698	68,339,952	Chile
First issuance	Single	465,000,000	US$	7.875%	04.15.2011	Semiannually	Upon final payment	249,813,522	260,768,958	Abroad
481	D	13,500,000	UF	4.25%	12.15.2027	Semiannually	Upon final payment	282,595,770	281,613,933	Chile
480	C	6,000,000	UF	3.50%	09.01.2016	Semiannually	Upon final payment	125,598,120	125,161,748	Chile
Swap contracts	4 contracts	3,885,548	UF	6.88%	04.14.2011	Semiannually	Upon final payment	20,219,096	21,292,416	Chile
Swap contracts	4 contracts	2,718,397	UF	6.60%	04.14.2011	Semiannually	Upon final payment	11,409,203	12,341,655	Chile
Swap contracts	3 Contracts	2,317,275	UF	6.42%	04.14.2011	Semiannually	Upon final payment	13,589,433	14,277,219	Chile
Total - long-term								773,764,555	788,351,878	

Note 17 - Provisions and Write-offs

Provisions as of June 30, 2009 and 2008 are detailed as follows:

		June 30, 2009 ThCh$	June 30, 2008 ThCh$
a)	**Short-term provisions**		
	Staff severance indemnities provision (Note 18)	552,059	504,231
	Accrued payroll	1,202,802	1,274,819
	Vacation provision	878,502	591,435
	Total	2,633,363	2,370,485
b)	**Long-term provisions**		
	Staff severance indemnities provision (Note 18)	1,959,421	1,531,467
	Total	1,959,421	1,531,467

Note 18 - Staff Severance Indemnities

The balance of the account as of June 30, 2009 and 2008 is detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Opening balance	2,563,671	2,010,517
Price-level restatement	(44,410)	12,363
Provisions	148,212	113,649
Payments	(155,993)	(100,831)
Total	2,511,480	2,035,698
Short-term	552,059	504,231
Long-term	1,959,421	1,531,467
Total	2,511,480	2,035,698

Note 19 - Minority Interest

a) As of June 30, 2009 and 2008, minority interest is the participation of the other shareholder, detailed as follows:

	Equity		Participation percentage		Participation	
	June 30, 2009 ThCh$	**June 30, 2008 ThCh$**	**June 30, 2009 ThCh$**	**June 30, 2008 ThCh$**	**June 30, 2009 ThCh$**	**June 30, 2008 ThCh$**
Transelec Holdings Rentas Ltda,	45,174,907	46,105,420	0.01%	0.01%	4,533	4,628

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	
	June 30, 2009 ThCh$	**June 30, 2008 ThCh$**	**June 30, 2009 ThCh$**	**June 30, 2008 ThCh$**	**June 30, 2009 ThCh$**	**June 30, 2008 ThCh$**
Transelec Holdings Rentas Ltda,	1,117,812	679,035	0.01%	0.01%	115	85

Note 20 - Changes in Shareholders’ Equity

As of June 30, 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 sum 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$0.16. Due to the aforementioned transfers, Brookfield Asset Management Inc. and Brookfield Power Inc. withdrew from the Company, leaving Rentas Eléctricas II Ltda. with 99.99% and Rentas Eléctricas I Ltda. with 0.01% of the equity interests of Rentas Eléctricas III Ltda. In addition, on that date capital was increased to US$ 1,332,441,365.

Note 20 - Changes in Shareholders' Equity (continued)

a) Capital (continued)

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 20 - Changes in Shareholders' Equity (continued)

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 June 30, 2009 and 2008 is detailed as follows:

a) The Company's shareholders' equity as of June 30, 2009 is detailed as follows:

Changes in equity	Paid capital ThCh$	Capital restatement reserve	Other reserves	Retained earnings ThCh$	Interim dividend ThCh$	Net income ThCh$
Opening balance	857,944,548	-	374,490	160,095	(12,509,560)	56,588,891
Distribution of prior year income	-	-	-	44,079,331	12,509,560	(56,588,891)
Other reserves	-	-	848,730	-	-	-
Price-level restatement of capital	-	(19,732,725)	-	(1,017,508)	-	-
Net income	-	-	-	-	-	28,265,933
Interim dividends	-	-	-	-	(15,062,676)	-
Final balance	857,944,548	(19,732,725)	1,223,220	43,221,918	(15,062,676)	28,265,933

b) The Company's shareholders' equity as of June 30, 2008 is detailed as follows:

Changes in equity	Paid capital ThCh$	Capital restatement reserve	Other reserves	Retained earnings ThCh$	Interim dividend ThCh$	Net income ThCh$
Opening balance	787,827,868	-	-	87,568	(22,880,086)	31,686,669
Distribution of prior year income	-	-	-	8,806,583	22,880,086	(31,686,669)
Final dividend prior year	-	-	-	(8,806,583)	-	-
Price-level restatement of capital	-	25,210,492	-	413,149	-	-
Net income	-	-	-	-	-	34,886,408
Interim dividends	-	-	-	-	(12,389,517)	-
Final balance	787,827,868	25,210,492	-	500,717	(12,389,517)	34,886,408
Restated balances	811,462,704	25,966,807	-	515,739	(12,761,203)	35,933,000

Note 20 - Changes in Shareholders' Equity (continued)

c) Ownership (continued)

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	857,944,548	857,944,548

Note 21 - Other Non-operating Income and Expenses

Other non-operating income and expenses as of June 30, 2009 and 2008 are detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Other non-operating income		
Translation adjustment	71,725	-
Prior year income	-	22,042
Income from sale of materials	(24,453)	4,253
Recovery of provisional payment for absorbed profits from third parties	285,834	-
Miscellaneous extraordinary gains	92,584	649
Total	425,690	26,944
Other non-operating expenses		
Prior year expenses	(62,899)	(35,721)
Directors' fees	(124,454)	(41,973)
Loss from write-off of property, plant and equipment	(60,065)	(86,936)
Provision for loss on obsolescence of property, plant and equipment	-	(9,706)
Amortization of prepaid expenses	(27,949)	(27,922)
Fiscal and judicial fines	(162,446)	(138,880)
Translation adjustment	-	(83,506)
Total	(437,813)	(424,644)

Note 22 - Price-level Restatement

Price-level restatement generated a net charge to income as of June 30, 2009 for the amount of ThCh$296,869 and in the 2008 period generated a net credit to income of ThCh$524,812, detailed as follows:

	Indexation	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Assets (charges) / credits			
Inventory	CPI	(34,607)	49,392
Property, plant and equipment	CPI	(22,901,739)	30,176,496
Investments in related companies	CPI	(1,272,678)	1,406,261
Notes and accounts receivable from related companies	UF	1,752,783	2,694,775
Goodwill	CPI	(7,691,468)	10,052,993
Deferred taxes	CPI	(1,436,155)	1,965,259
Rights of way	CPI	(3,602,550)	4,723,999
Cash and banks	CPI	326,769	463,550
Other non-monetary assets	CPI	(294,919)	371,082
Expense and cost accounts	CPI	(129,510)	533,480
Total (charge) / credit		(35,284,074)	52,437,287
Liabilities (charges) / credits			
Shareholder's equity	CPI	20,704,907	(26,122,543)
Bonds	UF US$	13,957,736	(24,390,064)
Notes and accounts payable to related companies	UF	(1,417)	-
Non-monetary liabilities	CPI	9,237	(12,363)
Income accounts	CPI	316,742	(1,387,505)
Total (charge) / credit		34,987,205	(51,912,475)
(Loss) gain from price-level restatement		(296,869)	524,812

Note 23 - Foreign Currency Translation

The effect of foreign currency translation generated a net credit to income in the 2009 period of ThCh$1,931,176 and a net charge to income in the 2008 period of ThCh$874,800, detailed as follows:

	Currency	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Assets (charges) / credits			
Time deposits	US$	(1,964,933)	1,185
Banks	US$	(698,213)	2,417,150
Notes and accounts receivable from related companies	US$	(13,107,367)	(477,160)
Investments in related companies	US$	(7,732,302)	975,859
Forward contracts	US$	392,224	62,449
Accounts receivable	US$	0	117,155
Total (charge) / credit		(23,110,591)	3,096,638
Liabilities (charges) /credits			
Notes and accounts payable to related companies	US$	1,409,940	-
Bonds	US$	56,890,678	(6,925,660)
Swap contracts	US$	(32,881,916)	3,276,657
Lease contracts	US$	(223,357)	61,555
Accounts payable	US$	(153,578)	(383,990)
Total (charge) / credit		25,041,767	(3,971,438)
(Loss) gain on foreign currency translation		1,931,176	(874,800)

Note 24 - 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.

	June 30, 2009 Domestic ThCh$	June 30, 2008 Domestic ThCh$
Placement and issuance expense	7,759,022	8,313,146
Amortization	(283,348)	(278,283)
Total	7,475,674	8,034,863
Balance sheet presentation		
Other current assets	566,696	566,167
Other assets - other	6,908,978	7,468,696
Total	7,475,674	8,034,863

Note 25 - 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 26 - Derivative Contracts

As of June 30, 2009, the Company has swap contracts to hedge the exchange rate position of its long-term debt from the bond issuance abroad as well as forward contracts to sell dollars related to income the Company will invoice during the second half of 2009, detailed as follows:

Type of derivative	Type of contract	Contract Value	Description Maturity or expiry date	Specific item	Purchase and sale position	Covered item or transaction		Value of hedged items ThCh$	Affected accounts			
									Asset / liability		(Charge)/ credit to income	
						Name	Amount ThCh$		Name	Amount ThCh$	Realized ThCh$	Unrealized ThCh$
S	CCTE	50,000,000	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	25,622,000	26,588,000	Bond	12,765,137	(182,418)	(4,437,023)
S	CCTE	50,000,000	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	25,622,000	26,588,000	Bond	8,994,157	(48,380)	(4,422,256)
S	CCTE	50,000,000	3rd quarter 2011	Exchange rate (US$)	P	US dollar bonds	35,830,500	26,588,000	Bond	8,794,325	(76,314)	(4,448,757)
S	CCTE	50,000,000	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	32,375,000	26,588,000	Bond	14,634,199	(170,076)	(4,384,983)
S	CCTE	20,000,000	3rd quarter 2011	Exchange rate (US$)	P	Us dollar bonds	14,110,000	10,635,200	Bond	3,584,331	(21,800)	(1,771,125)
S	CCTE	8,914,729	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	4,564,341	4,740,496	Bond / assets	121,873	33,502	(1,102,237)
S	CCTE	7,751,938	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	3,914,729	4,122,171	Bond / assets	149,236	20,637	(698,034)
S	CCTE	15,503,876	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	7,953,488	8,244,341	Bond / assets	189,769	44,123	(1,391,229)
S	CCTE	1,162,791	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	595,349	618,326	Bond / assets	15,761	2,989	(104,621)
S	CCTE	4,418,605	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	2,262,326	2,349,637	Bond / assets	60,502	12,190	(396,949)
S	CCTE	12,248,062	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	6,185,271	6,513,029	Bond / assets	236,449	24,331	(801,055)
FR	CCTE	9,700,000	3rd quarter 2009	Exchange rate (US$)	P	Income	5,437,626	5,227,406	Other reserves	210,220	-	(210,220)
FR	CCTE	9,700,000	3rd quarter 2009	Exchange rate (US$)	P	Income	5,437,626	5,236,137	Other reserves	201,489	-	(201,489)
FR	CCTE	9,700,000	3rd quarter 2009	Exchange rate (US$)	P	Income	5,437,626	5,245,857	Other reserves	191,769	-	(191,769)
FR	CCTE	9,700,000	4th quarter 2009	Exchange rate (US$)	P	Income	5,437,626	5,229,491	Other reserves	208,135	-	(208,135)
FR	CCTE	9,700,000	4th quarter 2009	Exchange rate (US$)	P	Income	5,437,626	5,232,338	Other reserves	205,288	-	(205,288)
FR	CCTE	9,700,000	4th quarter 2009	Exchange rate (US$)	P	Income	5,437,626	5,231,308	Other reserves	206,318	-	(206,318)
FR	CCTE	3,509,813	3rd quarter 2009	Exchange rate (US$)	P	Income	1,862,907	1,862,482	Other current liabilities	425	-	(425)

Note 27 - 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 to 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.

- Maintain in full force and effect the Debt Service Reserve Agreement.

- 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 1.50, and (iii) the Issuer must be in compliance with the Debt Service Reserve Agreement.

b) Direct commitments

There are no direct commitments.

Note 27 - Contingencies and Restrictions (continued)

c) Indirect commitments

There are no collateral or guarantees granted for indirect commitments.

d) Pending lawsuits

As of June 30, 2009 there are other lawsuits pending against the Company for which the corresponding defense has been filed, which altogether represent an amount of ThCh$260,536.

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 of August 14, 2003, the Superintendency applied various fines to Transelec for a total of 2,500 Annual Tax Units (UTA) equivalent as of June 30, 2009 to ThCh$1,103,760. As of June 30, 2009, the Company had appealed the complaint before the Santiago Court of Appeals, and placed a deposit of 25% of the original fine. On June 19, 2009, the case and the allegations of both parties were heard. The court is expected to rule in the next few months. In any case, the case may be reviewed by the Supreme Court. The Company maintains that it is not responsible for this situation since it considers it a case of *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 June 30, 2009, to ThCh$247,242, 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 27 - 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 June 30, 2009 to ThCh$247,242, 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 June 30, 2009, to ThCh$247,242, 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. As of June 30, 2009, the Company had appealed the charges before the SEC, which is pending resolution. Management believes it has no responsibility in these events.

4. On December 17, 2004, the SEC through Exempt Resolution No. 2334 fined the Company 300 UTA, equivalent as of June 30, 2009, to ThCh$132,451, 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 June 30, 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 June 30, 2009, to Th$247,242. An appeal was on February 16, 2006, which is still pending. As of June 30, 2009, the Company had presented their required defense.

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 June 30, 2009, to Th$44,150. An appeal was filed on February 27, 2009, which is still pending. As of June 30, 2009, the Company had presented its required defense.

Note 27 - Contingencies and Restrictions (continued)

e) Fines (continued)

As of June 30, 2009, the Company has established a provision for these contingent obligations of ThCh$1,965,061. 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 27 - Contingencies and Restrictions (continued)

Direct guarantees

Guarantee Creditor	Debtor Name	Type of guarantee	Assets involved book value	Balances outstanding as of period end June 30, 2009	June 30, 2008
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	166,707	166,707	118,661
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	169,865
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	169,865
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	4	4	-
Banco Chile	Ministry of Economy, Development and Reconstruction	Security	743,400	743,400	757,481
Scotiabank	Ministry of Economy, Development and Reconstruction	Security	-	-	631,233

Note 28 - Guarantees Obtained from Third Parties

As of June 30, 2009, the Company has received bank guarantees from contractors and third parties, mainly to guarantee performance of works and maintenance work for ThCh$22,612,080 (ThCh$8,603,600 in 2008). Mortgages have been granted in favor of the Company to guarantee payment of residential loans.

Note 29 - 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	
		June 30, 2009 ThCh$	June 30, 2008 ThCh$
Current assets			
Cash and banks	Ch$	2,012,517	697,392
Cash and banks	US$	1,011,999	1,019,214
Time deposits	US$	17,507,918	13,553,585
Time deposits	UF	60,903,131	-
Marketable securities	Ch$	200,521	20,231,933
Trade accounts receivables	Ch$	38,088,790	28,496,511
Trade accounts receivables	US$	805,881	829,607
Miscellaneous receivables	Ch$	534,813	649,282
Miscellaneous receivables	US$	34,620	4,035
Accounts receivable from related companies	Ch$	-	66,396
Accounts receivable from related companies	US$	48,219	126,224
Inventory	Ch$	42,270	43,669
Recoverable tax	Ch$	2,343,217	2,352,140
Prepaid expenses	Ch$	414,126	283,229
Prepaid expenses	US$	17,482	-
Deferred taxes	Ch$	3,049,944	4,820,195
Other current assets (resale agreements)	US$	1,648,456	25,194,081
Other current assets (forward)	US$	1,223,646	100,734
Other current assets (bond discount)	UF	844,263	843,475
Other current assets	Ch$	19,813	362,512
Property, plant and equipment			
Property, plant and equipment	Ch$	983,943,814	975,595,765
Property, plant and equipment	US$	87,767,979	98,292,898
Other assets			
Investments in other companies	Ch$	238,670	208,508
Goodwill	Ch$	326,062,005	345,269,366
Long-term receivables	US$	1,036,941	1,091,755
Long-term receivables	Ch$	300,902	290,381
Notes and receivables from related companies	US$	16,378,208	15,893,435
Intangibles	Ch$	151,359,164	150,872,025
Intangibles	US$	5,783,497	5,893,035
Amortization of intangibles	Ch$	(11,372,401)	(7,598,484)
Amortization of intangibles	US$	(433,762)	(294,652)
Deferred taxes, long-term	Ch$	49,251,741	46,690,053
Other	Ch$	8,620,639	175,275
Other	UF	117,908	9,456,068
Total assets	Ch$	1,555,110,545	1,569,506,148
	US$	132,831,084	161,703,951
	UF	61,865,302	10,299,543

Note 29 - Chilean and Foreign Currency (continued)

		Up to 90 days				Up to 90 days			
	Currency	June 30, 2009		June 30, 2008		June 30, 2009		June 30, 2008	
Current liabilities		**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	3,252,011	4.79	4,114,360	4.30	-	-	526,403	4.72
Bond capital obligations payable	UF	5,874,013	-	-	-	-	-	-	-
Bond interest obligations payable	US$	5,869,634	-	-	-	-	-	4,305,814	7.88
SWAP contracts	UF	326,988	-	366,262	-	-	-	-	-
Dividends payable	Ch$	-	-	21,562,177	-				
Accounts payable	Ch$	33,066,398	-	25,695,520	-	-	-	-	-
Accounts payable	US$	10,140,463	-	21,875,954	-	-	-	-	-
Miscellaneous payables	US$	-	-	1,251,183	-	-	-	-	-
Notes and payables to related companies	US$	9,595,004	-	-	-	-	-	-	-
Provisions	Ch$	2,633,363	-	2,370,485	-	-	-	-	-
Withholdings	Ch$	1,114,301	-	3,587,809	-	-	-	-	-
Other current liabilities	UF	85,150	-	85,070	-	-	-	-	
Other current liabilities	Ch$	4,055	-	3,196,878	-	-	-	-	-
Total current liabilities	UF	9,538,162	-	4,565,692	-	-	-	526,403	-
	US$	25,605,101	-	23,127,137	-	-	-	4,305,814	-
	Ch$	36,818,117	-	56,412,869	-	-	-	-	-

Note 29 - Chilean and Foreign Currency (continued)

Long-term liabilities as of June 30, 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	4,019,140	6.2%	5,358,853	6.2%	145,693,819	4.27%	326,910,500	4.46%
Bonds payable	US$	248,609,378	7.88%	-	-	-	-	-	-
SWAP contracts	UF	43,172,865	6.56%	-	-	-	-	-	-
Provisions	Ch$	1,959,421	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	6,256,824	-	-	-	-	-	-	-
Total long-term liabilities	UF	47,192,005	-	5,358,853	-	145,693,819	-	326,910,500	-
	US$	248,609,378	-	-	-	-	-		-
	Ch$	8,216,245	-	-	-	-	-		-

Note 29 - Chilean and Foreign Currency (continued)

Long-term liabilities prior period, June 30, 2008

Description	Currency	1 to 3 years Amount ThCh$	1 to 3 years Annual average interest rate	3 to 5 years Amount ThCh$	3 to 5 years Annual average interest rate	5 to 10 years Amount ThCh$	5 to 10 years Annual average interest rate	Over 10 years Amount ThCh$	Over 10 years Annual average interest rate
Bonds payable	UF	-	-	-	-	125,161,748	3.5%	354,509,882	4.66%
Bonds payable	US$	-	-	260,768,958	7.88%	-	-	-	-
SWAP contracts	Ch$	-	-	47,911,290	9.17%	-	-	-	-
Provisions	Ch$	1,531,467	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	1,566,707	-	-	-	-	-	-	-
Total long-term liabilities	UF	-	-	-	-	125,161,748	-	354,509,882	-
	US$	-	-	260,768,958	-	-	-	-	-
	Ch$	3,098,174	-	47,911,290	-	-	-	-	-

Note 30 - Sanctions

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

Note 31 - Subsequent Events

Between June 30, 2009 and the date of issuance of these financial statements there have been no significant events of a financial accounting nature that could affect the interpretation of these financial statements.

Notwithstanding the abovementioned, on July 15, 2009, the company disclosed to the market a Tender Offer for USD 220,000,000 from its debt denominated in US dollars issued in the United States in 2001. This Tender Offer, published in the company's webpage www.transelec.cl, is subject to i) Obtaining funds in the local market under appropriated terms, which is subject to the approval by the SVS to issue public debt, and, ii) obtaining valid notes tendered under the Tender Offer for a minimum of USD 100,000,000.

Note 32 - Environment

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

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Urgent work	25,193	137
Replacement of a static condenser with PCB	-	625
Environmental impact studies	-	21,274
Additional system	2,103	-
Subtransmission system	7,569	-
New trunk system work	7,333	-
Total	42,198	22,036

Note 33 - Time Deposits

Time deposits are detailed as follows:

Banks	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Banco Crédito e Inversiones	13,264,413	-
Banco Santander Santiago	14,688,540	3,395,323
Deustsche Bank	3,507,827	-
Banco Bilbao Viscaya A.	7,305,026	-
Banco Chile	12,569,105	10,158,262
Banco HSBC	6,204,956	-
Banco Itaú Chile	3,273,250	-
Banco Security	6,675,205	-
Banco Corpbanca	4,907,614	-
Scotiabank	2,077,705	-
The Royal Bank of Scotland	3,937,408	-
Total	78,411,049	13,553,585

Note 34 - Accounts Payable

Accounts payable are detailed as follows:

	June 30, 2009 ThCh$	June 30, 2008 ThCh$
Provision for fines and lawsuits	2,225,596	1,979,011
Provision for urgent projects	10,140,463	21,875,954
Provision for VIRTs payable (1)	21,426,912	17,488,035
Provision for asset under construction	1,058,953	328,344
Contractor withholdings	1,344,720	1,563,863
Accounts payable	7,010,217	4,336,267
Total	43,206,861	47,571,474

(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 withdraws 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 35 – Other long term liabilities:

The detail of these liabilities is the following:

	30/06/2009 ThCh$	30/06/2008 ThCh$
Provision for urgent works	4,773,803	-
Premium UF Bond Series D	1,483,021	1,566,707
Total	6,256,824	1,566,707

A. Summary

In the six-month period ended June 30, 2009, TRANSELEC S.A. and subsidiary recorded net income of ThCh$ 28,265,933, which is 21.34% less than the same period in 2008. This net income is derived from operating income of ThCh$ 52,162,211, a non-operating loss of ThCh$18,896,256, a net charge to income for first category income taxes and deferred taxes of ThCh$ 4,999,907 and minority interest of ThCh$ 115. In the six-month period ended June 30, 2008, the Company recorded net income of ThCh$ 35,933,000, with operating income of ThCh$ 61,077,112, a non-operating loss of ThCh$ 17,133,769, a net charge for first category income taxes and deferred taxes of ThCh$ 8,010,258 and minority interest of ThCh$ 85.

In the current period, revenues reached to ThCh$ 86,210,477 (ThCh$ 90,797,016 in 2008). These revenues are mainly obtained, for both periods, from commercializing the transmission capacity of the Company's facilities. The variation is mainly explained by the following effects. During the period 2009, a) ThCh$1.975.991 due to the commissioning of new facilities that were not in service during the period 2008, b) ThCh$234.271 from toll recalculation for the Trunk Transmission System from the year 2008, c) ThCh$8,495,795 higher income in comparison to the same period 2008 due to variations of exchange rate, indexation formulas and the result of derivates designated to hedge the portion in Chilean pesos of some revenues denominated in US Dollars, d) ThCh$ 5,271,848 originated in sales of services related to the activity provided to, among others, Centrales Hidroeléctricas de Aysén S.A, (including a margin on the services provided during the second half of 2008), and, e) ThCh$987,766 due to higher sales associated with other works and services provided by the Company, compared to the same period 2008. In 2008, incomes included, in addition to the normal commercialization of the facilities, some non-recurrent revenues associated with the following concepts: i) reassessment of the Trunk Transmission System's tolls for the year 2007, in accordance with Decree 207 published on January 15, 2008 and the Toll Report for the year 2007 issued by CDEC-SIC in March 2008, amounting ThCh$ 5.416.726, ii) reassessment of the Trunk Transmission System's tolls for the period March 13, 2004 to December 31, 2006, in accordance with Decree 207, which amounted to ThCh$13,851,760, net from income tariff, interest and contractual discounts, and, iii) net income from prior years based on an agreement with Puyehue S.A. and Panguipulli S.A. for ThCh$ 2,283,724.

In 2009, cost of sales reached ThCh$ 31,378,103 (ThCh$ 26,877,474 in 2008). These costs are due primarily to maintaining and operating the Company's facilities, in addition to costs incurred in providing engineering services to Centrales Hidroeléctricas de Aysén S.A. in 2009, as described in the previous paragraph. The Company's costs consist of: 57.3% depreciation of property, plant and equipment (64.7% in 2008), 13.2% personnel costs (11.2% in 2008), 23.2% supplies and services hired (16.9% in 2008) and 6.3% amortization of intangibles (7.2% in 2008).

A. Summary (continued)

Administrative and selling expenses amounted to ThCh$ 2,670,163 (ThCh$ 2,842,430 in 2008) and consist of 45.8% personnel expenses (49.2% in 2008), 47.4% work, supplies and services hired (47.1% in 2008), and 6.8% depreciation (3.7% in 2008).

The Company recorded a non-operating loss of ThCh$ 18,896,256 (loss of ThCh$ 17,133,769 in 2008), generated mainly by interest expenses of ThCh$ 17,914,707 (ThCh$ 19,884,359 in 2008, which includes interest on income recalculations of ThCh$ 2,713,908) and by amortization of goodwill of ThCh$ 4,406,244 (ThCh$ 4,330,989 in 2008). Other important accounts that affected the non-operating loss during the period were interest income of ThCh$ 1,802,511 (ThCh$ 7,829,267 in 2008, of which ThCh$ 5,325,906 was from interest associated with the aforementioned trunk income recalculation). Foreign currency translation for the period produced a gain of ThCh$ 1,931,176 (loss of ThCh$ 874,800 in 2008), valued in accordance with SVS Circular No. 1,560. In turn, price-level restatement generated a loss of ThCh$ 296,869 (gain of ThCh$ 524,812 in 2008) and net other non-operating results amounted to a negative ThCh$ 12,123 (negative ThCh$ 397,700 in 2008).

B. Income

	For the period ended June 30, 2009 ThCh$	For the period ended June 30, 2008 ThCh$	Variation June 2009/2008 %	Variation June 2009-2008 ThCh$
Sales	86,210,477	90,797,016	-5.05%	(4,586,539)
Toll income	78,576,621	89,422,774	-12.13%	(10,846,153)
Work and services	7,633,856	1,374,242	455.50%	6,259,614
Cost of sales	(31,378,103)	(26,877,474)	16.74%	(4,500,629)
Fixed costs	(11,421,258)	(7,574,865)	50.78%	(3,846,394)
Depreciation	(17,992,886)	(17,376,458)	3.55%	(616,428)
Amortization of intangibles	(1,963,959)	(1,926,152)	1.96%	(37,808)
Administrative and selling expenses	(2,670,163)	(2,842,430)	-6.06%	172,267
Operating Income	52,162,211	61,077,112	-14.60%	(8,914,901)
Non-Operating Loss	(18,896,256)	(17,133,769)	10.29%	(1,762,487)
Income before income taxes	33,265,955	43,943,343	-24.30%	(10,677,388)
Income taxes (1)	(4,999,907)	(8,010,258)	-37.58%	3,010,351
Minority interest	(115)	(85)	35.29%	(30)
Net Income	28,265,933	35,933,000	-21.34%	(7,667,067)
EBITDA	73,984,680	79,748,898	-7.23%	(5,764,218)

B. Income (continued)

(1) The decrease in income taxes in 2009 is due principally to deferred taxes, basically because of a decrease in the book-basis value of certain assets affected by the negative price-level restatement in 2009 of -2.3% (positive 3.2% in 2008), which does not apply to the tax basis since it is negative, thus generating a temporary difference of ThCh$ 22,072,336, which in turn produced a smaller deferred tax expense for the period of ThCh$ 3,047,425.

B. Income (continued)

Profitability

	As of June 30, 2009	As of June 30, 2008	Variation June 2009/2008
Ratio			
Return on equity	3.16%	4.17%	-24.22%
Return on assets	1.62%	2.06%	-21.36%
Return on operating assets	4.62%	5.49%	-15.85%
Earnings per share (Ch$)	28,266	35,933	-21.34%

C. Balance Sheet Analysis

	As of June 30, 2009 ThCh$	As of June 30, 2008 ThCh$	Variation June 2009/2008 %	Variation June 2009-2008 ThCh$
Current assets	130,751,626	99,674,214	31.18%	31,077,412
Property, plant and equipment	1,071,711,793	1,073,888,663	-0.20%	-2,176,870
Other assets	547,343,512	567,946,765	-3.63%	-20,603,253
Total assets	1,749,806,931	1,741,509,642	0,48%	8,297,289
Current liabilities	71,961,380	88,937,915	-19.09%	-16,976,535
Long-term liabilities	781,980,800	791,450,052	-1.20%	-9,469,252
Minority interest	4,533	4,628	-2.05%	-95
Shareholders' equity	895,860,218	861,117,047	4.03%	34,743,171
Total liabilities and shareholders' equity	1,749,806,931	1,741,509,642	0.48%	8,297,289

C. Balance Sheet Analysis (continued)

Value of principal operating property, plant and equipment

Assets	As of June 30, 2009 ThCh$	As of June 30, 2008 ThCh$	Variation June 2009/2008 %	Variation June 2009-2008 ThCh$
Land	18,343,283	17,573,922	4.38%	769,361
Buildings and infrastructure	806,784,903	795,117,339	1.47%	11,667,564
Machinery and equipment	349,409,900	328,349,020	6.41%	21,060,880
Other property, plant and equipment	1,677,670	1,545,127	8.58%	132,543
Accumulated depreciation	(104,503,963)	(68,696,745)	52.12%	(35,807,218)
Total	1,071,711,793	1,073,888,663	-0.20%	(2,176,870)

As of June 30, 2009 and 2008, property, plant and equipment mainly consist of land, buildings, infrastructure, machinery and equipment.

The assets of the Company and its subsidiary are valued in accordance with Chilean GAAP.

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 35.4% less than their economic and/or market value.

C. Balance Sheet Analysis (continued)

Liquidity and indebtedness

Ratio	As of June 30, 2009 ThCh$	As of June 30, 2008 ThCh$	Variation June 2009/2008 %
Current liquidity	1.82	1.12	62.50%
Acid ratio	1.16	0.68	70.59%
Total liabilities/equity	0.95	1.02	-6.86%
% short-term debt	8.43	10.10	-16.58%
% long-term debt	91.57	89.90	1.86%
Financial expense coverage ratio	4.12	4.00	2.78%

The increase in liquidity ratios in 2009 is due principally to increased cash and cash equivalent as compared to 2008.

D. Most important changes in the company's market

Transelec S.A. and its subsidiary carry out their 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. The importance of this sector is that it 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 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 transport the generated electricity from where it is produced (electrical power plants) to the "points of entry" of the distribution companies' networks.

The business of Transelec and its subsidiary are mainly related to commercializing the capacity of its facilities to transport and transform electricity, in accordance with established quality standards. The transmission system of Transelec S.A. and its subsidiary, which spans 2,900 kilometers between Arica in the Región de Arica y Parinacota in the north to the Island of Chiloé in the Región de Los Lagos in the south, 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 transport lines, 46% of the 220 kV lines, 94% of the 154 kV lines and 11% of the lines ranging from 66kV to 110 kV.

D. Most important changes in the company's market (continued)

The legal framework that governs the electrical transmission business in Chile is regulated by DFL No. 4/2007, 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 Reliabilty and Quality of Service (Exempt Ministerial Resolution No. 40 dated May 16, 2005) and its subsequent modifications.

Law 19,940, also called Short Law I, modified the General Electricity Services Law of 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 enacted. Thus, from 2004 to 2007, collection and payment of compensation for 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), Annuity Investment Value (AVI), Operation, Maintenance and Administration Costs (COMA) and 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 were set to begin 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 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 the decree that sets subtransmission tariffs and indexation formulas was already published in January 2009, it contains provisions that do not yet allow full application.

Concentration of income

A major part of Transelec’s total sales (70.5%) 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.

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.

E. Market risk factors (continued)

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 that 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.

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 at its facilities could lower this valuation, which could in turn prevent full 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 June 30, 2009, a portion of the Company's debt was denominated in US dollars as a result of bonds placed abroad for ThUS$ 477,840 (including accrued interest) and a loan from the related company Rentas I Ltda. for ThUS$ 18,000, as well as other liabilities of ThUS$ 26,771. On the other hand, the Company had the following assets denominated in US dollars: credit in a mercantile current account with the related company Transelec Holdings Rentas Limitada of ThUS$ 30,847 (including interest earned), short-term financial investments of ThUS$ 37,802 (including interest earned), trade receivables of ThUS$ 1,516, swap contracts for ThUS$ 274,018 (including accrued interest), property, plant and equipment of ThUS$ 177,059 and forward contracts for ThUS$ 3,500. Therefore, in 2009, the Company's dollar-denominated assets exceed the respective liabilities by ThUS$ 2,041.

Additionally, the Company maintains forward contracts for sales of US dollars amounting to US$ 58.2 million associated with the sale of a portion of its future income (July to December 2009).

As of June 30, 2008, a portion of the debt of the Company and its subsidiary was denominated in US dollars as a result of bonds placed abroad for ThUS$ 489,220 (including accrued interest) and other short-term liabilities of ThUS$ 44,647. On the other hand, the Company had the following assets denominated in US dollars: credit in a mercantile current account with the related company Transelec Holdings Rentas Limitada of ThUS$ 29,566 (including interest earned), short-term financial investments of ThUS$ 73,380 (including interest earned), swap contracts at fair value of ThUS$ 231,357, trade accounts receivable and other current assets of ThUS$ 1,597, forward contracts for ThUS$ 3,000, property, plant and equipment and intangibles at fair value of ThUS$ 193,752 and a lease contract for ThUS$ 2,073. These assets exceed the respective liability by ThUS$ 858.

Exposure to exchange rate variation is partially mitigated by the fact that toll income is denominated in US dollars and indexed monthly or semiannually, as the case maybe, by an index formula partly linked to the dollar.

F. Foreign Exchange and Interest rate Risk

Foreign exchange risk (continued)

Toll amounts are denominated in United States dollars, but monthly invoices are sent in their Chilean peso equivalent, calculated by applying the average observed dollar rate to approximately 93.89% of contracts and the month-end observed dollar rate to the remaining 4.85%. Most of the remaining income (1.26%) is invoiced in Chilean pesos based on the value of the Unidad de Fomento. The corresponding exchange rates are shown below:

Exchange rate

Month	Average 2009 (Ch$)	Last day 2009 (Ch$)	Average 2008 (Ch$)	Last day 2008 (Ch$)
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
Average for the Period	587.32	578.77	466.87	470.23

The indexation formulas, applied twice yearly, that are incorporated into toll contracts and those applied monthly for regulated trunk income, 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 3.4% over 2008.

Interest rate risk

As of June 30, 2009, the Company has debt with fixed interest rates. In effect, its debt denominated in US dollars bears interest at an annual fixed rate of 7.875%. All debt denominated in UF was placed at fixed interest rates varying from 3.5% to 6.2%, depending on each bond. The Company also has mercantile current accounts with related companies denominated in US dollars, for a net amount of US$ 12.8 million, with a variable interest rate. Given the fact that the Company's net assets exposed to variable interest rates are an insignificant portion of its total assets, the Company believes that its net income is not exposed to risk from changes in market interest rates.

G. Principal cash flows for the period

For the six-month period ended June 30, 2009, the Company recorded positive net cash flows of ThCh$ 18,569,198, due to positive cash flows from operating activities of ThCh$ 50,293,661, partially offset by negative cash flows from financing activities and investing activities of ThCh$ 6,210,295 and ThCh$ 25,514,168, respectively. For the six-month period ended June 30, 2008, the Company recorded positive net cash flows of ThCh$ 24,314,946, due to positive cash flows from operating activities of ThCh$ 56,693,177, partially offset by negative cash flows from financing activities and investing activities of ThCh$ 659,321 and ThCh$ 31,718,910, respectively.

In 2009, financing activities generated negative net cash flows of ThCh$ 6,210,295, primarily due to dividend payments, partially offset by loans obtained from related companies. In 2008, financing activities generated negative cash flows of ThCh$ 659,321 as a result of payments made on bonds.

Investing activities generated negative net cash flows of ThCh$ 25,514,168, as a result of net additions to property, plant and equipment. In 2008, investing activities generated negative net cash flows of ThCh$ 31,718,910, due principally to net additions to property, plant and equipment of ThCh$ 16,051,015 and other investment disbursements of ThCh$ 74,111,706 (corresponding to the price adjustment on the investment paid to HQ and IFC because of the Trunk Transmission Decree). These effects were partially offset by net collections on loans to related companies of ThCh$ 58,443,811.

In 2009, the effect of inflation on cash and cash equivalents was negative, amounting to ThCh$ 539,674. In 2008, the effect was positive and amounted to ThCh$ 1,775,535.

The final balance of cash and cash equivalents as of June 30, 2009 amounted to ThCh$ 83,284,543 from an opening balance of ThCh$ 65,255,019. In 2008, the final balance of cash and cash equivalents amounted to ThCh$ 60,696,205 from an opening balance of ThCh$ 34,605,724.

Relevant Events

During the period ended June 30, 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 an Ordinary 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 period 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 regarding the Company that come under the jurisdiction of the meeting.

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

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

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 the 2009 period, 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.

Transelec Norte S.A. (subsidiary)

During the period ended June 30, 2009, and 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 as of December 31, 2008.
2) Distribution of final dividend.

Relevant Events (continued)

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.

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 Andres 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

Relevant Events (continued)

5) Set the Board of Directors' fees.

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

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