Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
September 30, 2009 and 2008

Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

September 30, 2009 and 2008

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

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Consolidated Financial Statements

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

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of September 30,

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

ASSETS		2009 ThCh$	2008 ThCh$
Current Assets			
Cash		1,461,825	1,012,293
Time deposits	(32)	82,559,383	41,172,170
Marketable securities	(4)	1,348,649	3,732,929
Trade accounts receivable, net	(5)	47,815,918	32,040,752
Miscellaneous receivables	(5)	1,025,842	587,734
Notes and accounts receivable from related companies	(6)	171,300	54,040
Inventory, net		42,246	41,904
Recoverable taxes	(7)	2,354,398	3,382,451
Prepaid expenses		436,220	128,271
Deferred taxes	(7)	5,270,992	3,923,766
Other current assets	(8)	1,346,152	2,523,179
Total current assets		143,832,925	88,599,489
Property Plant and Equipment			
Land		19,060,347	17,516,319
Buildings and infrastructure		821,705,613	787,563,431
Machinery and equipment		352,270,177	327,283,938
Other property, plant and equipment		1,736,739	1,481,927
Accumulated depreciation		(113,146,429)	(77,368,840)
Total property, plant and equipment	(9)	1,081,626,447	1,056,476,775
Other Assets			
Investments in other companies	(10)	243,940	209,528
Goodwill	(11)	322,348,745	330,983,319
Long-term receivables	(5)	1,487,668	1,370,317
Notes and accounts receivable from related companies	(6)	16,951,088	16,766,353
Long-term deferred taxes	(7)	45,421,951	53,126,993
Intangibles	(12)	156,663,137	156,170,676
Amortization	(12)	(12,705,158)	(8,837,990)
Other	(13)	8,859,931	9,363,492
Total other assets		539,271,302	559,152,688
Total Assets		1,764,730,674	1,704,228,952

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

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of September 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	(15)	14,920,748	21,879,130
Accounts payable	(33)	35,843,635	31,965,580
Notes and accounts payable to related companies	(6)	10,076,855	281,420
Provisions	(16)	3,411,655	2,735,714
Withholdings		1,728,330	130,881
Other current liabilities	(14)	88,768	1,409,597
Total current liabilities		66,069,991	58,402,322
Long-Term Liabilities			
Long-term bonds	(15)	788,926,374	776,878,699
Long-term provisions	(16)	1,959,421	1,471,992
Other long-term liabilities	(34)	8,322,703	1,538,679
Total long-term liabilities		799,208,498	779,889,370
Minority Interest	(18)	4,723	4,681
Shareholders' Equity	(19)		
Paid-in capital		857,944,548	779,949,589
Capital restatement reserve		(24,022,447)	53,816,522
Other reserves		120,008	(766,735)
Retained earnings		43,000,721	1,659,600
Net income		37,406,876	44,953,426
Interim dividends		(15,002,244)	(13,679,823)
Total shareholders' equity		899,447,462	865,932,579
Total Liabilities and Shareholders' Equity		1,764,730,674	1,704,228,952

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 period September 30,

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

		2009 ThCh$	2008 ThCh$
Operating Income			
Sales		131,794,524	133,174,766
Cost of sales		(47,389,145)	(41,511,048)
Gross margin		84,405,379	91,663,718
Administrative and selling expenses		(4,219,643)	(4,033,312)
Net operating income		80,185,736	87,630,406
Non-Operating Income and Expenses			
Interest income		2,057,102	9,204,080
Other non-operating income	(20)	380,279	28,700
Interest expenses		(32,931,547)	(29,350,506)
Amortization of goodwill	(11)	(6,578,547)	(6,553,249)
Other non-operating expenses	(20)	(940,161)	(1,320,703)
Price-level restatement, net	(21)	(88,046)	(2,280,172)
Foreign currency translation, net	(22)	1,577,301	363,247
Non-operating loss		(36,523,619)	(29,908,603)
Income before income taxes		43,662,117	57,721,803
Income taxes	(7)	(6,255,083)	(12,768,227)
Income before minority interest		37,407,034	44,953,576
Minority interest	(18)	(158)	(150)
Net income		37,406,876	44,953,426

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 period September 30,

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

		2009 ThCh$	2008 ThCh$
Cash Flows from Operating Activities			
Net income		37,406,876	44,953,426
(Gain) loss on sale of assets			
(Gain) Loss on sale of property, plant and equipment		17,946	376,343
Charges (credits) to income which do not represent cash flows			
Depreciation	(9)	27,234,275	25,735,615
Amortization of intangible assets	(12)	2,905,334	2,821,205
Write-offs and provisions		395,597	-
Amortization of goodwill	(11)	6,578,547	6,553,249
Price-level restatement, net	(21)	88,046	2,280,172
Foreign currency translation, net	(22)	(1,577,301)	(363,247)
Other credits to income which do not represent cash flows		(9,998,391)	(4,614,354)
(Increase) decrease in assets which affect cash flows			
Trade accounts receivable		(16,551,846)	(7,394,536)
Inventory		(1,160)	2,965
Other assets		6,915,241	(513,225)
Increase (decrease) in liabilities which affect cash flows			
Accounts payable related to operating income		4,286,368	(20,758,657)
Interest payable		(943,294)	12,636,209
Income taxes payable		5,298,759	18,189,521
Other accounts payable related to non-operating income		-	-
VAT and other taxes payable		329,667	(2,352,757)
Minority interest	(18)	158	150
Net cash provided by operating activities		62,384,822	77,552,079
Cash Flows from Financing Activities			
Bonds payable		165,379,116	-
Documented loans from related companies		9,906,480	-
Other sources of financing		1,707,821	-
Payment of dividends		(15,002,244)	(21,160,031)
Payment of bonds		(120,374,445)	(1,317,028)
Payment of bond issuance and placement expenses		(396,291)	-
Other financing disbursements		(40,856,462)	-
Net cash flows provided by (used in) financing activities		363,975	(22,477,059)

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 period September 30,

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

	2009 ThCh$	2008 ThCh$
Cash Flows from Investing Activities		
Sales of property, plant and equipment	-	10,288,412
Collection of documented loans to related companies	-	77,428,906
Additions to property, plant and equipment	(43,441,312)	(34,719,338)
Payment of capitalized interest	(1,206,069)	(2,194,040)
Documented loans to related companies	-	(18,476,077)
Other investment disbursements	-	(73,734,370)
Net cash flows used in investing activities	(44,647,381)	(41,406,507)
Total positive net cash flows for the period	18,101,416	13,668,513
Effect of price-level restatement on cash and cash equivalents	2,347,378	(582,258)
Net increase in cash and cash equivalents	20,448,794	13,086,255
Cash and Cash Equivalents at Beginning of period	64,921,063	34,454,338
Cash and Cash Equivalents at End of period	85,369,857	47,540,593

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 nine-month periods ended September 30, 2009 and 2008.

b) Basis of preparation

These consolidated financial statements as of September 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 September 30, 2009, which was -1.0%.

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	**September 30, 2009 %**	**September 30, 2008 %**
Transelec Norte S.A.	99.99	99.99

e) Price-level restatement

These financial statements have been restated in order to reflect variations in the purchasing power of the Chilean peso during the respective period. For this purpose, and in conformity with current Chilean regulations, non-monetary assets and liabilities and shareholders' equity accounts have been restated in constant period-end pesos and reflected in income. The restatements were calculated based on the official Chilean CPI for the period end as reported by the National Institute of Statistics, applied with a one-month lag, which was -2.8% for the 2009 period (6.9% 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 September 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	
	September 30, 2009	**September 30, 2008**
Unidad de Fomento	20,834.45	20,988.34
United States dollar	550.36	551.31
Euro	805.09	775.51

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$1,206,069 have been capitalized (ThCh$2,194,040 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			
		September 30, 2009			September 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 nine-month period from January 1 to September 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:

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
FM Banco Scotiabank	-	378,922
FM Banchile	-	579,515
FM BICE	-	838,063
FM ITAU	480,349	1,936,429
FM Banco Estado S.A AGF	868,300	-
Total marketable securities	1,348,649	3,732,929

Note 5 - Short and Long-Term Receivables

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

Short-term trade accounts receivable

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Trade accounts receivable from tolls	47,815,918	32,040,752
Total	47,815,918	32,040,752

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$27,230,983 as of September 30, 2009 (ThCh$22,536,738 in 2008). Short-term accounts payable includes provisions payable for the differences in value related to tariff income for the amount of ThCh$14,927,143 includes recalculation of the 2007 agreement with Endesa in the amount of ThCh$2,624,000 (ThCh$16,627,531 in 2008).

Short and long-term receivables

	Current							Long-term	
	Up to 90 days		90 days to 1 year		Subtotal	Total current (net)			
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008		September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Trade receivables	20,584,935	9,504,014	27,230,983	22,536,738	47,815,918	47,815,918	32,040,752	-	-
Miscellaneous receivables	1,025,842	587,734			1,025,842	1,025,842	587,734	1,487,668	1,370,317
						Total long-term receivables		1,487,668	1,370,317

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$5,284 in the 2008 period.

Transelec Holdings Rentas Limitada

The balance receivable as of September 30, 2009, corresponds principally to a series of loans for ThUS$30,800 made to a mercantile current account whose long-term balance amounts to ThCh$16,951,088 (ThCh$16,766,353 in 2008).

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

Loans have also been made to a mercantile current account in Chilean pesos, totaling ThCh$171,300 as of September 30, 2009 (ThCh$48,756 in 2008), which accrue interest at 6.5% considering a 360-day year.

Notes and Accounts Payable

Rentas Eléctricas I Limitada

The balance payable as of September 30, 2009 corresponds to a loan granted to Transelec S.A. for ThUS$18,000 with a balance of ThCh$10,076,855.

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

The balance of ThCh$281,420 as of September 30, 2008 corresponds to a payment made on behalf of Transelec.

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

a) Notes and accounts receivable

Taxpayer ID	Company	Short-term September 30, 2009 ThCh$	Short-term September 30, 2008 Th$	Long-term September 30, 2009 ThCh$	Long-term September 30, 2008 ThCh$
76.559.580-0	Rentas Eléctricas I Limitada	-	5,284	-	-
76.560.200-9	Transelec Holdings Rentas Limitada	171,300	48,756	16,951,088	16,766,353
	Total	171,300	54,040	16,951,088	16,766,353

b) Notes and accounts payable

Taxpayer ID	Company	Short-term September 30, 2009 ThCh$	Short-term September 30, 2008 ThCh$
76.559.580-0	Rentas Eléctricas I Limitada	10,076,855	-
76.560.200-9	Transelec Holdings Rentas Limitada	-	281,420
	Total	10,076,855	281,420

c) Transactions with related companies

Company	Taxpayer ID	Relationship	Description of the transaction	September 30, 2009 Amount	September 30, 2009 (Charge)/ credit to income	September 30, 2008 Amount	September 30, 2008 (Charge)/ credit to income
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Loan granted	2,202,765	-	18,150,111	-
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Loan collected	2,129,910	-	77,428,908	-
Transelec Holdings Rentas Ltda.	76.560.200-9	Parent	Interest accrued	423,444	(423,444)	1,772,887	(1,772,887)
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Loans granted	-	-	33,202	-
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	241,678	(241,678)	2,625	(2,625)
Rentas Eléctricas I Ltda.	76.559.580-0	Indirect Parent	Interest paid	71,304	-	-	-
ETC Holdings Ltd.	0-E	Indirect Parent	Loan granted	-	-	52,876	-
ETC Holdings Ltd.	0-E	Indirect Parent	Loan collected	-	-	52,876	-

Note 7 - Current and Deferred Income Taxes

a) General information

As of September 30, 2009 and 2008, the Parent Company has not established an income tax provision due to a tax loss of ThCh$40,158,791 and ThCh$21,670,293 for the period 2009 and 2008, respectively.

Its subsidiary as of September 30, 2009, has established an income tax provision for the period of ThCh$336,646 (ThCh$298,935 in 2008) considering a taxable base of ThCh$1,980,268 (ThCh$1,758,443 in 2008).

Recoverable and payable taxes

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

Recoverable taxes	**September 30, 2009 ThCh$**	**September 30, 2008 ThCh$**
First category tax	(336,646)	(296,242)
Unique article 21 tax	(11,985)	(15,937)
Monthly prepaid tax installments	2,703,029	2,636,290
Remaining VAT tax credit	-	1,058,340
Total	2,354,398	3,382,451

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 September 30, 2009 to recognize the effect of the income tax rate changes introduced by the tax reform published in September 2001.

	September 30, 2009			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Short-term ThCh$
Vacation provision	143,958	-	-	-
Leased assets	-	24,110	-	-
Staff severance indemnity provision	-	-	-	303,304
Other events	12,500	89,374	-	-
Tax loss	5,141,417	-	-	-
Income from bond placement premiums	-	353,358	-	-
Revaluation of property, plant and equipment (absorption)	-	48,473,107	-	-
Fair value bonds and swaps	-	1,960,589	-	-
Bond placement discount	-	210,576	-	-
Forward contracts	-	-	26,883	-
Bond issuance expenses	-	-	-	1,298,194
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	4,087,665
Total	5,297,875	51,111,114	26,883	5,689,163

Note 7 - Current and Deferred Income Taxes (continued)

b) Deferred taxes (continued)

	September 30, 2008			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Long-term ThCh$
Vacation provision	98,439	-	-	-
Leased assets	-	27,345	-	-
Staff severance indemnity provision	-	-	-	264,304
Other events	11,033	61,373	-	-
Tax loss	3,683,949	-	-	-
Income from bond placement premiums	-	275,974	-	-
Revaluation of property, plant and equipment (absorption)	-	54,286,629	-	-
Fair value bonds and swaps	-	3,890,483	-	-
Bond placement discount	-	252,352	-	-
Forward contracts	130,345	-	-	-
Bond issuance expenses	-	-	-	1,335,995
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	4,066,864
Total	3,923,766	58,794,156	-	5,667,163

c) Income tax

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Income tax expense (income tax provision)	(348,631)	(312,179)
Effect of deferred tax assets or liabilities for the period	(5,906,452)	(12,456,048)
Total	(6,255,083)	(12,768,227)

Note 8 - Other Current Assets

Other current assets are detailed as follows:

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Securities under resale agreements	-	1,623,201
Bond issuance expenses	906,450	544,180
Bond placement discount	276,146	276,094
Forward contracts	158,485	-
Other	5,071	79,704
Total	1,346,152	2,523,179

Note 9 - Property, Plant and Equipment

Of the depreciation expense for the 2009 period of ThCh$27,234,275 (ThCh$25,735,615 in 2008), ThCh$26,837,396 (ThCh$25,560,252 in 2008) was charged to operating costs, and ThCh$396,879 (ThCh$175,363 in 2008) was charged to administrative and selling expenses.

Property, plant and equipment is detailed as follows:

Description	Gross value ThCh$	September 30, 2009 accumulated depreciation ThCh$	Net value ThCh$	Gross value ThCh$	September 30, 2008 accumulated depreciation ThCh$	Net value ThCh$
Land	19,060,347	-	19,060,347	17,516,319	-	17,516,319
Buildings and infrastructure						
Buildings	15,803,849	(1,360,286)	14,443,563	14,598,087	(900,318)	13,697,769
Access roads	634,068	(40,138)	593,930	634,046	(24,365)	609,681
Lines	606,977,095	(53,115,238)	553,861,857	605,734,382	(35,739,140)	569,995,242
Houses and apartments	94,200	(7,640)	86,560	94,197	(5,297)	88,900
Non-hydraulic civil projects	121,649,457	(10,341,561)	111,307,896	121,486,649	(7,265,888)	114,220,761
Works in progress	76,546,944	-	76,546,944	45,016,070	-	45,016,070
Total buildings and infrastructure	821,705,613	(64,864,863)	756,840,750	787,563,431	(43,935,008)	743,628,423
Machinery and equipment						
Telecommunications equipment	8,373,549	(2,794,964)	5,578,585	7,969,837	(2,024,811)	5,945,026
Furniture, machinery and office equipment	362,567	(71,919)	290,648	157,337	(47,672)	109,665
Service furniture and equipment	52,834	(11,500)	41,334	44,700	(7,099)	37,601
Tools and instruments	1,543,728	(294,130)	1,249,598	1,445,812	(194,212)	1,251,600
Generating equipment	1,199,876	(257,786)	942,090	1,193,025	(180,107)	1,012,918
Electrical equipment	299,842,956	(30,038,986)	269,803,970	278,533,030	(20,803,051)	257,729,979
Mechanical, protective and measuring equipment	36,678,472	(12,108,003)	24,570,469	34,408,578	(8,439,860)	25,968,718
Transport and loading equipment	149,107	(58,746)	90,361	386,242	(114,059)	272,183
Computers	941,916	(680,404)	261,512	753,759	(454,385)	299,374
Software and computer programs	3,125,172	(1,965,128)	1,160,044	2,391,618	(1,168,576)	1,223,042
Total machinery and equipment	352,270,177	(48,281,566)	303,988,611	327,283,938	(33,433,832)	293,850,106
Subtotal property, plant and equipment	1,193,036,137	(113,146,429)	1,079,889,708	1,132,363,688	(77,368,840)	1,054,994,848
Other property, plant and equipment						
Construction materials	1,736,739	-	1,736,739	1,481,927	-	1,481,927
Total other property, plant and equipment	1,736,739	-	1,736,739	1,481,927	-	1,481,927
Total property, plant and equipment	1,194,772,876	(113,146,429)	1,081,626,447	1,133,845,615	(77,368,840)	1,056,476,775

Note 10 - Investments in Other Companies

The balance corresponds to the Company's 6.25% participation in CDEC-SIC Ltda., whose exclusive objective is to manage and operate the economic load dispatch center for the Central Interconnected System and coordinate the operations of that electrical system. The value of that investment as of September 30, 2009 is ThCh$25,315 (ThCh$41,901 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 September 30, 2009 amounts to ThCh$218,625 (ThCh$167,627 in 2008).

Taxpayer ID	Company	Participation percentage	Book value	
			September 30, 2009 ThCh$	September 30, 2008 ThCh$
77.286.570-8	CDEC - SIC LTDA	6.2500	25,315	41,901
77.345.310-1	CDEC - SING LTDA	14.2900	218,625	167,627

Note 11 - Goodwill

a) Goodwill is detailed as follows:

	September 30, 2009 ThCh$	**September 30, 2008 ThCh$**
HQI Transelec Chile S.A.	353,456,659	282,699,970
Price adjustment as of 03/31/2008	-	63,331,532
Price adjustment as of 06/30/2008	-	3,179,484
Deferred tax fair value adjustment for subsidiary property, plant and equipment	-	4,103,456
Accumulated amortization of goodwill	(31,107,914)	(22,331,123)
Total	322,348,745	330,983,319

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	September 30, 2009		September 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.	6,578,547	322,348,745	6,553,249	330,983,319
	Total	6,578,547	322,348,745	6,553,249	330,983,319

Note 12 - Intangibles

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

	September 30, 2009 ThCh$	**September 30, 2008 ThCh$**
Rights of way	156,663,137	156,170,676
Accumulated amortization	(12,705,158)	(8,837,990)
Total	143,957,979	147,332,686

The amortization charge to income amounted to ThCh$2,905,334 (ThCh$2,821,205 in 2008).

Note 13 - Other Assets

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

	September 30, 2009 ThCh$	**September 30, 2008 ThCh$**
Discount on placement of Bonds	1,683,620	1,909,654
Prepaid expenses Bonds	7,072,639	7,295,102
Prepaid expenses general facilities	80,275	135,574
Other	23,397	23,162
Total	8,859,931	9,363,492

Note 14 - Other Current Liabilities

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

	September 30, 2009 ThCh$	September 30 2008 ThCh$
Forward contracts	-	766,735
Premium on placement of UF series D Chilean peso bonds	84,714	84,699
Provision for price adjustment (1)	-	554,437
Other	4,054	3,726
Total	88,768	1,409,597

(1) This 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 15 - Short and Long-term Promissory Notes and Bonds

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

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

As of September 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+

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

Terms of Issuance

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

Series A

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

Series B

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

Indexation: Variation of the Unidad de Fomento

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

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

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

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

Interest payments: Semi-annual payments, maturing on March 1 and September 1 yearly, beginning on September 1, 2001. The interest accrued during the 2009 period amounts to ThCh$307,658 (ThCh$328,220 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 15 - 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 September 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$4,899,070 (ThCh$9,542,118 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 were effectively placed on the market on December 14, 2006.

The bond issuance risk ratings as of September 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 15 - 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, upon maturity on December 15, 2027.

Early redemption: Total or partial, starting 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$3,450,239 (ThCh$3,473,738 in 2008) and is presented in current liabilities.

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

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

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

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

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

As of September 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, starting March 1, 2010.

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

Interest payments: interest payments will be due every six months, on March 1 and September 1 of each year, beginning on September 1, 2007. Interest accrued as of 2009 period-end amounts to ThCh$358,882 (ThCh$360,496 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 15 - Short and Long-term Promissory Notes and Bonds (continued)

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

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

The risk ratings for this bond issuance as of September 30, 2009, are detailed as follows:

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

Terms of Issuance

Issuer: Transelec S.A.

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

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

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

Amortization period: 5 years

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

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

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

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

Interest payments: Interest payments will be due every six months on February 1 and August 1 of each year beginning February 1, 2010. Interest accrued as of September 30, 2009 amounts to ThCh$439,805 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.

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

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

The risk ratings for this bond issuance as of September 30, 2009, 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 pesos.

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

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

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

Amortization period: 5 years

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

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

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

Interest payments: Interest payments will be due every six months on February 1 and August 1 of each year beginning February 1, 2010. Interest accrued as of September 30, 2009 amounts to ThCh$311,873 and is presented in current liabilities.

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

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

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

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

The risk ratings for this bond issuance as of September 30, 2009, are detailed as follows:

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

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

Terms of Issuance

Issuer: Transelec S.A.

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

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

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

Amortization period: 22 years

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

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

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

Interest payments: Interest payments will be due every six months on February 1 and August 1 of each year beginning February 1, 2010. Interest accrued as of September 30, 2009 amounts to ThCh$490,310 and is presented in current liabilities.

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

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

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

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 September 30, 2009 ThCh$	Par value September 30, 2008 ThCh$	Placement in Chile or abroad
Long term bonds - short term portion										
249	B1	923	UF	6.20%	03-01-2010	Semiannually	Semiannually	26,640	28,318	Chile
249	B2	13,844	UF	6.20%	03-01-2010	Semiannually	Semiannually	399,595	424,771	Chile
First issuance	Single	8,901,574	US$	7.875%	10-15-2009	Semiannually	Upon final payment	6,769,596	12,676,886	Abroad
Swap contracts	11 contracts	12,907	UF	7.34%	10-15-2009	Semiannually	Upon final payment	826,486	3,079,175	Chile
249	B1	2,000	UF	6.20%	03-01-2010	Semiannually	Semiannually	57,729	57,368	Chile
249	B2	30,000	UF	6.20%	03-01-2010	Semiannually	Semiannually	865,933	860,506	Chile
249	B1	2,000	UF	6.20%	09-01-2010	Semiannually	Semiannually	57,729	57,367	Chile
249	B2	30,000	UF	6.20%	09-01-2010	Semiannually	Semiannually	865,933	860,506	Chile
481	D	165,603	UF	4.25%	12-15-2009	Semiannually	Upon final payment	3,450,239	3,473,738	Chile
480	C	17,225	UF	3.50%	03-01-2010	Semiannually	Upon final payment	358,882	360,495	Chile
598	E	21,110	UF	3.90%	02-01-2010	Semiannually	Upon final payment	439,805	-	Chile
598	F	311,872,855	$	5.70%	02-01-2010	Semiannually	Upon final payment	311,873	-	Chile
599	H	23,534	UF	4.80%	02-01-2010	Semiannually	Upon final payment	490,308	-	Chile
Total - short-term portion								14,920,748	21,879,130	
Long-term bonds										
249	B1	186,000	UF	6.20%	03.01.2022	Semiannually	Semiannually	4,336,402	4,447,286	Chile
249	B2	2,790,000	UF	6.20%	03.01.2022	Semiannually	Semiannually	65,046,026	66,709,290	Chile
First issuance	Single	245,138,000	US$	7.875%	04.15.2011	Semiannually	Upon final payment	135,886,216	258,758,940	Abroad
481	D	13,500,000	UF	4.25%	12.15.2027	Semiannually	Upon final payment	281,265,075	280,509,163	Chile
480	C	6,000,000	UF	3.50%	09.01.2016	Semiannually	Upon final payment	125,006,700	124,670,740	Chile
Swap contracts	1 contracts	1,906,538	UF	7.34%	04.14.2011	Semiannually	Upon final payment	12,528,921	41,783,280	Chile
598	E	3,300,000	UF	3.90%	08.01.2014	Semiannually	Upon final payment	68,753,685	-	Chile
598	F	33,600,000,000	$	5.70%	08.01.2014	Semiannually	Upon final payment	33,600,000	-	Chile
599	H	3,000,000	UF	4.80%	08.01.2031	Semiannually	Upon final payment	62,503,349	-	Chile
Total - long-term								788,926,374	776,878,699	

Note 16 - Provisions and Write-offs

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

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
a) Short-term provisions		
Staff severance indemnities provision (Note 17)	554,760	468,624
Accrued payroll	2,010,082	1,688,039
Vacation provision	846,813	579,051
Total	3,411,655	2,735,714
b) Long-term provisions		
Staff severance indemnities provision (Note 17)	1,959,421	1,471,992
Total	1,959,421	1,471,992

Note 17 - Staff Severance Indemnities

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

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Opening balance	2,563,671	1,926,591
Price-level restatement	-	11,883
Provisions	177,679	211,840
Payments	(227,169)	(209,698)
Total	2,514,181	1,940,616
Short-term	554,760	468,624
Long-term	1,959,421	1,471,992
Total	2,514,181	1,940,616

Note 18- Minority Interest

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

	Equity		Participation percentage		Participation	
	September 30, 2009 ThCh$	September 30, 2008 ThCh$	September 30, 2009 ThCh$	September 30, 2008 ThCh$	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Transelec Holdings Rentas Ltda	47,093,874	46,805,755	0.01%	0.01%	4,723	4,681

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	
	September 30, 2009 ThCh$	September 30, 2008 ThCh$	September 30, 2009 ThCh$	September 30, 2008 ThCh$	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Transelec Holdings Rentas Ltda	1,486,402	1,046,810	0.01%	0.01%	158	150

Note 19 - Changes in Shareholders’ Equity

As of September 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

Note 19 - Changes in Shareholders' Equity (continued)

a) Capital (continued)

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

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

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

b) Dividends

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

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

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

Note 19 - Changes in Shareholders' Equity (continued)

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 September 30, 2009 and 2008 is detailed as follows:

a) The Company's shareholders' equity as of September 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	-	-	(254,482)	-	-	-
Price-level restatement of capital	-	(24,022,447)	-	(1,238,705)	-	-
Net income	-	-	-	-	-	37,406,876
Interim dividends	-	-	-	-	(15,002,244)	-
Final balance	857,944,548	(24,022,447)	120,008	43,000,721	(15,002,244)	37,406,876

b) The Company's shareholders' equity as of September 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)	-	-
Other reserves			(774,480)			
Price-level restatement of capital	-	54,360,123	-	1,588,796	-	-
Net income	-	-	-	-	-	45,407,501
Interim dividends	-	-	-	-	(13,818,003)	-
Final balance	787,827,868	54,360,123	(774,480)-	1,676,364	(13,818,003)	45,407,501
Restated balances	779,949,589	53,816,522	(766,735)-	1,659,600	(13,679,823)	44,953,426

Note 19 - 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 20 - Other Non-operating Income and Expenses

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

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Other non-operating income		
Translation adjustment	17,504	-
Prior year income	-	21,656
Income from sale of materials	(17,945)	4,336
Recovery of provisional payment for absorbed profits from third parties	285,834	-
Miscellaneous extraordinary gains	94,886	2,708
Total	380,279	28,700
Other non-operating expenses		
Prior year expenses	(68,077)	(53,725)
Directors’ fees	(170,983)	(82,006)
Loss from write-off of property, plant and equipment	(387,313)	(680,037)
Provision for loss on obsolescence of property, plant and equipment	-	(31,323)
Amortization of prepaid expenses	(41,709)	(41,701)
Fiscal and judicial fines	(272,079)	(218.758)
Translation adjustment	-	(210,678)
Miscellaneous exceptional losses	-	(2,475)
Total	(940,161)	(1,320,703)

Note 21 - Price-level Restatement

Price-level restatement generated a net charge to income as of September 30, 2009 for the amount of ThCh$88,046 and in the 2008 period generated a net charge to income of ThCh$2,280,172, detailed as follows:

	Indexation	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Assets (charges) / credits			
Inventory	CPI	(1,184)	102,140
Property, plant and equipment	CPI	(27,406,112)	61,661,707
Investments in related companies	CPI	(1,541,352)	2,896,520
Notes and accounts receivable from related companies	UF	1,921,061	4,314,152
Goodwill	CPI	(9,363,527)	21,495,432
Deferred taxes	CPI	(1,748,363)	4,073,022
Rights of way	CPI	(4,284,370)	9,745,135
Cash and banks	CPI	372,759	765,664
Other non-monetary assets	CPI	(335,466)	595,958
Expense and cost accounts	CPI	(367,651)	1,799,132
Total (charge) / credit		(42,754,205)	107,448,862
Liabilities (charges) / credits			
Shareholder’s equity	CPI	25,155,395	(53,715,898)
Bonds	UF US$	16,601,159	(50,943,073)
Notes and accounts payable to related companies	UF	(1,417)	-
Non-monetary liabilities	CPI	11,859	(11,883)
Income accounts	CPI	899,163	(5,058,180)
Total (charge) / credit		42,666,159	(109,729,034)
(Loss) gain from price-level restatement		(88,046)	(2,280,172)

Note 22 - Foreign Currency Translation

The effect of foreign currency translation generated a net credit to income in the 2009 period of ThCh$1,577,301 and a net charge to income in the 2008 period of ThCh$363,247, detailed as follows:

	Currency	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Assets (charges) / credits			
Time deposits	US$	(1,588,423)	719
Banks	US$	25,581,035	1,571,026
Notes and accounts receivable from related companies	US$	(11,269,567)	507,037
Investments in related companies	US$	(5,913,687)	1,490,827
Forward contracts	US$	582,032	835,121
Accounts receivable	US$	1,090	110,904
Total (charge) / credit		7,392,480	4,515,634
Liabilities (charges) /credits			
Notes and accounts payable to related companies	US$	1,075,140	(15,222)
Bonds	US$	23,485,920	(10,300,406)
Swap contracts	US$	(30,078,705)	6,388,193
Lease contracts	US$	(185,910)	110,633
Accounts payable	US$	(111,624)	(335,585)
Total (charge) / credit		(5,815,179)	(4,152,387)
(Loss) gain on foreign currency translation		1,577,301	363,247

Note 23 - Debt Issuance and Placement Costs

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

	September 30, 2009 Domestic ThCh$	**September 30, 2008 Domestic ThCh$**
Placement and issuance expense	8,404,981	8,246,362
Amortization	(425,892)	(407,080)
Total	7,979,089	7,839,282
Balance sheet presentation		
Other current assets	906,450	544,180
Other assets - other	7,072,639	7,295,102
Total	7,979,089	7,839,282

Note 24 - Statements of Cash Flows

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

Note 25 - Derivative Contracts

As of September 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:

									Affected accounts			
						Hedged item or transaction			Asset / liability		(Charge)/ credit to income	
Type of derivative	Type of contract	Contract Value	Description Maturity or expiry date	Specific item	Purchase and sale position	Name	Amount ThCh$	Value of hedged items ThCh$	Name	Amount ThCh$	Realized ThCh$	Unrealized ThCh$
S	CCPE	50,000,000	2nd quarter 2011	Exchange rate (US$)	P	US dollar bonds	32,375,000	27,518,000	Bond	13,355,407	173,274	3,394,949
FR	CCTE	9,700,000	4th quarter 2009	Exchange rate (US$)	S	Income	5,349,841	5,304,555	Other current assets	45,286	-	-
FR	CCTE	9,700,000	4th quarter 2009	Exchange rate (US$)	S	Income	5,349,841	5,301,913	Other current assets	47,928	-	-
FR	CCTE	9,700,000	4th quarter 2009	Exchange rate (US$)	S	Income	5,349,841	5,323,048	Other current assets	26,793	-	-
FR	CCPE	2,435,034	4th quarter 2009	Exchange rate (US$)	P	Cash	1,338,431	1,338,562	Other current assets	131	-	(131)
FR	CCPE	4,176,382	4th quarter 2009	Exchange rate (US$)	P	Cash	2,292,408	2,284,522	Other current assets	7,886	-	7,886
FR	CCPE	1,045,174	4th quarter 2009	Exchange rate (US$)	P	Cash	573,751	561,415	Other current assets	12,336	-	12,336
FR	CCPE	1,570,055	4th quarter 2009	Exchange rate (US$)	P	Cash	859,039	841,000	Other current assets	18,039	-	18,039
FR	CCPE	5,917,700	4th quarter 2009	Exchange rate (US$)	P	Cash	3,257,694	3,246,973	Other current assets	9,892		(9,892)
FR	CCPE	926,430	4th quarter 2009	Exchange rate (US$)	P	Cash	496,703	520,111	Other current assets	10,240		10,240

Note 26 - Contingencies and Restrictions

a) Management restrictions

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

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

- Not 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.

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

b) Direct commitments

There are no direct commitments.

Note 26 - Contingencies and Restrictions (continued)

c) Indirect commitments

There are no collateral or guarantees granted for indirect commitments.

d) Pending lawsuits

As of September 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$259,278.

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 September 30, 2009 to ThCh$1,099,350. As of September 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 September 30, 2009, to ThCh$246,254, against which a writ of administrative reconsideration was filed, which was rejected. The Company appealed the complaint before the Santiago Court of Appeals and placed a deposit of 25% of the original fine. The Company maintains that it is not responsible for this situation since it considers it a case of force majeure.

Note 26 - Contingencies and Restrictions (continued)

e) Fines (continued)

3. On June 30, 2005, the SEC through Exempt Resolution No. 1117, applied the following sanctions to the Company: a fine of 560 UTA equivalent as of September 30, 2009 to ThCh$246,254, 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 September 30, 2009, to ThCh$246,254, 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 September 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 September 30, 2009, to ThCh$131,922, 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 September 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 September 30, 2009, to ThCh$246,254. An appeal was on February 16, 2006, which is still pending. As of September 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 September 30, 2009, to ThCh$43,974. An appeal was filed on February 27, 2009, which is still pending. As of September 30, 2009, the Company had presented its required defense.

Note 26 - Contingencies and Restrictions (continued)

e) Fines (continued)

As of September 30, 2009, the Company has established a provision for these contingent obligations of ThCh$2,075,939. 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.

Direct guarantees

Guarantee Creditor	Debtor	Type of	Assets involved	Balances outstanding as of period end	
	Name	guarantee	book value	September 30, 2009	September 30, 2008
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	119,630
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	172,538	172,538	171,108
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	-	-	119,530
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	769,403	769,403	763,024
Banco Santander Santiago	Ministry of Economy, Development and Reconstruction	Security	4	4	-

Note 27 - Guarantees Obtained from Third Parties

As of September 30, 2009, the Company has received bank guarantees from contractors and third parties, mainly to guarantee performance of works and maintenance work for ThCh$21,846,001 (ThCh$6,631,272 in 2008). Mortgages have been granted in favor of the Company to guarantee payment of residential loans.

Note 28 - Chilean and Foreign Currency

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

These assets and liabilities are detailed as follows:

Description	Currency	Amount September 30, 2009 ThCh$	Amount September 30, 2008 ThCh$
Current assets			
Cash and banks	Ch$	763,547	184,910
Cash and banks	US$	698,278	827,383
Time deposits	US$	16,640,663	15,430,664
Time deposits	UF	65,918,720	25,741,506
Marketable securities	Ch$	1,348,649	3,732,929
Trade accounts receivables	Ch$	46,880,998	31,156,066
Trade accounts receivables	US$	934,920	884,686
Miscellaneous receivables	Ch$	988,270	554,926
Miscellaneous receivables	US$	37,572	32,808
Accounts receivable from related companies	Ch$	-	54,040
Accounts receivable from related companies	US$	171,300	-
Inventory	Ch$	42,246	41,904
Recoverable tax	Ch$	2,354,398	3,382,451
Prepaid expenses	Ch$	431,697	128,271
Prepaid expenses	US$	4,523	-
Deferred taxes	Ch$	5,270,992	3,923,766
Other current assets (resale agreements)	UF	-	1,623,201
Other current assets (forward)	US$	158,485	-
Other current assets (bond discount)	Ch$	1,182,596	839,785
Other current assets	Ch$	5,071	60,193
Property, plant and equipment			
Property, plant and equipment	Ch$	990,162,322	973,037,706
Property, plant and equipment	US$	91,464,125	83,439,069
Other assets			
Investments in other companies	Ch$	243,940	209,528
Goodwill	Ch$	322,348,745	330,983,319
Long-term receivables	US$	1,063,539	1,091,213
Long-term receivables	Ch$	424,129	279,104
Notes and receivables from related companies	US$	16,951,088	16,766,353
Intangibles	Ch$	150,677,344	150,234,513
Intangibles	US$	5,985,793	5,936,163
Amortization of intangibles	Ch$	(12,218,812)	(8,504,081)
Amortization of intangibles	US$	(486,346)	(333,909)
Deferred taxes, long-term	Ch$	45,421,951	53,126,993
Other	Ch$	8,756,259	9,204,755
Other	UF	103,672	158,737
Total assets	Ch$	1,565,084,342	1,552,631,078
	US$	133,623,940	124,074,430
	UF	66,022,392	27,523,444

Note 28 - Chilean and Foreign Currency (continued)

		Up to 90 days				**90 days to 1 year**			
	Currency	**September 30, 2009**		**September 30, 2008**		**September 30, 2009**		**September 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	3,608,363	4.79%	3,926,828	4.30%	2,071,025	4.72%	2,196,241	4.72%
Bond capital obligations payable	UF	-	-	-	-	1,333,405	6.20%	-	-
Bond interest obligations payable	US$	5,519,797	7.875%	-	-	1,561,672	7.88%	12,676,886	7.88%
SWAP contracts	UF	408,310	7.28%	-	-	418,176	7.28%	-	-
Accounts payable	Ch$	24,915,424	-	24,294,728	-	-	-	-	-
Accounts payable	US$	10,928,211	-	7,670,852	-	-	-	-	-
Notes and payables to related companies	US$	10,076,855	-	281,420	-	-	-	-	-
Provisions	Ch$	3,411,655	-	2,735,714	-	-	-	-	-
Withholdings	Ch$	1,728,330	-	130,881	-	-	-	-	-
Other current liabilities	UF	84,714	-	84,697	-	-	-	-	
Other current liabilities	Ch$	4,054	-	558,165	-	-	-	-	-
Other current liabilities	US$	-	-	766,735					
Total current liabilities	UF	4,101,387	-	4,011,525	-	3,822,606	-	2,196,241	-
	US$	26,524,863	-	8,719,007	-	1,561,672	-	12,676,886	-
	Ch$	30,059,463	-	27,719,488	-	-	-	-	-

Note 28 - Chilean and Foreign Currency (continued)

Long-term liabilities as of September 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	7,386,665	6.2%	75,252,426	3.97%	149,920,683	3.90%	375,323,529	4.48%
Bonds payable	US$	134,914,150	7.88%	-	-	-	-	-	-
Bonds payable	Ch$	-	-	33,600,000	5.70%				
SWAP contracts	UF	12,528,921	7.28%	-	-	-	-	-	-
Provisions	Ch$	1,959,421	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	1,993,863							
Other long-term liabilities	US$	6,328,840	-	-	-	-	-	-	-
Total long-term liabilities	UF	19,915,586	-	75,252,426	-	149,920,683	-	375,323,529	-
	US$	141,242,990	-	-	-	-	-	-	-
	Ch$	3,953,284,	-	33,600,000	-	-	-	-	-

Note 28 - Chilean and Foreign Currency (continued)

Long-term liabilities prior period, September 30, 2008

		1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
Description	**Currency**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**	**Amount ThCh$**	**Annual average interest rate**
Bonds payable	UF	-	-	-	-	124,670,740	3.50%	351,665,740	7.53%
Bonds payable	US$	-	-	258,758,940	7.88%	-	-	-	-
SWAP contracts	UF	-	-	41,783,279	9.17%	-	-	-	-
Provisions	Ch$	1,471,992	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	1,538,679	-	-	-	-	-	-	-
Total long-term liabilities	UF	-		41,783,279	-	124,670,740	-	351,665,740	-
	US$	-	-	258,758,940	-	-	-	-	-
	Ch$	3,010,671	-	-	-	-	-	-	-

Note 29 - Sanctions

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

Note 30 - Subsequent Events

Between September 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.

Note 31 - Environment

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

	September 30, 2009 ThCh$	**September 30, 2008 ThCh$**
Urgent work	25,193	132
Replacement of a static condenser with PCB	-	601
Environmental impact studies	-	31,659
Additional system	5,267	-
Subtransmission system	21,252	-
New trunk system work	8,247	-
Total	59,959	32,392

Note 32 - Time Deposits

Time deposits are detailed as follows:

Banks	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Banco Crédito e Inversiones	14,525,479	14,175,597
Banco Santander Santiago	16,147,203	11,756,362
Deustsche Bank	3,307,664	-
Banco Bilbao Viscaya A.	2,202,732	-
Banco de Chile	12,690,957	12,944,490
Banco HSBC	4,489,520	1,983,141
Banco Itaú Chile	5,511,229	-
Banco Security	7,211,037	-
Banco Corpbanca	6,015,442	-
Scotiabank	6,510,308	312,580
Banco Bice	3,947,812	-
Total	82,559,383	41,172,170

Note 33 - Accounts Payable

Accounts payable are detailed as follows:

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Provision for fines and lawsuits	2,344,568	1,985,662
Provision for urgent projects	10,194,285	7,025,994
Provision for VIRTs payable (1)	14,927,143	16,627,531
Provision for asset under construction	993,822	265,202
Contractor withholdings	1,344,720	1,503,130
Accounts payable	6,039,097	4,558,061
Total	35,843,635	31,965,580

(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 34 - Other Long-Term Liabilities

The detail of these liabilities is the following:

	September 30, 2009 ThCh$	September 30, 2008 ThCh$
Provision for urgent works	6,328,840	-
Premium UF Bond Series D	1,993,863	1,538,679
Total	8,322,703	1,538,679

TRANSELEC S.A. AND SUBSIDIARY

Reasoned Analysis

September 30, 2009 and 2008

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

A. Summary

In the nine-month period ended September 30, 2009, TRANSELEC S.A. and subsidiary recorded net income of ThCh$37,406,876, which is 16.79% lower than in the same period in 2008. This net income is derived from operating income of ThCh$80,185,736, a non-operating loss of ThCh$36,523,619, a net charge to income for first category income taxes and deferred taxes of ThCh$6,255,083 and minority interest of ThCh$158. In the nine-month period ended September 30, 2008, the Company recorded net income of ThCh$44,953,426, with operating income of ThCh$87,630,406, a non-operating loss of ThCh$29,908,603, a net charge for first category income taxes and deferred taxes of ThCh$12,768,227 and minority interest of ThCh$150.

In the current period, revenues reached ThCh$131,794,524 (ThCh$133,174,766 in 2008). These revenues are mainly obtained from commercializing the transmission capacity of the Company’s facilities, and in 2009 include sales of services related to its line of business provided to, among others, Centrales Hidroeléctricas de Aysén, for ThCh$7,297,523 (including a margin on the services provided during the second half of 2008). In 2008, revenues included, in addition to normal revenue from commercializing the Company’s facilities, some non-recurrent revenues associated with the following concepts: i) recalculation of trunk transmission system tolls for 2007, in accordance with Decree 207 published on January 15, 2008 and the 2007 Toll Report issued by the CDEC-SIC in March 2008 and amended in September 2008 (ThCh$7,447,723), ii) recalculation of trunk transmission system tolls for the period from March 13, 2004 to December 31, 2006, in accordance with Decree 207, which amounted to ThCh$13,313,828, net of tariff income, interest and contractual discounts, and, iii) tolls from prior years based on an agreement with Puyehue S.A. and Panguipulli S.A. for ThCh$2,195,036.

Operating costs amounted to ThCh$47,389,145 (ThCh$41,511,048 in 2008). These costs are due primarily to maintenance and operating the Company's facilities, in addition, these costs comprise disbursements incurred in providing engineering services to Centrales Hidroeléctricas de Aysén S.A. in 2009, as described in the previous paragraph. In percentage terms, the Company’s costs can be classified as follows: 56.6% depreciation of property, plant and equipment (61.6% in 2008), 13.2% personnel costs (12.1% in 2008), 24.0% contracted services and supplies (19.5% in 2008) and 6.1% amortization of intangibles (6.8% in 2008).

A. Summary (continued)

Administrative and selling expenses amounted to ThCh$4,219,643 (ThCh$4,033,312 in 2008) and consist of 56.0% personnel expenses (51.1% in 2008), 34.6% contracted works, supplies and services (44.5% in 2008), and 9.4% depreciation (4.3% in 2008).

The Company recorded a non-operating loss of ThCh$36,523,619 (loss of ThCh$29,908,603 in 2008), generated mainly by financial expenses of ThCh$32,931,547 (ThCh$29,350,506 in 2008, which includes interest on trunk reassessment of ThCh$2,608,513) The increase in financial expenses is explained principally by the disbursements associated with the tender offer performed in August, that allows to buy US$219.8 million of the outstanding Yankee Bond debt. Other important accounts that affected the non-operating loss during the period were amortization of goodwill of ThCh$6,578,547 in 2009 (ThCh$6,553,249 in 2008) and financial income of ThCh$2,057,102 (ThCh$9,204,080 in 2008, of which ThCh$5,572,715 was from interest associated with the aforementioned trunk reassessment). Foreign currency translation for the period produced a gain of ThCh$1,577,301 (gain of ThCh$363,247 in 2008), valued in accordance with SVS Circular No. 1,560. In turn, price-level restatement generated a loss of ThCh$88,046 (loss of ThCh$2,280,172 in 2008) and net other non-operating results amounted to a negative ThCh$559,882 (negative ThCh$1,292,003 in 2008).

B. Income

	As of September 30, 2009 ThCh$	As of September 30, 2008 ThCh$	Variation September 2009/2008 %	Variation September 2009-2008 ThCh$
Revenues	131,794,524	133,174,766	-1.04%	-1,380,242
Toll income	120,876,511	130,306,457	-7.24%	-9,429,946
Work and services	10,918,013	2,868,309	280.64%	8,049,704
Operating costs	-47,389,145	-41,511,048	14.16%	-5,878,097
Fixed costs	-17,646,415	-13,129,591	34.40%	-4,516,824
Depreciation	-26,837,396	-25,560,252	5.00%	-1,277,144
Amortization of intangibles	-2,905,334	-2,821,205	2.98%	-84,129
Administrative and selling expenses	-4,219,643	-4,033,312	4.62%	-186,331
Operating Income	80,185,736	87,630,406	-8.50%	-7,444,670
Non-operating loss	-36,523,619	-29,908,603	22.12%	-6,615,016
Income before income taxes	43,662,117	57,721,803	-24.36%	-14,059,686
Income taxes (1)	-6,255,083	-12,768,227	-51.01%	6,513,144
Minority interest	-158	-150	5.33%	-8
Net income	37,406,876	44,953,426	-16.79%	-7,546,550
EBITDA	110,325,345	116,187,226	-5.05%	-5,861,881

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 -2.8% (positive 6.9% in 2008). This does not apply to the tax basis since it is negative, thus generating a temporary difference of ThCh$25,923,227, which in turn produced a smaller deferred tax expense for the period of ThCh$6,549,596.

Profitability

	As of September 30, 2009	As of September 30, 2008	Variation September 2009/2008
Ratio			
Return on equity	4.16%	5.19%	-19.85%
Return on assets	2.12%	2.64%	-19.70%
Return on operating assets	6.54%	7.28%	-10.16%
Earnings per share (Ch$)	37,406.88	44,953.43	-16.79%

C. Balance Sheet Analysis

	As of September 30, 2009 ThCh$	As of September 30, 2008 ThCh$	Variation September 2009/2008 %	Variation September 2009-2008 ThCh$
Current assets	143,832,925	88,599,489	62.34%	55,233.436
Property, plant and equipment	1,081,626,447	1,056,476,775	2.38%	25,149,672
Other assets	539,271,302	559,152,688	-3.56%	-19,881,386
Total assets	1,764,730,674	1,704,228,952	3.55%	60,501,722
Current liabilities	66,069,991	58,402,322	13.13%	7,667,669
Long-term liabilities	799,208,498	779,889,370	2.48%	19,319,128
Minority interest	4,723	4,681	0.90%	42
Shareholders’ equity	899,447,462	865,932,579	3.87%	33,514,883
Total liabilities and shareholders’ equity	1,764,730,674	1,704,228,952	3.55%	60,501,722

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

- Early redemption of debt:

On August 19, the Company redeemed US$219,862,000 in debt. This early redemption involved a premium of $8,788,436,256 paid to bondholders.

- Novation or early termination of swap contracts:

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

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

C. Balance Sheet Analysis (continued)

Value of principal operating property, plant and equipment

Assets	As of September 30, 2009 ThCh$	As of September 30, 2008 ThCh$	Variation September 2009/2008 %	Variation September 2009-2008 ThCh$
Land	19,060,347	17,516,319	8.81%	1,544,028
Buildings and infrastructure	821,705,613	787,563,431	4.34%	34,142,182
Machinery and equipment	352,270,177	327,283,938	7.63%	24,986,239
Other property, plant and equipment	1,736,739	1,481,927	17.19%	254,812
Accumulated depreciation	-113,146,429	-77,368,840	46.24%	-35,777,589
Total	1,081,626,447	1,056,476,775	2.38%	25,149,672

As of September 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 36.3% lower than their economic and/or market value.

C. Balance Sheet Analysis (continued)

Liquidity and indebtedness

Ratio	As of September 30, 2009 ThCh$	As of September 30, 2008 ThCh$	Variation September 2009/2008 %
Current liquidity	2.18	1.52	43.42%
Acid ratio	1.29	0.81	59.26%
Total liabilities/equity	0.96	0.97	-1.03%
% short-term debt	7.64	6.97	9.61%
% long-term debt	92.36	93.03	-0.72%
Financial expense coverage ratio	3.35	3.96	-15.40%

In 2009, the increase in liquidity ratios is explained principally by increased cash and cash equivalents as compared to the prior period.

In addition, in order to ensure funds are available to cover working capital needs, project financing (for projects under development and potential projects), and transmission line acquisitions, the Company has secured the following committed lines of credit:

Bank	Amount (up to)	Maturity	Type of credit
Scotiabank	US$ 30,000,000	11-06-2009	Working capital
BCI	US$ 30,000,000	02-28-2010	Working capital
Santander	US$ 15,000,000	03-31-2010	Working capital
Scotiabank - Corpbanca	UF 3,206,453	09-15-2010	Project financing

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 transmit 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 transmit and transform electricity, in accordance with established quality standards. The transmission system of Transelec S.A. and its subsidiary, which spans 2,900 kilometers from Arica in the Región de Arica y Parinacota in the north to the Chiloé Island, 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 transmission lines, 46% of the 220 kV lines, 94% of the 154 kV lines and 11% of the lines ranging from 66kV to 110 kV.

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, enacted in 1982; the General Electricity Services Law of 1982 (DFL(M) No. 1/82) and its subsequent modifications, including Law 19,940 (Short Law I) enacted on March 13, 2004, Law 20,018 (Short Law II) enacted on May 19, 2005 and Law 20,257 (Generation with Non-conventional Renewable Energy Resources) enacted April 1, 2008. These standards are complemented by the Regulations of the General Electricity Services Law of 1997 (Supreme Decree No. 327/97 from the Ministry of Mining) and its respective modifications, as well as by the Technical Rules for Reliability and Quality of Service (Exempt Ministerial Resolution No. 40 dated May 16, 2005) and its subsequent modifications.

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

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 trunk facilities would become effective as of March 13, 2004. On January 15, 2008, a decree from the Ministry of Economy, Development and Reconstruction was published that set the new Investment Value (VI), the Annuity of the Investment Value (AVI), the Operation, Maintenance and Administration Costs (COMA) and 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 tariffs 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 be applied from January 14, 2009. However, this new tariff has been applied by de CDEC for the February, July, August and September revenues, thus the settlement for the remaining period is pending.

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 several methodological aspects to perform the calculus should be included in the Electrical By Law, that has not been updated yet, the decree that sets subtransmission tariffs and indexation formulas, already published in January 2009, comprises the new calculation methodology allowing to fix the procedures to calculate the tolls of the associated facilities.

Concentration of income

A major part of Transelec’s total sales (71.5%) 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 partial recovery of the investments made.

F. Foreign Exchange and Interest rate Risk

Foreign exchange risk

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

As of September 30, 2009, the Company and its subsidiary had a portion of their debt denominated in US dollars as a result of bonds placed abroad for ThUS$256,180 (including accrued interest), other short-term liabilities of ThUS$29,373 and related company loans for ThUS$18,310 (including accrued interest). On the other hand, the Company and its subsidiary had the following assets denominated in US dollars: credit in a mercantile current account with its related companies (primarily Transelec Holdings Rentas Limitada) of ThUS$31,111 (including interest earned), short-term financial investments of ThUS$29,044 (including interest earned), fair value swap contracts for ThUS$ 49,777, trade receivables and other current assets of ThUS$2,006, property, plant and equipment and intangible assets at fair value of ThUS$178,112 and forward contracts for ThUS$16,000. Therefore, in 2009, the Company's dollar-denominated assets exceed the respective liabilities by ThUS$2,190.

As of September 30, 2009, the Company maintains forward contracts for sales of US dollars amounting to ThUS$29,100 associated with revenue the Company will invoice from October to December 2009. These forward contracts are intended to set the underlying portion of its revenue in pesos that will be invoiced in dollars during those months.

As of September 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$494,600 (including accrued interest) and other short-term liabilities of ThUS$13,333. On the other hand, the Company had the following assets denominated in US dollars: credit in a mercantile current account with its related companies (primarily Transelec Holdings Rentas Limitada) of ThUS$30,818 (including interest earned), short-term financial investments of ThUS$29,690 (including interest earned), swap contracts at fair value of ThUS$282,586, trade accounts receivable and other current assets of ThUS$1,693, and property, plant and equipment and intangibles at fair value of ThUS$ 165,136. These assets exceed the respective liability by ThUS$2,000.

F. Foreign Exchange and Interest rate Risk (continued)

Foreign exchange risk (continued)

As of September 30, 2008, the Company maintained forward contracts for sales of US dollars amounting to ThUS$31,500 associated with revenue the Company was to invoice from October to December 2008.

The portion of the revenues denominated in US dollars is exposed to the exchange rate variation. This exposure is partially mitigated by the fact that these toll revenues are indexed by indexation formulas partly linked to the US dollar.

Trunk and contractual toll revenues (80% approximately of the total) are denominated in United States dollars, but monthly invoices are sent in their Chilean peso equivalent, calculated by applying the average observed dollar rate. Subtransmission tolls are denominated in Chilean pesos; as the Subtransmission Decree that fix the tolls for this facilities will be in fully application, these revenues will represent approximately 16% approximately of the total toll revenues. Most of the remaining revenues (4%), mainly from providing services, are invoiced in Chilean pesos based on the value of the Unidad de Fomento. The corresponding exchange rates are detailed as follows:

F. Foreign Exchange and Interest rate Risk (continued)

Foreign exchange risk (continued)

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
July	540.42	541.90	502.24	502.78
August	546.88	550.64	516.70	516.47
September	549.07	546.07	530.17	552.47
Average for the period	**573.37**	**567.91**	**483.37**	**488.12**

The indexation formulas incorporated into toll contracts and those included in trunk and subtransmission decrees, 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 8.2% compared with the same period in 2008.

F. Foreign Exchange and Interest rate Risk (continued)

Interest rate risk

As of September 30, 2009, the Company has no debt bearing interest at variable rates. In effect, its US dollar denominated debt accrues interest at a fixed annual rate of 7.875%. All UF denominated debt was placed at fixed interest rates that vary between 3.5% and 6.2%, depending on each bond. Bonds placed in Chilean pesos were placed at a fixed rate of 5.70%.

On the other hand, the Company maintains the following assets at variable rates: a) mercantile current accounts with related companies that are denominated in US dollars, totaling US$ 12.8 million (net) and b) cash and short-term investments totaling US$155.1 million. As cash provisions are set aside for project financing and profit distributions, it is believed that the Company is at no risk of a change in market interest rates affecting its results.

G. Principal cash flows for the period

For the nine-month period ended September 30, 2009, the Company recorded positive net cash flows of ThCh$18,101,416, due to positive cash flows from operating activities of ThCh$62,384,822 and positive cash flows from financing activities of ThCh$ 363,975, offset by negative cash flows from investing activities of ThCh$ 44,647,381. For the nine-month period ended September 30, 2008, the Company recorded positive net cash flows of ThCh$ 13,668,513, due to positive cash flows from operating activities of ThCh$77,552,079, partially offset by negative cash flows from investing activities and financing activities of ThCh$41,406,507 and ThCh$22,477,059, respectively.

The net positive cash flows from financing activities during the period ended September 30, 2009 of ThCh$363,975 are due primarily to the bond placement (E, F and H series), partially offset by the partial repayment of the US dollar denominated bonds plus the premium for early redemption paid to bondholders. In addition, the Company settled swap contracts amounting to US$220 million, which involved paying approximately US$55.9 million to the financial institutions that were party to these contracts. In 2008, the Company recorded net negative cash flows from financing activities of ThCh$22,477,059, mainly as a result of dividend payments.

G. Principal cash flows for the period (continued)

In the current period, investing activities generated negative net cash flows of ThCh$44,647,381, as a result of net additions to property, plant and equipment. In 2008, investing activities generated negative net cash flows of ThCh$41,406,507, due principally to net additions to property, plant and equipment of ThCh$34,719,338 and other investment disbursements of ThCh$73,734,370 (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$58,952,829.

In 2009, the effect of inflation on cash and cash equivalents was positive, amounting to ThCh$ 2,347,378. In 2008, the effect was negative and amounted to ThCh$582,258.

The final balance of cash and cash equivalents as of September 30, 2009 amounted to ThCh$85,369,857 from an opening balance of ThCh$64,921,063. In 2008, the final balance of cash and cash equivalents amounted to ThCh$47,540,593 from an opening balance of ThCh$34,454,338.

Relevant Events

During the nine-month period ended September 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 a Regular Shareholders' Meeting on April 30, 2009, at 2:30 pm, at its offices located at Av. Apoquindo 3721, 6th Floor, Las Condes.

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

1) Annual Report, Balance Sheet, Financial Statements and Report of Independent Auditors, corresponding to the 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 for the Company under the jurisdiction of the Shareholders' Meeting.

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

1) Approved the Annual Report, Financial Statements and the Report of Independent Auditors, corresponding to the 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.

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

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

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

Relevant Events (continued)

2. Series F Bonds: ticker symbol BNTRA-F, as part of the 10-year line of bonds registered under No. 598 in the Securities Registry, in nominal pesos, for Ch$ 33,600,000,000 (thirty three billion,

six hundred million pesos), equivalent to UF 1,602,591 (one million, six hundred two thousand, five hundred ninety-one Unidades de Fomento) upon placement.

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

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

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

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

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

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

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

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

Relevant Events (continued)

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

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

Transelec Norte S.A. (subsidiary)

During the nine-month period ended September 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 a Regular 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.
3) Dividend policy and information regarding the payment procedures to be used.
4) Remuneration of the Board of Directors.
5) Appointment of Independent Auditors.
6) Newspaper to be used to publish announcement of the Shareholders' Meetings.
7) Other matters of interest for the Company under the jurisdiction of the Shareholders´ Meeting.

Relevant Events (continued)

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

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

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

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

3) Were informed of the dividend policy for 2009.

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

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

5) Set the Board of Directors' fees.

6) 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.

Relevant Events (continued)

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

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

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