Intermediate Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
March 31, 2010

Intermediate Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

For the three months period ended March 31, 2010

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TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Finacial Position
As of March 31, 2009, December 31, 2009 and January 1, 2009

(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2)

ASSETS	**Note No.**	**March 31, 2010 ThCh$$**	**December 31,2009 ThCh$$**	**January 01, 2009 ThCh$$**
CURRENT ASSETS				
Cash and cash equivalents	(5)	73,954,272	137,896,494	66,791,219
Other financial assets		-,-	-,-	-,-
Other non-financial assets		1,135,736	738,597	524,762
Trade and other receivables	(6)	41,227,300	38,872,532	33,180,788
Receivables from related parties	(7)	164,678	50,353	48,204
Inventory	(8)	39,584	39,585	42,270
Current tax assets		2,745,234	2,772,469	2,319,462
TOTAL CURRENT ASSETS		119,266,804	180,370,030	102,906,705
NON-CURRENT ASSETS				
Other non-financial assets		1,335,140	1,549,589	1,711,291
Receivables from related parties	(7)	16,153,368	15,618,680	19,602,660
Investments accounted for using the equity method		223,469	233,953	319,220
Intangible assets other than goodwill	(10)	138,121,713	138,000,570	139,706,389
Goodwill	(10)	338,897,613	338,897,613	338,897,613
Property, plant and equipment	(11)	1,111,503,665	1,100,883,223	1,084,827,854
Deferred tax assets	(12)	42,784,076	45,360,349	60,172,479
TOTAL NON-CURRENT ASSETS		1,649,019,044	1,640,543,977	1,645,237,506
TOTAL ASSETS		1,768,285,848	1,820,914,007	1,748,144,211

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Finacial Position
As of March 31, 2009, December 31, 2009 and January 1, 2009

(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2)

NET EQUITY AND LIABILITIES	**Note No**	**March 31, 2010 ThCh$$**	**December 31, 2009 ThCh$$**	**January 01, 2009 ThCh$$**
CURRENT LIABILITIES				
Other financial liabilities	(13)	12,786,567	11,463,858	16,293,229
Trade and other payables	(14)	26,377,448	29,760,040	25,511,440
Current tax liabilities		795,624	1,513,922	2,724,089
Current provisions for employee benefits	(16)	2,164,281	3,457,451	3,516,102
Other non-financial liabilities		36,086	-.-	4,474,336
TOTAL CURRENT LIABILITIES		42,160,006	46,195,271	52,519,196
NON-CURRENT LIABILITIES				
Other financial liabilities	(13)	776,915,592	840,770,825	788,911,946
Deferred tax liabilities	(12)	11,740,062	11,911,260	15,063,549
Non-current provisions for employee benefits	(16)	3,720,266	3,720,266	3,541,269
TOTAL NON-CURRENT LIABILITIES		792,375,920	856,402,351	807,516,764
TOTAL LIABILITIES		834,535,926	902,597,622	860,035,960
EQUITY				
Paid-in capital	(18)	857,944,548	857,944,548	857,944,548
Retained earnings (cumulative losses)		76,293,636	62,521,718	29,784,289
Other reserves		(491,921)	(2,153,367)	374,490
Total equity attributable to owners of the parent		933,746,263	918,312,899	888,103,327
Non controlling interest		3,659	3,486	4,924
Total Equity		933,749,922	918,316,385	888,108,251
TOTAL EQUITY AND LIABILITIES		1,768,285,848	1,820,914,007	1,748,144,211

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income
As of March 31, 2010, and March 31, 2010

(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2)

Statement of Comprehensive Income by Function	**Note No**	**March 31, 2010 ThCh $**	**March 31, 2009 ThCh $**
Operating revenues	(19)	41,653,400	43,684,731
Cost of sales		(17,425,508)	(15,260,245)
GROSS MARGIN		24,227,892	28,424,486
Administrative expenses		(1,718,919)	(1,797,865)
Other gains (losses)		204,139	(13,060,974)
Financial income	(19)	320,986	1,096,023
Financial expenses	(20)	(2,492,526)	(9,627,209)
Foreign currency translation	(20)	(870,128)	238,509
Gain (loss) for indexed assets and liabilities	(20)	(1,475,867)	15,932,385
INCOME (LOSS) BEFORE INCOME TAXES	(21)	18,195,577	21,205,355
Income tax expense	(21)	(2,634,662)	(3,826,610)
Income (loss) from continuing operations		15,560,915	17,378,745
Income (loss)		15,560,915	17,378,745
INCOME (LOSS) ATTRIBUTABLE TO			
Income (loss) attributable to owners of parent		15,560,862	17,378,258
Income (loss) attributable to Non controlling interest		53	487
NET INCOME		15,560,915	17,378,745
Earnings per share			
Basic earnings per share			
Basic earnings (loss) per share from continuing operations	$/a	15,560.92	17,378.745
Basic earnings (loss) per share	$/a	15,560.92	17,378.745
Diluted earnings per share		-,-	-,-
Diluted earnings (loss) per share from continuing operations	$/a	15,560.92	17,378.745
Diluted earnings (loss) per share	$/a	15,560.92	17,378.745

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income
As of March 31, 2010, and March 31, 2010

(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2)

	March 31, 2010 ThCh $	March 31, 2009 ThCh $
STATEMENT OF COMPREHENSIVE INCOME	15,560,915	17,378,745
Cash flow hedge		
Gains (losses) on foreign currency translation differences, before taxes	5,828	(25,547)
Other comprehensive income, before taxes and foreign currency translation	5,828	(25,547)
Cash flow hedges		
Gains (losses) on cash flow hedges, before taxes	(327,534)	1,515,916
Other comprehensive income, before taxes and cash flow hedges	(327,534)	1,515,916
Other components of other comprehensive income, before taxes	(321,706)	1,490,369
Income taxes related to components of other comprehensive income		
Income taxes related to foreign currency translation differences from other comprehensive income	1,983,152	(718,970)
Total income taxes related to components of other comprehensive income	1,983,152	(718,970)
Other comprehensive income	1,661,446	771,399
Total comprehensive income	17,222,361	18,150,144
Comprehensive income attributable to owners of the parent	17,222,142	18,149,580
Comprehensive income attributable to non controlling interest	219	564
Total comprehensive income	17,222,361	18,150,144

TRANSELEC S.A. AND SUBSIDIARY

Statements of Changes in Equity

For the periods ended as of March 31, 2010 and March 31, 2009

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

		Charges in other reserves						**Total reserves**				
MOVEMENTS	**Paid-in capital**	**Changes in other reserves**	**Revaluation surplus**	**Reserve for foreign currency translation differences**	**Reserve for cash flow hedges**	**Reserve for gains and losses from defined-benefit plans**	**Reserve for gains and losses in remeasurement of available-for-sale financial assets**		**Retained earnings (accumulated losses)**	**Equity attributable to owners of parent**	**Non controlling interest**	**Total Equity**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Opening balance as of January 1, 2010	857,944,548	-,-	-,-	(1,748,499)	(404,868)	-,-	-,-	(2,153,367)	62,521,718	918,312,899	3,486	918,316,385
Changes in equity	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-
Comprehensive income	-,-	-,-	-,-	1,988,980	(327,534)	-,-	-,-	1,661,446	-,-	1,661,446	-,-	1,661,446
Income (loss)	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	15,560,915	15,560,862	53	15,560,915
Increase (decrease) from transfers and other changes	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	(1,788,944)	(1,788,944)	120	(1,788,824)
Total changes in equity	**-,-**	**-,-**	**-,-**	**1,988,980**	**(327,534)**	**-,-**	**-,-**	**1,661,446**	**13,771,918**	**15,433,364**	173	**15,433,537**
Closing balance as of March 31, 2010	**857,944,548**	**-,-**	**-,-**	**240,481**	**(732,402)**	**-,-**	**-,-**	**(491,921)**	**76,293,636**	**933,746,263**	**3,659**	**933,749,922**
Opening balance as of January 1, 2009	857,944,548	-,-	-,-	-,-	374,490	-,-	-,-	374,490	29,784,289	888,103,327	4,924	888,108,251
Changes in equity	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-
Comprehensive income	-,-	-,-	-,-	(744,517)	1,515,916	-,-	-,-	771,399	-,-	771,399	-,-	771,399
Income (loss)	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	17,378,258	17,378,258	487	17,378,745
Increase (decrease) from transfers and other changes	-,-	-,-	-,-	-,-	-,-	-,-	-,-	-,-	(467.249)	(467249)	(834)	(468,083)
Total changes in equity	**-,-**	**-,-**	**-,-**	**(744,517)**	**1,515,916**	**-,-**	**-,-**	**771,399**	**16,911,009**	**17,682,408**	**(347)**	**17,682,061**
Closing balance as of March 31, 2009	**857,944,548**	**-,-**	**-,-**	**(744,517)**	**1,890,406**	**-,-**	**-,-**	**1,145,889**	**46,695,298**	**905,785,735**	**4,577**	**905,790,312**

The accompanying notes numbers 1 to 28 are an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the periods ended as of March 31, 2010 and March, 31 2009

(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2)

Indirect Statement of Cash Flows	**01-01-2010 30-03-2010 ThCh$**	**01-01-2009 30-03-2009 ThCh$**
Cash flows provided by (used in) operating activities		
Income (Loss)	15,560,915	17,378,745
Adjustments for reconciliation of income (loss)		
Adjustments for income tax expense	2,634,662	3,826,610
Adjustments for decreases (increases) in trade receivables	2,354,768	4,457,287
Adjustments for decreases (increases) in trade payables	(3,382,592)	(974,849)
Adjustments for depreciation and amortization expenses	12,086,990	9,636,512
Adjustments for provisions	(1,293,170)	(1,280,792)
Adjustments for unrealized foreign currency translation gains (losses)	724,724	98,740
Adjustments for fair value losses (gains)	(7,905,346)	11,455,794
Adjustments for non-cash items	6,882,650	(20,157,135)
Total adjustments for reconciliation of income (loss)	**12,102,686**	**7,062,167**
Net cash flows provided by (used in) operating activities	**27,663,601**	**24,440,912**
Cash flows provided by (used in) investing activities		
Purchases of property, plant and equipment	(19,479,595)	(7,984,703)
Net cash flows provided by (used in) investing activities	(19,479,595)	(7,984,703)
Cash flows provided by (used in) financing activities		
Loans from related parties	-,-	10,498,680
Payment of loans	(63,597,907)	(673,974)
Interest paid	(8,528,321)	-,-
Net cash flows provided by (used in) financing activities	(72,126,228)	9,824,706
Net increase (decrease) in cash and cash equivalents	(63,942,222)	26,280,915
Cash and cash equivalents, opening balance	137,896,494	66,791,219
Cash and cash equivalents, closing balance	**73,954,272**	**93,072,134**

The accompanying notes numbers 1 to 28 are an integral part of these financial statements

Note 1 - General Information

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.

The Company is domiciled at Av. Apoquindo No. 3721, floor 6, Las Condes, Santiago, Chile.

Its subsidiary, Transelec Norte S.A., is a publicly-held corporation domiciled at Av. Apoquindo No. 3721, floor 6, Las Condes, Santiago, Chile. The subsidiary is registered in the Securities Register of the Superintendency of Securities and Insurance (SVS) under No. 939.

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 owned by the Company or by third parties designed to transport or transmit electricity and may, for these purposes, obtain, acquire and use the respective concessions and permits and exercise all of the rights and powers that current legislation confers on electric companies. Its line of business 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 affiliates, both in Chile and abroad.

The Company is controlled directly by Transelec Holdings Rentas Limitada and indirectly by ETC Holdings Ltd.

Note 1 - General Information (continued)

The Company's financial statements for the year ended December 31, 2009 were approved by its Board of Directors at its meeting held on February 25, 2010, and were subsequently presented for consideration at the Ordinary Shareholders' Meeting held on April 28, 2010, where they were ultimately approved. These financial statements were prepared in accordance with generally accepted accounting principles in Chile issued by the Chilean Association of Accountants and standards issued by the SVS, which differ from those used for 2009 balances included in these intermediate financial statements. Therefore, these balances have been restated in accordance with International Financial Reporting Standards (hereinafter IFRS). A detailed reconciliation of net equity, net income for the period and cash flows can be found in Note 27.

These intermediate consolidated financial statements, issued for the three-month period ended March 31, 2010, were approved by the Board of Directors in Ordinary Meeting No. 52/10 held on April 29, 2010.

Note 2 - Summary of Significant Accounting Principles

The principal accounting policies applied in preparing these intermediate financial statements are detailed below. Unless otherwise noted, these policies have been applied uniformly for all periods presented.

2. 1 Basis of preparation of intermediate consolidated financial statements

These intermediate consolidated financial statements have been prepared in accordance with International Finance Reporting Standards (IFRS). The figures in these financial statements and their notes are expressed in thousands of Chilean pesos, which is the group's functional currency. For the convenience of the reader, these consolidated financial statements and their accompanying notes have been translated from Spanish to English.

In preparing these intermediate financial statements, certain critical accounting estimates have been used to quantify some assets, liabilities, income and expenses. Management was also required to exercise judgment in applying Transelec's accounting policies. Areas involving a greater degree of judgment or complexity or areas in which assumptions and estimates are significant for these financial statements are described in Note 4.

Note 2 - Summary of Significant Accounting Principles (continued)

2.2 New standards and interpretations issued

The following IFRS and IFRIC Interpretations have been issued but application is not mandatory as of the date of issuance of these financial statements.

Standards and Amendments	Content	Date of Mandatory Application (for periods beginning)
IFRS 9	Financial instruments	January 01, 2013
Revised IAS 24	Related parties	January 01, 2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 01, 2010
Amendment to IFRIC 14	Prepayments of a minimum funding requirement	January 01, 2011

The Company's Management estimates that adopting the aforementioned standards, amendments and interpretations will not have a significant impact on the consolidated financial statements of Transelec and subsidiary in the period of their initial application.

2.3 Principles of consolidation

Subsidiaries are all entities (including special purpose entities) over which Transelec has the power to direct its financial and operating policies, in which case the Company generally holds a share of more than half of the voting rights. When evaluating whether the Company controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible should be considered.

Subsidiary is consolidated from the date on which control is transferred and are excluded from consolidation from the date that control ceases.

At the date of acquisition, the assets, liabilities and contingent liabilities of the subsidiary or jointly-controlled entity are recorded at market value. In the event that there is a positive difference between the acquisition cost and the fair value of the assets and liabilities of the acquired entity, including contingent liabilities, corresponding to the parent's share, this difference is recorded as goodwill. In the event that the difference is negative, it is recorded with a credit to income. Previous business combinations were not restated, in accordance with the exemption applied.

Note 2 - Summary of Significant Accounting Principles (continued)

2.3 Principles of consolidation (continued)

The value of minority shareholder interest in equity and the results of Subsidiaries consolidated through global integration are presented, respectively, under the headings "Net Equity: Minority interest" in the consolidated statement of financial position and "Gain (loss) attributable to minority interest" in the consolidated income statement.

3. The conversion of the financial statements of foreign company with functional currencies other than the Chilean peso is performed as follows:

   a) For assets and liabilities, the prevailing exchange rate on the closing date of the financial statements is used.

   b) For items in the income statement, the average exchange rate for the period is used.

   c) Net equity remains at the period-end exchange rate and at the average exchange rate at the date of generation for retained earnings.

Foreign currency translation produced in the conversion of the financial statements is registered under the heading "Translation adjustments" within Net Equity (see Note 18).

2.4 Subsidiaries

The following table details the subsidiary included in consolidation and the Company's share in that entity:

Company	**Direct Share**	
	March 31, 2010	**March 31, 2009**
	%	%
Transelec Norte S.A. (constituted in Chile)	99.99%	99.99%

Note 2 - Summary of Significant Accounting Principles (continued)

2.5. Foreign exchange transactions

2.5.1 Functional and presentation currency

The Company's functional currency is the Chilean peso, while the functional currency of its subsidiary Transelec Norte is the US dollar.

2.5.2 Transactions and balances

Transactions carried out by each company in a currency other than its functional currency are recorded using the exchange rates in effect as of the date of each transaction. During the year, any differences that arise between the exchange rate recorded in accounting and the rate prevailing as of the date of collection or payment are recorded as exchange differences in the income statement. Likewise, as of each period end, balances receivable or payable in a currency other than each company's functional currency are converted using the period-end exchange rate. Any valuation differences are recorded as exchange differences in the income statement. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency using period-end exchange rates are recorded in the income statement, except when they should be deferred in net equity, such as the case with cash flow and net investment hedges.

Transelec has established a cash flow hedge policy for part of its income expressed in US dollars. It also has a net investment hedge for its investment in subsidiary Transelec Norte. Foreign currency translation related to hedge instruments is charged, net of taxes, to a reserve account in equity and recorded in income during the period in which the hedged cash flows will be realized and the respective investment will be sold.

2.5.3 Exchange rates

As of each period end, assets and liabilities in foreign currency and UF have been converted to Chilean pesos using the following exchange rates:

Currency	**Pesos per unit**		
	March 31, 2010	**December 31, 2010**	**January 1, 2009**
Unidad de Fomento	20,998.52	20,942.88	21,452.57
US dollar	524.46	507.10	636.46
Euro	709.30	726.82	898,81

Note 2 - Summary of Significant Accounting Principles (continued)

2.6 Segment reporting

The Company manages its operations based on one sole operating segment: electricity transmission.

2.7 Property, plant and equipment

Property, plant and equipment is valued at acquisition cost, net of accumulated depreciation and any impairment losses it may have experienced. In addition to the price paid to acquire each item, the cost also includes, where appropriate, the following concepts:

Financial expenses accrued during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which require a substantial period of time before being ready for use are capitalized. The interest rate used is that of the specific financing or, if none exists, the average financing rate of the company carrying out the investment. The amount capitalized for this concept amounts to ThCh$ 894,434 for the period ended March 31, 2010 and ThCh$ 157,676 as of March 31, 2009.

Works in progress are transferred to operating assets once the testing period has been completed when they are available for use, at which time depreciation begins.

Future disbursements that Transelec S.A. and subsidiary must make to close their facilities are incorporated into the value of the asset at present value, recording the corresponding provision in accounting. On a yearly basis, Transelec S.A. and subsidiary review their estimate of these future disbursements, increasing or decreasing the value of the asset based on the results of this estimate.

Items acquired before the date on which Transelec transitioned to IFRS include within the acquisition cost, where appropriate, price level restatement permitted in Chile to adjust the value of property, plant and equipment for inflation as of that date. In accordance with the exemption established in IFRS 1 (See Note 11).

Note 2 - Summary of Significant Accounting Principles (continued)

2.7 Property, plant and equipment (continued)

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency or a longer useful life are capitalized as a greater cost for the corresponding assets. Replacement or overhauls of whole components that increase the asset's useful life, or its economic capacity, are recorded as an increase in value for the respective assets, derecognizing the replaced or overhauled components. Periodic maintenance, conservation and repair expenses are recorded directly in income as an expense for the period in which they are incurred.

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of its different parts it on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. Useful life is reviewed periodically.

The following table details the principal useful lives used to depreciate assets:

Account	**Range for estimated useful life**	
	Minimum	**Maximum**
Buildings and infrastructure	20	50
Machinery and equipment	15	40
Other assets	3	15

The values of property, plant and equipment are reviewed periodically to identify whether there is any indication of impairment or when events or changes in circumstances indicate that the value may not be recoverable. If any such indication exists or if an asset's book value exceeds its recoverable amount, the asset or cash generating unit should be recorded at its recoverable amount.

Note 2 - Summary of Significant Accounting Principles (continued)

2.8 Intangible assets

2.8.1 Goodwill

The difference between the acquisition cost and the fair value of the net assets acquired in a business combination was allocated to goodwill. Goodwill is not amortized; instead, at each period end, the company estimates whether any impairment has reduced its recoverable value to an amount less than the net recorded cost and, if appropriate, immediately adjusts for impairment. An impairment test is performed in two steps and used to indicate and measure impairment of goodwill that could be recognized if:

1) The fair value of the reporting unit is compared to the book value, including goodwill, in order to identify any potential impairment. When the fair value of the reporting unit exceeds the book value, goodwill is not considered impaired and the second step of the impairment test is not performed.

2) When the book value of the reporting unit exceeds its fair value, that of goodwill, impairment should be recorded for the difference.

During the period, there was no evidence of impairment of goodwill.

2.8.2 Rights-of-way

Rights of way are presented at historical cost. These rights have no defined useful life and, therefore, are not amortized. However, these indefinite useful lives should be reviewed during each reporting period to determine if they remain indefinite. These assets are tested for impairment on a yearly basis. (see note 4.2).

2.8.3 Computer software

Purchased software licenses are capitalized based on the costs incurred to purchase them and prepare them for use. These costs are amortized over their estimated useful lives.

Expenses for developing or maintaining computer software are expensed when incurred. Costs directly related to creating unique, identifiable computer software controlled by the Company that is likely to generate economic benefits in excess of its costs during more than one year are recognized as intangible assets.

Note 2 - Summary of Significant Accounting Principles (continued)

2.9 Financial assets

Transelec and subsidiary classify their financial investments, whether permanent or temporary, and excluding equity method investments and investments held for sale, into four categories:

- Trade and other receivables and Receivables from related parties: These are recorded at amortized cost, which corresponds to initial market value less principal repayments made, plus interest accrued but not collected, calculated using the effective interest rate method.

- Investments held to maturity: Investments that Transelec S.A. intends to hold and is capable of holding until their maturity are accounted for at amortized cost as defined in the preceding paragraph.

During the period, the Company had no financial assets in this category.

- Financial assets at fair value through profit and loss: This includes the trading portfolio and those financial assets that have been designated as such upon initial recognition and that are managed and evaluated using fair value criteria. They are valued in the statement of consolidated financial position, with changes in value recorded directly in income when they occur.

During the period, the Company had no financial assets in this category.

- Available-for-sale investments: These are financial assets specifically designated as available for sale or that do not fit within any of the three preceding categories and consist almost entirely of financial investments in shares/equity instruments (See Note 9). These investments are recorded in the statement of consolidated financial position at fair value when it can be reliably determined. In the case of interests in unlisted companies, normally the market value cannot be reliably determined and, thus, when this occurs, they are valued at acquisition cost or a lesser amount if evidence of impairment exists. Changes in fair value, net of taxes, are recorded with a charge or credit to an Equity Reserve known as “Available-for-sale financial assets” (see Note 21) until the investment is disposed of, at which time the amount accumulated in this account for that investment is fully charged to the income statement. Should the fair value be less than the acquisition cost, if there is objective evidence that the asset has been more than temporarily impaired, the difference is recorded directly in the income statement.

Note 2 - Summary of Significant Accounting Principles (continued)

2.9 Financial assets (continued)

During the period, the Company had no financial assets in this category.

Purchases and sales of financial assets are accounted for using their trade date.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets may be impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement, is reclassified from net equity and recognized in the income statement. Impairment losses recognized in the income statement for equity instruments are not reversed in the income statement.

2.10 Financial instruments and hedge activity

The Company uses derivative instruments, including cross currency swaps and forwards, to manage its exposure to exchange rate risk. (See Note 15).

Derivatives are initially recognized at fair value as of the date the derivative contract is signed and are subsequently re-measured at fair value as of each period end. Any gains or losses are recognized in the statement of comprehensive income unless the derivative is designated as a hedge instrument, in which case recognition of the gain or loss depends on the nature of the hedge relationship.

Transelec has designated certain derivative contracts as:

- hedges for a concrete risk associated with a recorded liability or a highly likely forecasted transaction (cash flow hedge); or

- hedges for a net investment in a foreign entity or an entity whose functional currency differs from that of its parent company (net investment hedge).

A derivative is presented as a non-current asset or liability if its maturity is greater than 12 months and it is not expected to be realized within 12 months. Other derivatives are presented as current assets or liabilities.

Note 2 - Summary of Significant Accounting Principles (continued)

2.10 Financial instruments and hedge activity (continued)

2.10.1 Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as derivatives when their risks and characteristics are not closely related to the principal contracts and the principal contracts are not measured at fair value through profit and loss In the case that they are not closely related, they are recorded separately, and any changes in value are recognized in profit and loss.

As of the date of preparation of these financial statements, the Company reviewed all contracts and did not identify any contracts that met the conditions for embedded derivatives.

2.10.2 Hedge accounting

Transelec has designated certain hedge instruments, including derivative and non-derivative instruments for exchange rate risk, as cash flow hedges and hedges for net investment in foreign operations. Hedges to cover exchange rate risk are accounted for as cash flow hedges.

At the inception of the transaction, the Company documents the relationship existing between the hedge instruments and the hedged items, as well as its risk management objectives and its strategy for handling various hedge transactions. The Company also documents its assessment, both at inception and subsequently on an ongoing basis, of the effectiveness of the hedge in offsetting movements in the fair values or cash flows of the hedged items.

The fair values of certain derivative instruments used in hedges and changes in the hedge reserve account in equity are recorded in accordance with IAS 39.

Note 2 - Summary of Significant Accounting Principles (continued)

2.10 Financial instruments and hedge activity (continued)

2.10.3 Cash flow hedges

Changes in the fair value of the effective portion of derivatives are recorded in a net equity reserve known as "cash flow hedges". The cumulative loss or gain in this account is transferred to the income statement to the extent that the underlying item impacts the income statement because of the hedged risk, netting the effect in the same income statement account. Gains or losses from the ineffective portion of the hedge are recorded directly in the income statement. A hedge is considered highly effective when changes in the fair value or the cash flows of the underlying item directly attributable to the hedged risk are offset by changes in the fair value or the cash flows of the hedging instrument, with effectiveness ranging from 80% to 125%.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedged item expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity is retained and is recognized when the forecasted transaction is ultimately recognized in the income statement.

2.10.4 Net investment hedges

Hedges of net investments in foreign operations are accounted for on a similar basis to cash flow hedges. Foreign currency translation originated by a net investment in a foreign entity and derived from the hedge transaction should be registered in a net equity reserve (other comprehensive income) until the investment's disposal. Gains or losses relating to the ineffective portion are recognized immediately in the income statement, within other gains and losses.

Transelec and subsidiary uses these instruments to hedge foreign currency translation. See Note 3.

Note 2 - Summary of Significant Accounting Principles (continued)

2.11 Inventory

Inventory is valued at the lesser of its weighted average acquisition price or its net realizable value.

2.12 Cash and cash equivalents

This account within the statement of consolidated financial position includes cash, time deposits and other highly-liquid, short-term investments that can be quickly converted into cash within a term not exceeding three months and have no risk of value fluctuations.

2.13 Paid-in capital

Paid-in capital is represented by one class of ordinary shares with one vote per share.
Incremental costs directly attributable to new share issuances are presented in net equity as a deduction, net of taxes, from income.

2.14 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.15 Loans and other financial liabilities

Loans, bonds payable and financial liabilities of a similar nature are initially recognized at fair value, net of costs incurred in the transaction.

Subsequently, they are valued at amortized cost and any difference between the funds obtained (net of costs to obtain them) and repayment value are recognized in the income statement over the life of the debt using the effective interest rate method.

Financial obligations are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.
To date, no other financial liabilities exist.

Note 2 - Summary of Significant Accounting Principles (continued)

2.16 Income Tax and Deferred Taxes

Income taxes for the period are determined as the sum of current taxes of subsidiary Transelec Norte S.A. and its parent company Transelec S.A. and result from applying the tax rate to the taxable base for the period, after allowable deductions have been made, plus any changes in deferred tax assets and liabilities and tax credits, both for tax losses and deductions.

Differences between the book value and tax basis of assets and liabilities generate deferred tax asset and liability balances, which are calculated using tax rates expected to be in effect when the assets and liabilities are realized.

Current taxes and changes in deferred tax assets and liabilities not from business combinations are recorded in income or in net equity accounts in the statement of financial position, based on where the gains or losses originating them were recorded.

Any fluctuations from business combinations that are not recorded upon taking control because their recovery is not assured are charged, if appropriate, to the value of goodwill accounted for in the business combination.

Deferred tax assets and tax credits are recognized only when it is likely that there are future tax gains sufficient enough to recover deductions for temporary differences and make use of tax losses.

Deferred tax liabilities are recognized for all temporary differences, except those derived from the initial recognition of goodwill and those that arose from valuing investments in subsidiaries, associates and jointly-controlled companies in which Transelec can control their reversal and where it is likely that they are not reversed in the foreseeable future.

Any deductions that can be applied at a given moment as current tax liabilities are credited to income within the income tax account, except when doubts exist about their tax realization, in which case they are not recognized until they are effectively materialized, or when they correspond to specific tax incentives, in which case they are recorded as subsidies. As of each period end, the company reviews the deferred taxes it has recorded, both assets and liabilities, in order to determine that they remain current and make any necessary corrections based on the results of this analysis.

Note 2 - Summary of Significant Accounting Principles (continued)

2.17 Employee benefits

2.17.1 Employee vacation

The Company recognizes personnel vacation expenses on an accrual basis. This benefit is provided to all personnel and is a fixed amount based on each employee's particular contract. This benefit is recorded at nominal value.

2.17.2 Staff severance indemnity

The Company records liabilities for staff severance indemnity obligations, based on collective and individual employment contracts, payable when their employees cease to provide services. If this benefit is contractual, the obligation is treated in the same way as defined benefit plans in accordance with IAS 19 and is recorded using the projected unit credit method. The Company's other the staff severance benefits are treated as detailed below.

Defined benefit plans define the amount of the benefit that an employee will receive upon termination of employment, which usually depends on one or more factors such as the employee's age, rotation, years of service and compensation.

The liability recognized in the statement of financial position is the present value of the defined benefit obligation plus/minus adjustments for unrecorded actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting cash outflows estimated using corporate high-quality BCU interest rates denominated in the same currency in which the benefits will be paid and under terms similar to the terms of the staff severance indemnity obligation until its maturity.

Actuarial gains and losses that arise from adjustments based on experience and changes in actuarial assumptions are charged or credited to equity in the statement of other comprehensive income in the period in which they arise and, if appropriate, are amortized as established in IAS 19.

Past service costs are recognized immediately in the income statement.

Note 2 - Summary of Significant Accounting Principles (continued)

2.17 Employee benefits (continued)

2.17.3 Profit sharing

The Company recognizes a liability and an expense for profit sharing based on collective and individual contracts with its employees and executives, using a formula that takes into account the net income attributable to the Company's shareholders after certain adjustments. Transelec S.A. recognizes a provision when it has a contractual obligation or when a past practice has created a presumed obligation.

2.18 Provisions

Provisions for environmental restoration, asset retirement, restructuring costs, onerous contracts, lawsuits and other contingencies are recognized when:

- The Company has a present obligation, whether legal or implicit, as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation;
- The amount can be reliably estimated.

Provisions are measured at the present value of management’s best estimate of the expenditures required to settle the obligation. The discount rate used to determine the present value reflects current market assessments, as of the balance sheet date, of the time value of money, as well as the specific risk related to the particular liability, if appropriate. Increases in provisions due to the passage of time are recognized in interest expense.

As of the date of issuance of these financial statements, Transelec and subsidiary have no obligation to establish provision for environmental restoration, however, each year it will review whether such an obligation exists for future projects to be developed.

Note 2 - Summary of Significant Accounting Principles (continued)

2.18 Provisions (continued)

Obligations existing as of the date of the financial statements resulting from past events because of which equity damage for Transelec and subsidiary is likely to occur, whose amount and timing of payment are uncertain, are recorded as provisions in the statement of financial position at the present value of the most likely amount that it is believed that Transelec and subsidiary will have to disburse to settle the obligation. Provisions are quantified using the best information available as of the date of issuance of the financial statements regarding the consequences of the event causing the provision and are re-estimated at each subsequent accounting close.

In the process of carrying out its operations, the Company must make accounting estimates to determine its receivables and payables for tariff income. Final settlements of these receivables and payables may extend into the next fiscal year and generate future losses or gains; these amounts are estimated to not be significant.

2.19 Classification of current and non-current balances

In the attached statement of consolidated financial position, balances are classified based on maturity (i.e. current balances mature in no more than twelve months and non-current balances in more than twelve months).

Should the company have any obligations that mature in less than twelve months but can be refinanced over the long term at the Company's discretion, through unconditionally available credit agreements with long-term maturities, such obligations may be classified as long-term liabilities.

2.20 Revenue| recognition

Revenue corresponds primarily to income from sales of the electric transmission capacity of the Company's facilities, which includes transmission services provided but not billed at each period-end, valued at the selling price stipulated in current contracts and toll reports issued by the Economic Load Dispatch Center of the Central Interconnected System (Centro de Despacho Económico de Carga del Sistema Interconectado Central" or CDEC - SIC) and the Economic Load Dispatch Center of the Great North Interconnected System (Centro de Despacho Económico de Carga del Sistema Interconectado del Norte Grande" or CDEC - SING). In addition, beginning January 1, 2008, revenue includes income received from toll resettlements for prior period tariff income. These amounts are presented in current assets under trade receivables.

Note 2 - Summary of Significant Accounting Principles (continued)

2.21 Leases

Leases in which substantially all risks and benefits inherent to the property are transferred to the lessee are classified as finance leases. Other leases that do not meet this criterion are classified as operating leases.

2.21.1 Lessor

Finance leases in which Transelec is the lessor are valued at the present value of the lease payments at an effective rate, which implies including expenses associated with the agreement's origin.

2.21.2 Lessee

Finance leases in which Transelec acts as lessee are recognized when the agreement begins, recording an asset based on the nature of the lease and a liability for the same amount, equal to the lesser of the fair value of the leased asset or the present value of the minimum lease payments. Subsequently, the minimum lease payments are divided between finance expense and reducing the debt. The finance expense is recorded in the income statement and distributed over the period of the lease term so as to obtain a constant interest rate for each period over the balance of the debt pending amortization. The asset is amortized in the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the asset will be amortized over the lesser term between the useful life of the asset and the term of the lease. See Note 9.

Operating lease payments are expensed on a straight line basis over the term of the lease unless another type of systematic basis of distribution is deemed more representative. See detail in Note 9.2.

For lease agreements with past due lease payments, a provision should be established for the amount of the delayed payments.

Note 2 - Summary of Significant Accounting Principles (continued)

2.22 Distribution of dividends

Dividends payable to the Company's shareholders are recognized as a liability in the financial statements in the period in which they are approved by the Company's shareholders or when the liability is constituted according to the legal regulations in force or the dividend distribution policies established by Shareholders' Meetings.

Note 3 - Risk Management Policy

3.1 Market risk factors

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

3.1.1 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 in March 2004. In May 2005, the law was modified to update standards for the transmission sector.

Decree 207, which establishes the Annual Transmission Value per Segment (VATT for its Spanish acronym) and its indexation formulas for the four-year period from 2007 to -2010, published on January 15, 2008, also establishes, among other matters, the conditions to be applied to determine payments for transmission services along trunk transmission systems. The provisions of this decree define a set of previously pending matters that allow trunk facility owners to receive VATT for their facilities.

In the case of subtransmission, on January 9, 2009, Decree No. 320 of the Ministry of Economy, Development and Reconstruction was published in the Official Gazette, setting subtransmission tariffs and indexation formulas from the publication date until October 2010. This decree introduces a new methodology for establishing tariffs and paying transmission companies that may affect Transelec's income.

Note 3 - Risk Management Policy (continued)

3.1 Market risk factors (continued)

3.1.2 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.

3.1.3 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.

3.1.4 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 financing cost and availability. 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; obtaining the needed easements; scarcity of equipment, materials, labor or changes in their local or international prices; adverse weather conditions; natural disasters; 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.

Note 3 - Risk Management Policy (continued)

3.1 Market risk factors (continued)

3.1.5 Technological changes

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

3.1.6 Labor conflicts

Delays, stoppages and other labor conflicts affecting Transelec may have a material adverse effect on its business, financial conditions, operating results and expectations.

Approximately 31% of Transelec's work force is covered by collective agreements with two labor unions, which mature in 2010 and 2012. Although Transelec's management believes that current labor relations are based on mutual collaboration between the Company and its workers, and there have not been any strikes, delays or stoppages since the Company was formed, it cannot guarantee that such events will not occur prior to or upon expiration of the present collective agreements. Management cannot estimate the effect of such events on Transelec's operations.

3.1.7 Fines for transmission service interruptions

Transelec is party to pending proceedings before the Superintendency of Electricity and Fuels (SEC) as a result of charges brought by this institution for forced disconnections of electricity transmission services. Some proceedings have not yet been resolved by the SEC and in others Transelec has requested that the Ruling be reconsidered, while yet others have lawsuits pending.

Note 3 - Risk Management Policy (continued)

3.2 Financial risk

Transelec is exposed to the following risks as a result of the financial instruments it holds: Market risk stemming from interest rates, exchange rates and other prices that impact market values of financial instruments, credit risk and liquidity risk. The following paragraphs describe these risks and how they are managed:

3.2.1 Market risk

Market risk is defined for these purposes as the risk of changes in the fair value or future cash flows of a financial instrument as a result of changes in market prices. Market risk includes the risk of changes in interest and exchange rates, inflation rates and variations in market prices due to factors other than interest or exchange rates such as commodity prices or credit spread differentials, among others.

Company policy regulates investments and indebtedness, in an attempt to limit the impact of changes in the value of currencies and interest rates on the Company's net results by:

a) Investing cash surpluses in instruments maturing within no more than 90 days.

b) Entering into forward contracts and other instruments to maintain a balanced foreign exchange position.

c) In general, the Company's indebtedness is maintained in long-term, fixed-rate debt, thus limiting risk from variable interest rates.

3.2.1.1 Interest rate risk

Significant changes on fair values and future cash flows of financial instruments that can be directly attributable to interest rate risks include changes in the net proceeds from financial instruments whose cash flows are determined in reference to floating interest rates and changes in the value of financial instruments with fixed cash flows.

Note 3 - Risk Management Policy (continued)

3.2 Financial risk (continued)

3.2.1 Market risk (continued)

3.2.1.1 Interest rate risk (continued)

The Company's assets are primarily fixed and long-lived. Consequently, financial liabilities that are used to finance such assets primarily consist of long-term liabilities at fixed rates. This debt is recorded in the balance sheet at amortized cost.

The objective of interest rate risk management is to achieve a balanced debt structure, decrease the impact on costs due to interest rate variations and, reduce volatility in the income statement.

The following table presents the Company's debt as of March 31, 2010 and 2009. The table shows that all of the Company's debt is at fixed rates.

				Amount in Original Currency (thousand)	
Debt	**Currency**	**Interest Rate**	**Tipe of rate**	**March 31, 2010**	**March 31, 2010**
Bono Yankee	US$	7.88%	fixed	245,138	465,000
Bono Serie B	UF	6.20%	fixed	-	3,072
Bono Serie C	UF	3.50%	fixed	6,000	6,000
Bono Serie D	UF	4.25%	fixed	13,500	13,500
Bono Serie E	UF	3.90%	fixed	3,300	-
Bono Serie F	CLP	4.80%	fixed	33,600,000	-
Bono Serie H	UF	5,70%	fixed	3,000	-
Bono Serie I	UF	3.50%	fixed	1,500	-
Bono Serie K	UF	4.60%	fixed	1,600	-

The Company has mercantile current accounts with related companies denominated in US dollars that have a variable interest rate. Given the fact that the Company's net assets with variable interest rates are an insignificant portion of its total assets, the Company believes that its income is not exposed to risk from changes in market interest rates.

However, increases in inflation could impact the cost of UF-denominated debt and, therefore, the Company's financial expenses. These impacts are mitigated by the Company's income to inflation using indexation polynomials.

Note 3 - Risk Management Policy (continued)

3.2 Financial risk (continued)

3.2.1 Market risk (continued)

3.2.1.1 Interest rate risk (continued)

3.2.1.1.1 Sensitivity analysis

a) Net assets at floating rates

	March 31,2010 ThCh$		March 31, 2009 ThCh$	
Net assets at floating rates	**73,954.27**		**93,072.13**	
	Net Income (gain)/loss		Net Income (gain)/loss	
Before tax impact of a change in interest rates (gain)/loss	Change of -50 bps	Change of +50 bps	Change of -50 bps	Change of +50 bps
	Ch$ (92.2)	Ch$ (92.7)	Ch$ (116.0)	Ch$ 116.7

b) Net assets at fixed rates

Changes in the value of swap contracts maintained for trading are recorded in net income, while changes in the value of contracts qualifying for hedge accounting as well as changes in the value of contracts designated for sale are recorded in other comprehensive income (OCI) accounts.

March 31, 2010Assets (liabilities) at fixed rates (notional)	**ThCh$**		**ThCh$**	
	Income (gain)/loss		OCI (gain)/loss	
Before tax impact of a change in interest rates (gain)/loss	Change of -50 bps	Change of +50 bps	Change of -50 bps	Change of +50 bps
	(82.8)	82.8	0.0	0.0

March 31, 2009Assets (liabilities) at fixed rates (notional)	**ThCh$**		**ThCh$**	
	Income (gain)/loss		OCI (gain)/loss	
Before tax impact of a change in interest rates (gain)/loss	Change of -50 bps	Change of +50 bps	Change of -50 bps	Change of +50 bps
	(113,3)	113,3	0	0

Note 3 - Risk Management Policy (continued)

3.2 Financial risk (continued)

3.2.1 Market risk (continued)

3.2.1.2 Foreign currency translation risk

Transelec's exposure to the risk of exchange rate variations is due to the following:

- The revenues of its subsidiary Transelec Norte are in U.S. dollars.
- Transelec carries out several types of transactions in U.S. dollars (granting of construction contracts, imports, etc.).
- Transelec maintains a portion of its debt denominated in U.S. dollars in order to finance the dollar-denominated assets of its subsidiary.

Transelec conducts transactions in foreign currency and, thus, is exposed to exchange rate variations. Exchange rate exposure is managed using an approved policy that involves:

a) Fully hedging its net balance sheet exposure using diverse instruments such as dollar positions, forward contracts and cross currency swaps.

The following table details the amounts of monetary assets and liabilities as of period end:

	Liabilities		**Assets**	
	March 31, 2010	**December 31, 2009**	**March 31, 2010**	**December 31, 2009**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
U.S. dollar (amounts associated with balance sheet entries)	128,038	11,751	126,946	118,808
U.S. dollar (amounts associated with income statement entries)	14,318	27,688	-	-
Local currency	725,907	803,708	1,676,167	1,701,882

b) Periodically selling, in advance, a portion of its biannual income denominated in US dollars, because a significant part of the Company's income is fixed in US dollars (which are indexed every 6 months) and its operating costs are in local currency.

Note 3 - Risk Management Policy (continued)

3.2 Financial risk (continued)

3.2.1 Market risk (continued)

3.2.1.2 Foreign currency translation risk

3.2.1.2.1 Sensitivity analysis

The following chart shows the sensitivity of various items to a 1% increase or decrease in exchange rates and their effect on income or equity. This exchange rate sensitivity (1%) is used to internally report the Company's foreign exchange risk to key management personnel and represents management's valuation of the possible change in foreign currencies. The sensitivity analysis includes asset and liability balances in currencies other than the Company's functional currency. A positive number indicates an increase in income and or equity accounts (OCI) when the Chilean peso is strengthened with respect to the foreign currency. A negative 1% implies a weakening of the Chilean peso with respect to the foreign currency, which negatively impacts the income statement or equity accounts (OCI).

Item (Currency)	Position Long / (Short)	Net income (gain)/loss Change (-1%)	Net income (gain)/loss Change (+1%)	Position Long / (Short)	OCI (gain)/loss Change (-1%)	OCI (gain)/loss Change (+1%)
Receivables (US$)	1.535	15	(15)			
Payables (US$)	(9.456)	(94)	95			
Cash (US$)	1.849	18	(18)			
Forwards (assets) (US$)	13.059	129	(131)			
Forwards (income)				(14.318)	(142)	143
Bonds (US$)	(58.368)	(578)	584	(77.108)	(763)	771
Swaps (US$)	27.169	269	(272)			
Intercompany loans	16.301	161	(163)			
Property, plant and equipment				77.108	763	(771)
Works in progress	17.123	170	(171)			
Other (US$)	(10.305)	(102)	103			
Total	**(1.093)**	**(12)**	**12**	**(14.318)**	**(142)**	**143**

Note 3 - Risk Management Policy (continued)

3.2 Financial risk (continued)

3.2.2 Credit risk

Credit risk for receivables from electricity transmission activity is historically very limited given the reduced number of customers and their risk ratings, and the short length of time of collection (less than 30 days).

However, a significant portion of the Company's transmission income is concentrated in one customer, Empresa Nacional de Electricidad S.A. (BBB according to S&P, Baa3 according to Moody's). Revenue concentration is shown in the following table:

TCh$

Billing	As of March 2010	As of March 2009
Endesa	28,833,034	28,901,382
Others	10,658,863	10,984,599
Total	**39,491,897**	**39,885,981**
% Concentration	73.01%	72.46%

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 the Company.

The Company believes no allowance for doubtful accounts is necessary as of period end.

In addition, the Treasury policy establishes certain limits on the risk derived from holding deposits (demand and time) with banks and derivative instruments contracted with the same banks; such limits depend on the risk rating and capital of each bank. Likewise, for investments in mutual funds, such funds must have a risk rating.

Note 3 - Risk Management Policy (continued)

3.2 Financial risk (continued)

3.2.3 Liquidity risk

Liquidity risk is the risk of the Company not satisfying a need for cash or debt payment upon maturity. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

In order to guarantee that Transelec is able to quickly react to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed lines of credit for working capital (US$ 60 million) and investment (US$ 130 million) purposes. To date, these lines have not been used and will be renewed upon maturity.

These credit lines have been in force during all of 2009 and continue in force as of March 31, 2010.

Committed Lines		**Amount in thousands (currency of origin)**		
Permitted Uses	**Currency**	**03-31-10**	**12-31-09**	**01-01-09**
Investments and refinancing	UF	3,206	3,206	3,206
Working capital	US$	60,000	60,000	60,000

The Company is exposed to risks associated with indebtedness, including refinancing risk when its debt matures.

These risks are lessened by using long-term debt and appropriately structuring their maturities over time.

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of March 31, 2010 and 2009.

Maturity of debt (capital) for bonds issued in UF, CLP and USD					
In thous. of Chilean pesos	**0 to 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
March 31, 2010	-	128,565,075	134,392,896	506,064,332	769,022,303
March 31, 2009	-	269,816,250	-	473,103,928	742,920,178

Note 3 - Risk Management Policy (continued)

3.3 Internal control

The Company has internal control mechanisms, risk management controls and economic-financial management controls in place to ensure that transactions are carried out in accordance with internally established policies, standards and procedures.

Note 4 - Critical Estimates, Judgments or Criteria Employed By Management

The estimates and criteria used by the Company are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable based on the circumstances.

The Company makes estimates and assumptions about the future. By definition, the resulting accounting estimates will rarely be equal to the real outcomes. Estimates and assumptions with a significant risk of causing a material adjustment to the balances of assets and liabilities during the upcoming year are detailed below.

These principal estimates include:

- The valuation of assets and goodwill to determine the existence of impairment losses.
- Useful lives of property, plant and equipment and intangible assets.
- The assumptions used to calculate the fair value of financial instruments.
- The assumptions used to calculate the actuarial liabilities and obligations to employees.
- Income recognition.
- The tax results of Transelec S.A. and subsidiary that will be filed before the respective tax authorities in the future.

Note 5 - Cash and Cash Equivalents

a) As of March 31, 2010, December 31, 2009 and January 1, 2009, this account is detailed as follows:

Cash and Cash Equivalents	Balance as of		
	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$
Bank and cash balances	1,341,798	3,467,779	1,953,524
Short-term deposits	56,786,730	119,928,535	48,160,810
Agreements or mutual funds	15,825,744	14,500,180	16,676,885
Total	73,954,272	137,896,494	66,791,219

Cash and cash equivalents included in the statement of financial position as of March 31, 2010, December 31, 2009 and January 1, 2009 do not differ from that presented in the statement of cash flows.

b) The following table details the balance of cash and cash equivalents by type of currency:

Detail of Cash and Cash Equivalents	Currency	Balance in ThCh$ as of		
		March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$
Amount of cash and cash equivalents	US dollars	1,858,033	1,755,899	14,392,314
Amount of cash and cash equivalents	Euros	23,844	47,190	477
Amount of cash and cash equivalents	Chilean pesos	72,072,395	136,093,405	52,398,428
Total		73,954,272	137,896,494	66,791,219

Note 6 - Trade and Other Receivables

As of March 31, 2010, December 31, 2009 and January 1, 2009, this account is detailed as follows:

Item	Balance in ThCh$ as of					
	March 31, 2010		December 31, 2009		January 01, 2009	
	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$	Current ThCh$	Non-Current ThCh$
Trade receivables	38,685,584	-	36,468,309	-	32,691,340	-
Notes receivable						
Miscellaneous receivables	2,541,716	-	2,404,223	-	489,448	-
Total trade and other receivables	41,227,300	-	38,872,532	-	33,180,788	-

Refer to Note 8.1 for the amounts, terms and conditions of receivables from related parties. As of March 31, 2010, December 31, 2009 and January 1, 2009, the balance of unimpaired past due trade receivables is as follows:

	Balance as of		
	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$
Maturing in less than three months	17,707,120	20,353,070	11,192,942
Maturing in more than 90 days up to 1 year	20,978,464	16,115,239	21,498,398
Total	**38,685,584**	**36,468,309**	**32,691,340**

Note 7 - Balances and Transactions with Related Parties

7.1 Balances and transactions with related parties

Transactions between the Company and its subsidiary consist of customary transactions in terms of their objective and conditions. These transactions have been eliminated in the consolidation process and are not itemized in this note.

Balances of receivables and payables between the company and its unconsolidated related companies are detailed as follows:

a) Receivables from related parties

						Balance as of					
						Current			Non-Current		
Taxpayer ID Number	Company	Description	Term of transaction	Relationship	Currency	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$
76.559.580-0	Transelec Holdings Rentas Electricas Ltda	Mercantile current account		Parent company	US$	164.678	50,353	48,204	16.153.368	15,618,680	19,602,660

b) Payables to related parties

						Balance as of					
						Current			Non-Current		
Taxpayer ID Number	Company	Description	Term of transaction	Relationship	Currency	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$

These transactions are adjusted as established in articles No. 44 and 49 of Law No. 18,046 on Corporations.

Note 7 - Balances and Transactions with Related Parties (continued)

7.1 Balances and transactions with related parties (continued)

c) More significant transactions and their effect on income:

Transactions with unconsolidated related parties had the following effects on the Income Statement:

Taxpayer ID Number	Company	Relationship	Description of transaction	March 31, 2010		March 31, 2009	
				ThCh$		ThCh$	
				Amount	Effect on income statement	Amount	Effect on income statement
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Loans granted	39.843	-.-	2.202.765	
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Loans collected	13.828	-.-	2.129.910	
76.560.200-9	Transelec Holdings Rentas Ltda.	Parent company	Interest accrued	88.310	(88.310)	156.584	(157)
76.559.580-0	Rentas Electricas I Ltda.	Indirect parent company	Loans received			10.981.620	
76.559.580-0	Rentas Electricas I Ltda.	Indirect parent company	Interest accrued			25.765	(25.765)

Note 7 - Balances and Transactions with Related Parties (continued)

7.2 Board of directors and management

In accordance with the Company's by-laws, the Board of Directors of Transelec is composed of nine members appointed by shareholders at the respective shareholders' meeting. They hold their positions for two years and may be reelected. The Board of Directors was elected in the Ordinary General Shareholders' Meeting on April 1, 2008. The Chairman, Vice Chairman and Secretary of the Board were appointed in a Board meeting held that same day.

7.2.1 Board of directors' compensation

As established in Article No. 33 of Law No. 18,046 on Corporations, in the Second Ordinary Shareholders' Meeting of Transelec S.A., held April 30, 2009, shareholders established annual gross compensation for the Company's directors of the equivalent of US$70,000, regardless of the number of sessions actually attended or held. Allowances are paid on a quarterly basis.

Directors Jeffrey Blidner, Bruce Hogg, Patrick Charbonneau and Brenda Eaton waived their respective allowances for 2009. Accordingly, the following compensation was received by directors during 2010 and 2009:

	03-31-10	**03-31-09**
	ThCh$	ThCh$
Blas Tomic Errázuriz	8,874	11,138
Juan Andrés Fontaine Talavera	8,874	11,138
Felipe Lamarca Claro	8,874	11,138
José Ramón Valente Vias	8,874	11,138
Alejandro Jadresic Marinovic	8,874	11,138

As established in article 8 of its by-laws, the directors of the Company's subsidiary, Transelec Norte S.A., do not receive compensation for their services.

7.3 Board expenses

During the period ended March 31, 2010 and 2009, no payments were made for board expenses.

Note 7 - Balances and Transactions with Related Parties (continued)

7.4 Audit committee

In April 2007, the Company approved creation of an Audit Committee, separate from that established in the Corporations Law. Its functions include, among others, reviewing the reports of the external auditors as well as the Company's balance sheets, other financial statements and internal systems. Transelec's Audit Committee is composed of four directors, all of whom are qualified in financial matters and apply their specialized knowledge to diverse topics of interest to the Company. Committee members are appointed by the Board of Directors. They hold their positions for two years and may be reelected. The Committee appoints a Chairman—from among its members—and a Secretary, who may be one of its members or the Secretary of the Board of Directors. During the year 2009, the Committee held five meetings.

As of December 31, the Audit Committee members included Chairman José Ramón Valente Vías, Directors Patrick Charbonneau, Brenda Eaton and Juan Andrés Fontaine Talavera and Secretary Fernando Abara Elías. The Committee members are entitled to receive compensation as determined by shareholders at the Ordinary Shareholders' Meeting.

In the Second Ordinary Shareholders' Meeting of Transelec S.A., held April 30, 2009, shareholders established annual gross compensation for the Committee members at US$10,000, regardless of the number of sessions actually attended or held.

The following compensation was received by members of the Audit Committee during 2010 and 2009:

	03-31-10	**03-31-09**
	ThCh$	ThCh$
Juan Andrés Fontaine	5,071	5,304
José Ramón Valente	5,071	3,182

Note 7 - Balances and Transactions with Related Parties (continued)

7.5 Compensation of upper management that are not directors

Members of Upper Management

Andrés Kuhlmann Jahn	Chief Executive Officer
Eduardo Andrade Hours	Vice-President of Operations
Francisco Castro Crichton	Vice-President of Finance
Rodrigo Ackermann Marín	Vice-President of Sales and Development
Alexandros Semertzakis Pandolfi	Vice-President of Engineering and Construction
Claudio Aravena Vallejo	Vice-President of Human Resources
Fernando Abara Elías	Vice-President of Legal Matters
Claudio Vera Acuña	Corporate Affairs Manager

Compensation charged to income amounts to ThCh$ 492.763 for the period ended March 31, 2010 (ThCh$ 685.900 as of March 31, 2009).

The Company has established an incentive plan for its executives based on meeting certain individual goals that contribute to the Company's results. These incentives are structured as a minimum and maximum number of gross monthly salaries and paid once per year.

Compensation of key management personnel as of March 31, 2010 and 2009, is detailed as follows:

	March 31, 2010	March 31, 2009
Salaries	361,911	550,900
Short-term employee benefits	130,852	135,000
Other long-term benefits		
Total compensation received by key management personnel	**492,763**	**685,900**

Note 8 - Inventory

As of March 31, 2010, December 31, 2009 and January 1, 2009, this account is detailed as follows:

Classes of inventory	Balance as of March 31, 2010	December 31, 2009	January 01, 2009
Safety equipment	39,584	39,585	42,270
Total	39,584	39,585	42,270

Note 9 - Financial Leasing

9.1 Financial leasing receivables

	Balance as of March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$
Current finance leases receivable	36,924	34,818	39,289
Non-current financial leasings receivable	994,564	970,886	1,262,238

Within current and non-current other assets receivable, the Company includes assets that have been constructed at the express request of the lessee. Therefore, all risks and benefits have been transferred when the asset is commissioned. Upon termination of the agreement, ownership of the assets will be transferred to the lessee upon payment of an amount equal to the last lease payment.

01-01-2009			
Period in Years	Nominal Value ThCh$	Interest receivable ThCh$	Present value ThCh$
0-1	39,289	138,769	178,058
1-5	206,497	505,736	712,233
Over 5	1,055,741	650,652	1,706,393
Total	1,301,527	1,295,157	2,596,684

Note 9 - Financial Leasing (continued)

9.1 Financial leasing receivables (continued)

12-31-2009			
Period in Years	**Par value ThCh$**	**Interest receivable ThCh$**	**Present value ThCh$**
0-1	34.818	107.052	141.870
1-5	182.999	384.483	567.482
Over 5	787.887	429.833	1.217.720
Total	1.005.704	921.368	1.927.072

03-31-2010			
Period in Years	**Par Value ThCh$**	**Interest Receivable ThCh$**	**Present Value ThCh$**
0-1	36,981	109,746	146,727
1-5	137,767	302,414	440,181
Over 5	856,738	512,714	1,369,452
Total	1,031,486	924,874	1,956,360

The Company reviewed the transfer of risks and benefits for each agreement to identify if any embedded leases existed. As of the date of issuance of these financial statements, no embedded leases were found in these agreements.

9.2 Operating leases payable

The Company has operating leases that do not meet risk transfer criteria, presented within administrative and sales expenses:

	March 31, 2010 ThCh$	**March 31, 2009 ThCh$**
Real estate lease	140,739	141,767
Other leases	141,412	143,200
Total operating leases	282,151	284,967

Note 9 - Financial Leasings (continued)

9.2 Operating leases payable (continued)

The following table details the amounts payable based on the maturity of each agreement

	Up to 1 year	1 to 3 years	3 to 5 years
Real estate lease	810,773	2,576,451	902,648
Other leases	128,847	132,691	91,649
Total operating leases	939,620	2,709,142	994,297

Note 10 - Intangible Assets

The following tables detail the balances within this account as of March 31, 2010, December 31, 2009 and January 1, 2009:

Intangible assets, net	**March 31, 2010**	**December 31, 2009**	**January 01, 2009**
Easements	137,052,660	136,863,850	138,270,679
Software	1,069,053	1,136,720	1,435,710
Goodwill	338,897,613	338,897,613	338,897,613
Total intangible assets, net	**477,019,326**	476,898,183	478,604,002

Intangible assets, gross	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Easements	137,052,660	136,863,850	138,270,679
Software	3,272,435	3,205,770	2,769,828
Goodwill	338,897,613	338,897,613	338,897,613
Total intangible assets	**479,222,708**	478,967,233	479,938,120

Accumulated amortization and impairment	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Software	(2,203,382)	(2,069,050)	(1,334,118)
Total accumulated amortization	(2,203,382)	(2,069,050)	(1,334,118)

Note 10 - Intangible Assets (continued)

Intangible assets have experienced the following movements during the 2010 and 2009 periods:

2010

Movements in intangible assets	**Easements ThCh$**	**Software ThCh$**	**Goodwill ThCh$**	**Net intangible assets ThCh$**
Opening balance as of January 1, 2010	136,863,850	1,136,723	338,897,613	476,898,186
Movements in identifiable intangible assets				
Additions	-	63,297	-	63,297
Amortization	-	(133,307)	-	(133,307)
Translation adjustment	12,275	2,340	-	14,615
Increase (decrease)	176,535	-	-	176,535
Ending balance of intangible assets as of March 31, 2010	**137,052,660**	**1,069,053**	**338,897,613**	**477,019,326**

2009

Movements in intangible assets	**Easements ThCh$**	**Software ThCh$**	**Goodwill ThCh$**	**Net intangible assets ThCh$**
Opening balance as of January 1, 2009	138,270,679	1,435,710	338,897,613	478,604,002
Movements in identifiable intangible assets	-	-	-	-
Additions	-	-	-	-
Amortization	-	(298,987)	-	(298,987)
Translation adjustment	(1,406,829)	(3)	-	(1,406,832)
Increase (decrease)	-	-	-	-
Ending balance of intangible assets as of December 31, 2009	**136,863,850**	**1,136,720**	**338,897,613**	**476,898,183**

Based on estimates and projections available to the Group's Management, projections of cash flows attributable to intangible assets allow the net value of these assets recorded as of March 31, 2010 and 2009 to be recovered.

Note 11 - Property, Plant and Equipment

11.1 Detail of accounts

This account is detailed as follows:

Detail **Property, plant and equipment, net**	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Land	19,461,387	19,409,549	19,051,979
Buildings and infrastructure	774,952,883	765,975,921	743,561,124
Machinery and equipment	316,626,135	313,694,963	320,708,183
Other property, plant and equipment	463,260	1,802,790	1,506,568
Property, plant and equipment, net	1,111,503,665	1,100,883,223	1,084,827,854

Detail **Property, plant and equipment, gross**	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Land	19,461,387	19,409,549	19,051,979
Buildings and infrastructure	857,031,340	842,147,755	798,212,534
Machinery and equipment	372,832,983	364,968,213	354,232,539
Other property, plant and equipment	463,260	1,802,790	1,506,568
Total property, plant and equipment, gross	1,249,788,970	1,228,328,307	1,173,003,620

Detail	**March 31, 2010**	**December 31, 2009**	**January 01, 2009**
Total accumulated depreciation and impairment, property, plant and equipment, net			
Land	-	-	-
Buildings and infrastructure	(82,078,457)	(76,171,834)	(54,651,366)
Machinery and equipment	(56,206,848)	(51,273,250)	(33,437,105)
Other property, plant and equipment	-	-	(87,295)
Total accumulated depreciation and impairment, property, plant and equipment	(138,285,305)	(127,445,084)	(88,175,766)

Note 11 - Property, Plant and Equipment (continued)

11.2 Useful lives

Method used to depreciate property, plant and equipment (life or rate)	Minimum Life	Maximum Life
Buildings and infrastructure	20	50
Machinery and equipment	15	40
Other assets	3	15

11.3 Reconciliation of changes in property, plant and equipment

	Movement 2010	Land	Buildings and infrastructure	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment, net
	Opening balance January 01, 2010	19,409,549	765,975,921	313,694,963	1,802,790	1,100,883,223
Movements	Additions	512	20,290,254		46,544	20,337,310
	Transfers		(7,541,398)	7,477,589		(63,809)
	Retirement		(933)	(35,877)	(1,345,699)	(1,382,509)
	Depreciation expense		(5,746,277)	(4,969,840)		(10,716,117)
	Translation adjustment	51,326	1,932,084	361,298		2,344,708
	Other increases (decreases)		43,232	98,002	(40,375)	100,859
	Ending balance as of March 31, 2010	19.461.387	774,952,883	316,626,135	463,260	1,111,503,665

	Movement 2009	Land	Buildings and infrastructure	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment, net
	Opening balances as of January 01, 2009	19,051,979	756,221,990	320,708,180	1,506,567	1,097,488,716
Movements	Additions	740,000	57,602,853	18,234,493	246,130	76.823.476-
	Transfers					-
	Retirement			(2,673,205)		(2.673.205)
	Depreciation expense		(22,756,604)	(19,413,525)		(42.170.129)
	Translation adjustment	(382,430)	(25.092.318)	(3,160,980)	(388)	(28.636.116)
	Other increases (decreases)				50,481	50.481
	Ending balance as of December 31, 2009	19,409,549	765,975,921	313,694,963	1,802,790	1,100,883,223

Note 11 - Property, Plant and Equipment (continued)

11.4 Property, plant and equipment investment policy

The Company has traditionally maintained a policy of executing all works needed to satisfy increases in demand, maintain its facilities in good condition and adapt the system to incorporate new technologies, in order to fully comply with quality and supply continuity standards established in current regulations as well as with commercial contracts entered into with clients.

11.5 Additional information on property, plant and equipment

Transelec has taken out insurance policies to cover possible risks to its tangible assets as well as possible claims related to its activities that may arise. These policies are understood to sufficiently cover the risks to which the Company is exposed.

The following table details capitalized interest costs in property, plant and equipment:

	March 31, 2010 MUS$	**December 31, 2009 MUS$**	**January 01, 2009 MUS$**
Capitalized interest costs	894,434	2,144,073	2,231,128
Total	894,434	2,144,073	2,231,128

Note 12 - Deferred Taxes

12.1 Detail of deferred tax assets and liabilities

The origin of the deferred taxes recorded as of March 31, 2010, December 31, 2009 and January 1, 2009, is detailed as follows:

	Deferred Tax Assets			Deferred Tax Liabilities		
Temporally differences	**March 31, 2010**	**December 31, 2009**	**January 1st, 2009**	**March 31, 2010**	**December 31, 2009**	**January 1st, 2009**
	ThC$	**TCh$**	**TCh$**	**ThC$**	**TCh$**	**TCh$**
Depreciated fixed assets	35,836,255	37,505,366	47,860,535	-.-	-.-	-.-
Discount on bond placement	179,085	189,800	247,397	-.-	-.-	-.-
Bonds and Swaps fair values	348,027	1.823,563	3,834,300	-.-	-.-	-.-
Forwards Contracts	116,965	48,523	-.-	-.-	-.-	63,663
Bond issuance expenses	-.-	-.-	-.-	1,289,910	1,320,800	1,350,086
Leased assets	31,317	36,798	104	-.-	-.-	-.-
Materials and spare parts	307,054	304,030	315,013	-.-	-.-	-.-
Mark to Market of Swaps	346,434	82,625	-.-	-.-	-.-	2,389,228
Other prepaid expenses	6,084	15,245	23,923	-.-	-.-	-.-
Tax losses	4,719,958	4,268,180	6,790,725	-.-	-.-	-.-
Staff severance indemnities provision	3,133	-.-	-.-	-.-	9,783	2,888
Premiun on bond placement	355,927	362,564	280,273	-.-	-.-	-.-
Investment value provision	8,157	8,157	8,157	-.-	-.-	-.-
Trials provisions	49,617	81,545	20,197	-.-	-.-	-.-
Obsolescence provision	6,275	6,275	14,857	-.-	-.-	-.-
Works in progress provisions	-.-	-.-	-.-	103,848	115,746	237,737
Work in progress	298,351	453,560	598,454	-.-	-.-	-.-
Vacation provisions	137,379	155,378	159,804	-.-	-.-	-.-
Intangible assets	-.-	-.-	-.-	10,213,648	10,183,638	10,407,250
Adjustment of effective interest rate of bonds	-.-	-.-	-.-	132,656	281,293	612,697
Lands	34,058	18,740	18,740	-.-	-.-	-.-
Totals	**42,784,076**	**45,360,349**	**60,172,479**	**11,740,062**	**11,911,260**	**15,063,549**

Note 12 - Deferred Taxes (continued)

12.2 Deferred tax movements in statement of financial position

The following table details the movements of "Deferred Tax" accounts within the Statement of Consolidated Financial Position during 2010 and 2009:

Deferred tax movements	**Asset ThCh$**	**Liability ThCh$**
Balance as of January 1, 2009	60,172,479	15,063,549
Increase (decrease)	(14,812,130)	(2,756,643)
Translation adjustment		(395,646)
Other increases (decreases)		
Balance as of December 31, 2009	45,360,349	11,911,260
Increase (decrease)	(2,576,273)	(299,227)
Translation adjustment		128,029
Other increases (decreases)		
Balance as of March 31, 2010	**42,784,076**	**11,740,062**

Recovery of deferred tax assets will depend on whether sufficient tax profits are obtained in the future. The Company believes that the future profit projections for its numerous subsidiaries will allow these assets to be recovered.

12.3 Offsetting

Deferred tax assets and liabilities are offset when a legally enforceable right exists to offset current tax assets with current tax liabilities and when deferred income tax assets and liabilities are for income taxes levied by the same tax authority on the same entity or on different entities for which the intention exists to settle balances on a net basis. As of March 31, 2010, no amounts have been offset.

Note 13 - Interest-Bearing Loans

13.1 Classes of interest-bearing loans

The short and long-term detail of this account as of March 31, 2010 , December 31, 2009 and January 1, is as follows:

Interest bearing loans	March 31, 2010		December 31, 2009		January 01, 2009	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non- current ThCh	Current ThCh$	Non- current ThCh
Bonds payable	11,703,454	761,081,886	10,417,957	825,515,075	14,061,333	780,403,139
Bonds payable	**11,703,454**	**761,081,886**	**10,417,957**	**825,515,075**	**14,061,333**	**780,403,139**
Swap contract	318,712		755,381			
Forward contract	764,401	15,833,706	290,520	15,255,750	2,231,896	8,508,807
Total	**12,786,567**	**776,915,592**	**11,463,858**	**840,770,825**	**16,293,229**	**788,911,946**

(1) Includes discounts on bond placements, stamp tax and fees.

Note 13 - Interest-Bearing Loans (continued)

13.2 Detail of bonds payable

Bonds payable as of the periods indicated below are as follows:

13.2.1 Current portion of long term bonds

Instrument Registration Number	Series	Nominal amount placed outstanding	Indexation Unit	Nominal interest rate	Effective interest rate	Final maturity	Periodicity Interest payments	Periodicity Principal payments	March 31, 2010 ThCh$	Par value December 31, 2009 ThCh$	Par value January 01, 2009 ThCh$	Placement in Chile or abroad
249	B1	-.-	UF	6.2%	-.-	03-01-2010	SEMIANNUAL	SEMIANNUAL	-,-	89,628	104,939	CHILE
249	B2	-.-	UF	6.2%	-.-	03-01-2010	SEMIANNUAL	SEMIANNUAL	-,-	1,344,421	1,574,078	CHILE
249	B1	-.-	UF	6.2%	-.-	03-01-2010	SEMIANNUAL	SEMIANNUAL	-,-		104,555	CHILE
249	B2	-.-	UF	6.2%	-.-	03-01-2010	SEMIANNUAL	SEMIANNUAL	-,-		1,568,325	CHILE
First issuance	Single	304,710	US$	7.875%	8.79%	04-15-2010	SEMIANNUAL	AT MATURITY	6,398,455	3,688,169	8,713,157	FOREIGN
481	D	165,603	UF	4.25%	4.37%	06-15-2010	SEMIANNUAL	AT MATURITY	3,477,410	495,457	507,514	CHILE
480	C	17,225	UF	3.5%	4.03%	09-01-2010	SEMIANNUAL	AT MATURITY	361,708	1,449,223	1,488,765	CHILE
598	E	21,109	UF	3.8%	3.82%	08-01-2010	SEMIANNUAL	AT MATURITY	443,258	1,110,515	-	CHILE
598	F	311,872,000	$	5.7%	5.79%	08-01-2010	SEMIANNUAL	AT MATURITY	311,872	785,117	-	CHILE
599	H	23,534	UF	4.7%	4.8%	08-01-2010	SEMIANNUAL	AT MATURITY	494,177	1,239,428	-	CHILE
598	I	4,306	UF	3.5%	3.79%	08-31-2010	SEMIANNUAL	AT MATURITY	90,424	90,182	-	CHILE
599	K	6,008	UF	4.6%	4.60%	09-01-2010	SEMIANNUAL	AT MATURITY	126,150	125,817	-	CHILE
Total - short-term portion									**11,703,454**	**10,417,957**	**14,061,333**	
Swap contracts									318,712	755,381	2,231,896	
Forward contracts									764,401	290,520	-,-	
Total									**12,786,567**	**11,463,858**	**16,293,229**	

Note 13 - Interest-Bearing Loans (continued)

13.2 Detail of bonds payable (continued)

13.2.2 Long-term bonds

Instrument Registration Number	Series	Nominal amount placed outstanding	Indexation Unit	Nominal interest rate	Effective interest rate	Final maturity	Periodicity			Par value	Par value	
							Interest payments	Principal payments	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$	Placement in Chile or abroad
First issuance	Single	245,138,000	US$	7.875%	8.79%	04-15-2011	BI-ANNUAL	AT MATURITY	126,492,915	124,260,989	298.891.175	FOREIGN
249	B1	190,000	UF	6.2%	-.-	03-01-2022	BI-ANNUAL	AT MATURITY	-	4,874,325	4.498.856	CHILE
249	B2	2,850,000	UF	6.2%	-.-	03-01-2022	BI-ANNUAL	AT MATURITY	-	73,114,855	67.482.843	CHILE
481	D	13,500,000	UF	4.25%	4.37%	12-15-2027	BI-ANNUAL	AT MATURITY	279,350,337	274,572,495	285.208.436	CHILE
480	C	6,000,000	UF	3.5%	4.03%	09-01-2016	BI-ANNUAL	AT MATURITY	124,502,749	118,178,267	124.321.829	CHILE
598	E	3,300,000	UF	3.8%	3.82%	08-01-2014	BI-ANNUAL	AT MATURITY	69,507,471	69,472,395	-	CHILE
598	F	33,600,000,000	$	5.7%	5.79%	08-01-2014	BI-ANNUAL	AT MATURITY	33,488,733	33,426,451	-	CHILE
599	H	3,000,000	UF	4.7%	4.8%	08-01-2031	BI-ANNUAL	AT MATURITY	63,019,571	62,750,493	-	CHILE
598	I	1,500,000	UF	3.5%	3.79%	08-01-2014	BI-ANNUAL	AT MATURITY	31,135,670	30,999,455	-	CHILE
599	K	1,600,000	UF	4.6%	4.60%	09-01-2031	BI-ANNUAL	AT MATURITY	33,584,440	33,865,350	-	CHILE
Total - long-term portion									**761,081,886**	**825,515,075**	**780,403,139**	
Swap contracts									15,833,706	15,255,750	8,508,807	
Total									**776,915,592**	**840,770,825**	**788,911,946**	

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$786,723,051 , ThCh$ 829,731,992 and ThCh$ 746,557,814 as of March 31, 2010, December 31, 2009 and January 1, 2009, respectively.

Note 13 - Interest-Bearing Loans (continued)

13.3 Hedge debt

A portion of the Company's debt in dollars is designated as a net investment hedge for its subsidiary Transelec Norte S.A. as of March 31, 2010 and December 31, 2009, this amount totaled ThCh$ 43,502,520 and ThCh$ 42,062,555, respectively.

The following table details movements in "Net Equity: Hedge Reserves" during 2010 and 2009 due to foreign currency translation of this debt:

	March 31, 2010 ThCh$	**March 31, 2009 ThCh$**
Balance in reserves for revaluation of assets and liabilities at the beginning of the period	-	-
Foreign currency translation recorded in net equity	1,620,791	4,254,783
Cash flow hedge		
Net investment hedge	(2,112,712)	(4,229,237)
Other		
Balance in reserves for revaluation of assets and liabilities at the end of the period	(491,921)	25,546

13.4 Other aspects

As of March 31, 2010 and December 31, 2009, Transelec had access to long-term lines of credit totaling ThCh$ 98,798,367 and ThCh$ 97,578,360, respectively.

Many of the Company's debt agreements include an obligation to comply with certain financial ratios,, which is customary for agreements of this nature. This also includes affirmative and negative obligations that require these commitments to be monitored.

Note 14 - Trade and Other Payables

Trade and other payables as of March 31, 2010, December 31, 2009 and January 1, 2009, are detailed as follows:

	Current			Non-Current		
Trade and other payables	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Trade and other payables	26.377.448	29,760,040	25,511,440	-	-	-
Total	**26.377.448**	**29,760,040**	**25,511,440**	-	-	-

The average payment period for suppliers in 2010 was 30 days and, therefore, the fair value of these liabilities does not differ significantly fm their book value.

Note 15 - Derivative Instruments

In adhering to its risk management policy, Transelec enters into primarily exchange rate derivatives (see Note 3). The Company classifies its hedges as:

- Cash flow hedges: Those that hedge the cash flows of the hedged underlying item.

- Non-hedge derivatives: Those that do not meet the requirements established by IFRS and thus do not qualify for hedge accounting.

Note 15 - Derivative Instruments (continued)

15.1 Hedge Assets and Liabilities

	March 31, 2010				December 31, 2009				January 1, 2009			
	Asset		Liability		Asset		Liability		Asset		Liability	
	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$	Current ThCh$	Non-current ThCh$
Cash flow hedge	-	-	732,403	-	-	-	404,868	-	374,490	-		
Non-hedge derivatives	-	-	31,998	16,152,419	114,348	-	755,381	15,255,750	-	-	2,231,896	8,508,807
Total	**-**	**-**	**764,401**	**16,152,419**	**114,348**	**-**	**1,160,249**	**15,255,750**	**374,490**	**-**	**2,231,896**	**8,508,807**

Note 15 - Derivative Instruments (continued)

15.2 Other Information

The following table details Transelec's derivatives as of March 31, 2010 and December 31, 2009, including their fair values as well as their notional and contractual values by maturity:

		Notional value							03-31-2010
Financial derivatives	**Fair value ThCh$**	**Before 1 year ThCh$**	**2010 ThCh$**	**2011 ThCh$**	**2012 ThCh$**	**2013 ThCh$**	**2014 ThCh$**	**Subsequent years ThCh$**	**Total ThCh$**
Cash flow hedge	(732,403)	(732,403)	-	-	-	-	-	-	(732,403)
Non-hedge derivatives	(16,152,419)	-	-	(14.130.056)	-	-	-	-	(16,152,419)

		Notional value							12-31-2009
Financial derivatives	**Fair value ThCh$**	**Before 1 year ThCh$**	**2010 ThCh$**	**2011 ThCh$**	**2012 ThCh$**	**2013 ThCh$**	**2014 ThCh$**	**Subsequent years ThCh$**	**Total ThCh$**
Cash flow hedge	(404,868)	(404,868)	-	-	-	-	-	-	(404,868)
Non-hedge derivatives	(15,141,402)	114,348	-	(15,255,750)	-	-	-	-	(15,141,402)

The contractual notional amount of these contracts does not represent the risk assumed by Transelec as it is only in response to the basis with which derivative settlements are calculated. As of the end of the first quarter of 2010 and year-end 2009, Transelec had not recognized any gains or losses for ineffective cash flow hedges

Note 15 - Derivative Instruments (continued)

15.3 Fair Value Hierarchies

Financial instruments recognized at fair value in the statement of financial position are classified based on the following hierarchies: (a) Level 1: Quoted (unadjusted) price in an active market for identical assets and liabilities. (b) Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liabilities, either directly (i.e. as a price) or indirectly (i.e. as a derivative of a price); and (c) Level 3: Inputs for assets or liabilities that are not based on observable market information (non-observable inputs).

The following table details financial assets and liabilities measured at fair value as of March 31, 2010:

Financial instruments measured at fair value		**Fair value measured at the end of the reporting period using**		
	March 31, 2010	**Level 1 ThCh$**	**Level 2 ThCh$**	**Level 3 ThCh$**
Financial asset	-	-	-	-
Cash flow derivative	-	-	-	-
Total	-	-	-	-
Financial liabilities	-	-	-	-
Cash flow derivative	732,403	732,403	-	-
Total	**732,403**	**732,403**	-	-

Note 16 - Provisions

16.1 Detail of Provisions

As of March 31, 2010, December 31, 2009, and January 01, 2009 this account is detailed as follows:

Detail	Current			Non-current		
	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$	March 31, 2010 ThCh$	December 31, 2009 ThCh$	January 01, 2009 ThCh$
Staff severance indemnities	545,948	517,901	604,250	3,247,706	3,247,706	3,068,708
Accrued vacations	808,113	913,986	940,024	-	-	-
Yearly benefits	492,394	1,730,339	1,688,521	472,560	472,560	472,561
Other provisions	317,826	295,225	283,307	-	-	-
Total	**2,164,281**	**3,457,451**	**3,516,102**	**3,720,266**	**3,720,266**	**3,541,269**

16.2 Provision movements

In 2010 and 2009, provision movements are detailed as follows:

Movements in Provisions	Staff severance indemnities	Yearly benefits	Accrued vacations	Other provisions	03-31-2010 Total
Beginning balance as of January 1, 2010	3,748,664	2,202,899	913,986	295,225	7,177,717
Movements in provisions:					
Provisions during the period	106,083	872,916	105,457	22,601	1,107,057
Other rate increase (decrease)					
Payments	(61,093)	(2,110,861)	(211,330)	-.-)	(2,400,227)
Ending balance as of March 31, 2010	**3,793,654**	**964,954**	**808,113**	**317,816**	**5,884,547**

Movements in Provisions	Staff severance indemnities	Yearly benefits	Accrued vacations	Other provisions	03-31-2009 Total
Beginning balance as of January 1, 2010	3,656,017	2,161,081	940,024	300,248	7,057,370
Movements in provisions:					
Provisions during the period	455,062	2,834,499	428,552	1,830,474	5,548,587
Other rate increase (decrease)	-	-	-	-	-
Payments	(362,415)	(2,792,690)	(454,590)	(1,818,554)	(5,428,249)
Ending balance as of March 31, 2010	**3,748,664**	**2,202,890**	**913,986**	**312,168**	**7,177,708**

Note 16 – Provisions (continued)

16.2 Provision movements (continued)

The maturity of these provisions is detailed in the table below:

At March 31, 2010

Detail	Less than 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	More than 5 years
Staff severance indemnities	545,948	324,770	974,312	1,948,624
Accrued vacations	808,113			
Yearly benefits	492,395	472,559		
Other provisions	317,826			
Total	**2,164,282**	**797,329**	**974,312**	**1,948,624**

At December 31, 2009

Detail	Less than 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	More than 5 years
Staff severance indemnities	517,901	324,770	974,312	1,931,681
Accrued vacations	913,986			
Yearly benefits	1,730,339	472,551		
Other provisions	312,168			
Total	**3,474,394**	**797,321**	**974,312**	**1,931,681**

16.3 Lawsuits and arbitration proceedings

1. 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 March 31, 2010, to ThCh$ 246,973, 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 liable for this situation since it considers it an act of God or case of *force majeure*.

Note 16 - Provisions (continued)

16.3 Lawsuits and arbitration proceedings (continued)

2. 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 March 31, 2010 to ThCh$246,973, for allegedly not having coordinated its operations to ensure reliability of electric service, as determined in the investigation of the generalized failure of the SIC on November 7, 2003; a fine of 560 UTA, equivalent as of March 31, 2010, to ThCh$ 246,973, in the Company's condition as the owner of the facilities, for allegedly operating the facilities without adhering to the operation schedule set forth by the CDEC-SIC, without justified cause, as determined in the investigation of the generalized failure of the SIC on November 7, 2003. As of March 31, 2008 the Company had appealed the charges before the SEC, which is pending resolution. Management maintains that it is not liable for these events.

3. On December 17, 2004, the SEC through Exempt Resolution No. 2334 fined the Company 300 UTA, equivalent as of March 31, 2010, to ThCh$.132.307, for its alleged responsibility in the interruption of electrical supply south of Temuco, resulting from a truck crashing into a structure of the Charrúa - Temuco line. As of March 31, 2010, the Company had filed a motion of invalidation and administrative reconsideration, sustaining that it was an act of God and that the charges are not admissible and should be annulled.

4. On December 31, 2005, the SEC through Ordinary Official Letter No. 1831, filed charges against the Company for alleged infringement of various provisions of the electrical regulations while operating its facilities, which allegedly caused the interruption of electrical supply in the SIC on March 21, 2005.

   By Exempt Resolution No. 220 dated February 7, 2006, the Superintendency fined the Company a total of UTA 560, equivalent as of March 31, 2010 to ThCh$ 246,973. An appeal was filed on February 16, 2006, which is still pending. As of March 31, 2010, the Company had presented its required defense.

Note 16 - Provisions (continued)

16.3 Lawsuits and arbitration proceedings (continued)

5. On June 1, 2007, the SEC through Ordinary Official Letter No. 2523/ACC 251155/DOC 100503, filed charges against the Company for alleged infringement of various provisions of the electrical regulations (Art. 139 of DFL No. 4/20,018 of 2006 from the Ministry of Economy, relating to articles 205 and 206 of Supreme Decree 327/97 from the Ministry of Mining) while operating its facilities, which allegedly 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 March 31, 2010, to ThCh$ 44,102. An appeal was filed on February 27, 2009, which is still pending. As of March 31, 2010, the Company had presented its required defense.

   As of March 31, 2010, the Company has established a provision for these contingent obligations of ThCh$ 1,041,211. 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 normally maintained the previously established fine.

Note 17 - Post-Employment and Other Benefit Obligations

17.1 Detail of account

Post-employment and other benefit obligations	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Staff severance indemnity provision	3,793,654	3,748,664	3,656,017
Total current and non-current obligations for post-employment benefits	**3,793,654**	**3,748,664**	**3,656,017**

Note 17 - Post-Employment and Other Benefit Obligations (continued)

17.2 Detail of post-employment and other similar obligations

As of March 31, 2010, December 31, 2009 and January 1, 2009, this account is detailed as follows:

	Staff severance indemnity	
	March 31, 2010 ThCh$	**December 31, 2009 ThCh$**
Present value of defined benefit plan obligations, opening balance	3,748,664	3,656,017
Current service cost of defined benefit plan obligations	55,287	194,955
Interest cost of defined benefit plan obligations	67,739	260,107
Settlement of defined benefit plan obligations	(78,036)	(362,415)
Present value of defined benefit obligations, ending balance	**3,793,654**	**3,748,664**

17.3 Balance of post-employment and other similar obligations

	Staff severance indemnity	
	March 31, 2010 ThCh$	**December 31, 2009 ThCh$**
Present value of defined benefit obligations, ending balance	3,793,654	3,748,664
Present obligation with defined benefit plan funds	3,793,654	3,748,664
Fair value of defined benefit plan assets, ending balance		--
Net actuarial gains/losses not recognized in balance sheet		--
Balance of defined benefit obligations, ending balance	**3,793,654**	**3,748,664**

Note 17 - Post-Employment and Other Benefit Obligations (continued)

17.4 Expenses recognized in income statement

	Staff severance indemnity		Income statement line item where recognized
	January 01, 2010 to March 31, 2010 ThCh$	**January 01, 2009 to March 31, 2009 ThCh$**	
Current service cost of defined benefit plan	51,036	48,739	Cost of sales - Administrative and sales expenses
Interest cost of defined benefit plan	67,739	65,027	Cost of sales - Administrative and sales expenses
Total expense recognized in income statement	**118,775**	**113,766**	

17.5 Actuarial hypothesis

Detail	**March 31, 2009 ThCh$**	**December 31, 2009 ThCh$**	**January 01, 2009 ThCh$**
Discount rate used	3.2%	**3.2%**	**3.2%**
Inflation rate	4%	4%	4%
Future salary increase	2.0%	2.0%	2.0%
Mortality table	B-2006	B-2006	
Disability table	PDT1985-Category II		
Rotation table	ESA-77		

Assumptions for future mortality rates are based on actuarial consulting provided in accordance with published statistics and historical experience.

Note 18 - Net Equity

18.1 Subscribed and paid capital

As of March 31, 2010, December 31, 2009, and March 31, 2009 authorized, subscribed and paid share capital amounts to ThCh$ 857,944,548.

18.2 Number of subscribed and paid shares

	Number of shares subscribed	Number of shares paid	Number of shares with voting rights
Sole series	1,000,000	1,000,000	1,000,000

No shares have been issued or redeemed in the periods covered by these financial statements.

18.3 Dividends

At the Ordinary Shareholders' Meeting held on April 30, 2009, shareholders 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.

On May 28, 2009, distribution of an interim dividend of Ch$15,108,000,000, charged to earnings for 2009, was approved. As of December 31, 2009, this dividend has been paid in full.

During the 2010 period, no dividends have been distributed.

18.4 Other reserves

Other reserves as of March 31, 2010 and December 31, 2009, are detailed as follows:

Description	**March 31, 2010 ThCh$**	**December 31, 2009 ThCh$**	**January 1, 2009 ThCh$**
Translation adjustment	5,829	-,-	-,-
Deferred taxes	234,652	(1,748,499)	-,-
Cash flow forwards	(732,402)	(404,868)	374,490
Total	**(491,921)**	**(2,153,367)**	**374,490**

Note 18 - Net Equity (continued)

18.5 Capital management

Capital management refers to the Company's administration its net equity.

The capital management policy of Transelec S.A. and subsidiary is aimed at maintaining adequate capitalization levels to sustain operations and provide sensible leverage, thus optimizing shareholder returns and maintaining a sound financial position.

Capital requirements are incorporated based on the Company's financing needs, taking care to maintain an adequate level of liquidity and complying with financial covenants established in current debt contracts. The Company manages its capital structure and makes adjustments based on prevailing economic conditions in order to mitigate risks from adverse market conditions and take advantage of any opportunities that may arise to improve its liquidity position.

The principal financial covenants established in current debt contracts related to capital requirements are:

- Maintain individual and consolidated indebtedness levels (Total Equity/Total Capitalization and Total Debt/Total Capital) no greater than 0.7, based on the definitions of these terms in the respective prospectuses.

- Maintain minimum individual and consolidated equity of fifteen million UF at all times during the life of the bonds.

As of the date of issuance of these financial statements, the Company was in compliance with all financial covenants established in its current debt contracts.

Note 19 - Income

19.1 Revenue

Revenue during the 2010 and 2009 periods is detailed follows:

Revenue	**Balance as of**	
	March 31, 2010	**March 31, 2009**
Regulated income	22,850,806	17,299,585
Contractual income	16,641,091	22,586,396
Other income	2,161,503	3,798,750
Total revenue	**41,653,400**	**43,684,731**

19.2 Other operating income

Other operating income during the 2010 and 2009 periods is detailed follows:

Other operating income	**Balance as of**	
	March 31, 2010	**March 31, 2009**
Financial income	320,986	1,096,023
Other income	208,643	3,110
Translation adjustments	-	238,509
Total other operating income	**529,629**	**1,337,642**

Note 20 - Relevant Income Statement Accounts

20.1 Expenses by nature

Detail	Balance as of March 31, 2010	Balance as of March 31, 2009
Personnel expenses	3,095,140	3,071,318
Operating expenses	2,717,284	3,082,719
Maintenance expenses	776,648	667,304
Depreciation	12,054,489	9,636,512
Other financial expenses	2,492,526	9,627,209
Mark-To-Market Swap contracts	-	13,032,073
Gain (loss) for indexed assets and liabilities	1,475,867	-
Other	505,370	632,267
Total	**23,117,324**	**39,749,402**

20.2 Personnel expenses

As of March 31, 2010 and 2009, this account is detailed as follows:

Detail	Balance as of March 31, 2010	Balance as of March 31, 2009
Salaries and wages	2,695,333	2,304,359
Short-term employee benefits	81,298	55,586
Staff severance indemnity	114,651	113,765
Other long-term benefits	180,035	172,675
Other personnel expenses	23,823	424,933
Total	**3,095,140**	3,071,318

Note 20 - Relevant Income Statement Accounts (continued)

20.3 Depreciation and amortization

This income statement account as of March 31, 2010 and 2009 is detailed as follows:

Detail	Balance as of March 31, 2010	Balance as of March 31, 2009
Depreciation	10,708,790	9,636,512
Amortization	-,-	-
Losses for damages	1,345,699	-
Total	**12,054,489**	**9,636,512**

20.4 Financial results

The Company's financial result as of March 31, 2010 and 2009 is detailed as follows:

Detail	Balance as of March 31, 2010	Balance as of March 31, 2009
Financial income:	**320,986**	**1,096,023**
Commercial interest earned	-,-	-
Bank interest earned	212,044	901,047
Other income	108,942	194,976
Financial expenses:	**(2,492,526)**	**(9,627,209)**
Bond expenses	(2,413,947)	(9,230,248)
Other expenses	(78,579)	(396,961)
Gain (loss) for indexation	**(1,475,867)**	**15,932,385**
Foreign currency translation:	**(870,128)**	**238,509**
Positive	1,080285	17,639,289
Negative	(1,950,413)	(17,400,780)
Total Financial Result	**(4,517,535)**	**7,639,708**

Note 21 - Income Tax Result

The following table reconciles income taxes resulting from applying the general current tax rate to the "Net Income Before Taxes" to the income tax expense recorded in the Consolidated Income Statement for the 2010 and 2009 periods:

Income tax expense (income)	**Balance as of**	
	March 31, 2010	**March 31, 2009**
Current tax expense	152,644	141,851
Tax benefit arising from previously unrecognized tax assets used to reduce current tax expenses		
Adjustments to current tax of prior period		
Other current tax expenses		
Current tax expense, net, total	152,644	141,851
Deferred tax expense (income) relating to origination and reversal of temporary differences	2,482,018	3,684,759
Other deferred tax expense		
Deferred tax expense, net, total	2,482,018	3,684,759
Effect of change in tax situation of the entity or its shareholders		
Income tax expense (income)	**2,634,662**	**3,826,610**

Reconciliation of Tax Expense Using Statutory Rate with Tax Expense Using Effective Rate	**Balance as of**	
	March 31, 2010	**March 31, 2009**
Tax expense using statutory rate	**(3,093,248)**	**(3,604,910)**
Effect on tax result of IFRS adoption		
Permanent differences	458,586	(221,700)
Effect on deferred taxes of IFRS adoption		
Total adjustments to tax expense using statutory rate	**458,586**	**(221,700)**
Tax Expense Using Statutory Rate	**(2,634,662)**	**(3,826,610)**

	March 31, 2010	**March 31, 2009**
Statutory Tax Rate	17.00%	17.00%
Other Increase (Decrease) in Statutory Tax Rate	(2.52)%	1.05%
Adjustments to Statutory Tax Rate, Total	(2.52)	1.05%
Effective Tax Rate	14.48%	18.05%

The tax rate used for the 2010 and 2009 reconciliations corresponds to the 17% corporate tax rate that entities should pay on taxable profits based on current tax regulations.

Note 22 - Earnings per Share

Basic earnings per share is calculated by dividing net income attributable to the Company's shareholders by the weighted average number of common shares in circulation during the year excluding, if any, common shares purchased by the Company and maintained as treasury shares.

	March 31, 2010 ThCh$	**March 31, 2009 ThCh$**
Basic Earnings (Loss) per Share		
Profit (loss) attributable to equity holders of parent	15,560,915	17,378,745
Earnings available to common shareholders, basic	15,560,915	17,378,745
Total basic shares	1,000,000	1,000,000
Basic Earnings (Loss) per Share	15.56092	17. 378745

There are no transactions or concepts that create a dilutive effect.

Note 23 - Segment Information

The Company and its subsidiary are dedicated exclusively to providing electricity transmission services, and operate in the Chilean transmission system.

Note 24 - Third-Party Guarantees, Other Contingent Assets and Liabilities and Other Commitments

As of March 31, 2010, the Company has received performance bonds from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$ 18,487,238 (ThCh$ 8,603,600 in 2009). In addition, in order to guarantee repayment of housing loans, mortgages have been constituted in favor of the Company.

Note 25 - Distribution of Personnel

As of March 31, 2010 and December 31, 2009, personnel employed by Transelec S.A. are detailed as follows:

District	March 31, 2010			Total	Average for the year
	Managers and chief executives	Professionals and technicians	Other workers		
Las Condes	11	191	43	245	242,0
Antofagasta	0	8	5	13	13,6
Buin	0	2	8	10	10,0
Cabrero	0	1	8	9	9,0
Cerro Navia	0	10	18	28	28,0
Colbún	0	2	7	9	9,0
Concepción	0	12	17	29	29,0
Copiapó	0	3	5	8	8,0
Coquimbo	0	13	13	26	26,6
Diego de Almagro	0	0	5	5	5,0
Freirina	0	0	5	5	5,0
Iquique	0	1	3	4	4,0
Maria Elena	0	0	2	2	1,3
Molina	0	9	12	21	21,0
Pozo Almonte	0	0	2	2	2,0
Quillota	0	0	1	1	1,0
Rancagua	0	0	1	1	1,0
Temuco	0	9	8	17	17,0
Valdivia	0	0	1	1	3,0
Total	11	261	164	**436**	**433,6**

Note 25 - Distribution of Personnel (continued)

District	December 31, 2009			Total	Average for the year
	Managers and chief executives	Professionals and technicians	Other workers		
Las Condes	11	183	41	235	219.8
Antofagasta	0	8	5	13	11.6
Buin	0	2	8	10	10.7
Cabrero	0	1	8	9	7.8
Cerro Navia	0	9	19	28	24.8
Colbún	0	2	7	9	8.2
Concepción	0	12	17	29	28.3
Copiapó	0	1	7	8	6.8
Coquimbo	0	13	14	27	25.3
Diego de Almagro	0	0	5	5	4.6
Freirina	0	0	5	5	4.6
Iquique	0	1	3	4	3.7
Maria Elena	0	0	1	1	1.8
Molina	0	9	12	21	19.1
Pozo Almonte	0	0	2	2	1.8
Puerto Montt	0	0	1	1	0.9
Quillota	0	0	1	1	0.9
Rancagua	0	0	1	1	0.9
Temuco	0	9	8	17	16.2
Valdivia	0	0	1	1	0.9
Total	11	250	166	427	398.5

Note 26 - Environment

In accordance with environmental policies, Transelec S.A. and its subsidiary have no objections against its facilities. In addition, based on its new investment projects and in compliance with current legislation, the Company has initiated studies to prepare Environmental Impact Statements or Environmental Impact Studies. These documents are prepared and filed for approval from the Regional Environmental Commission (CONAMA) in accordance with General Environmental Laws No. 19,300 and 20,417 and their corresponding regulations.

During 2010 and 2009, the Company has made the following disbursements related to environmental matters:

Company making disbursement	Project	March 31, 2010 ThCh$	March 31, 2009 ThCh$
Transelec S.A.	Environmental impact studies	-.-	8,683
Total		-.-	8,683

Note 27 - Subsequent Events

Between March 31, 2010 and the presentation date of these consolidated financial statements, the Company is not aware of any significant events of a financial or accounting nature that could affect the Company’s equity or the interpretation of these financial statements.

Note 28 - IFRS Transition

28.1 Basis of IFRS transition

28.1.1 Application of IFRS 1

The consolidated financial statements of Transelec S.A. and subsidiary for the period ended March 31, 2010 are their first consolidated financial statements in accordance with International Financial Reporting Standards. Transelec has applied IFRS 1 in preparing its financial statements.

The transition date of Transelec S.A. and subsidiary is January 1, 2009. The Company has prepared its opening statement of financial position under IFRS as of that date.

The IFRS adoption date of Transelec S.A and subsidiary is January 1, 2010.

In accordance with IFRS 1, in preparing the aforementioned consolidated financial statements, all mandatory exceptions and some optional exemptions from retrospective IFRS application have been applied, which are detailed as follows.

28.2 Exemptions from Retrospective Application Selected by Transelec S.A. and Subsidiary

28.2.1 Business combinations

Transelec S.A. has applied the exemption in IFRS 1 for business combinations and has not restated business combinations carried out before January 1, 2009- its transition date. Consequently, business combinations occurring before that date have not been restated.

28.2.2 Fair value or revaluation as deemed cost

Transelec decided to measure its items of property, plant and equipment as of the transition date at their depreciated cost, revalued in accordance with prior GAAP (Chilean GAAP), while its subsidiary chose to use fair value criterion. The fair value effect is presented in equity within retained earnings. At that moment, Transelec S.A. and subsidiary adopted the policy described in Note 2.7.

Note 28 - IFRS Transition (continued)

28.2 Exemptions from Retrospective Application Selected by Transelec S.A. and Subsidiary (continued)

28.2.3 Employee benefits

This exemption is not applicable.

28.2.4. Translation reserves

Transelec has decided not to use the exemption to value at zero any translation reserves arising before January 1, 2009 as a result of Technical Bulletin No. 64 of the Chilean Association of Accountants.

28.2.5 Compound financial instruments

Transelec has not issued any compound financial instruments and, therefore, this exemption does not apply.

28.2.6 Transition date of subsidiaries, associates and jointly-controlled entities and subsidiaries and affiliates with different transition dates

This exemption is not applicable as the Company and its subsidiary both adopted IFRS for the first time on the same date (January 1, 2009).

28.2.7 Share-based payments

This exemption is not applicable.

28.2.8 Insurance contracts

This exemption is not applicable.

28.2.9 Liabilities for restoration or decommissioning

As of January 1, 2009, Transelec has not identified any asset or operation for which it may incur decommissioning or similar costs and, therefore, this exemption does not apply.

Note 28 - IFRS Transition (continued)

28.2 Exemptions from Retrospective Application Selected by Transelec S.A. and Subsidiary (continued)

28.2.10 Initial valuation of financial assets and liabilities at fair value

Transelec has not applied the exemption contained in Revised IAS 39 regarding initial recognition at fair value through profit and loss of financial instruments for which no active market exists. Therefore, this exemption is not applicable.

28.2.11 Service concessions

This exemption is not applicable.

28.2.12 Comparative information regarding exploration for and evaluation of mineral resources

This exemption was not adopted.

28.2.13 Leases

Transelec has decided to use the exemption provided in IFRS 1 and, therefore, has considered the events and circumstances evident as of the transition date to determine whether it has any embedded leases within its contracts and agreements.

Note 28 - IFRS Transition (continued)

28.3 Reconciliation of Net Equity as of Transition Date (between Chilean GAAP and IFRS):

	Reconciliation ThCh$
Net Equity as of January 01, 2009, Chilean GAAP	902,563,968
MTM swap	14,054,282
Deferred taxes MTM swap	(2,389,228)
Price-level restatement of right of ways	(23,613,154)
Accumulated amortization of right of ways	9,713,839
Deferred taxes relating to right of ways	2,362,884
Deferred taxes relating to easements (opening value)	(11,669,875)
Deferred taxes relating to land (opening value)	18,740
Deferred taxes relating to property, plant and equipment (opening value)	523,065
Debt at amortized cost	3,604,098
Deferred taxes relating to debt at amortized cost	(612,697)
Provision for dividends payable	(4,467,107)
Actuarial value of staff severance indemnities	(1,581,848)
Deferred taxes relating to actuarial value of staff severance indemnities	268,914
Translation adjustment	(667,050)
Non controlling interest	(580)
Effect of IFRS transition	(14,455,717)
Net Equity as of January 01, 2009, IFRS	888,108,251

Note 28 - IFRS Transition (continued)

28.4 Reconciliation of Net Equity, Income and Cash and Cash Equivalents as of Date of Most Recent Yearly Financial Statements (Chilean GAAP to IFRS)

	Reconciliation ThCh$
Net Equity as of December 31, 2009, Chilean GAAP	900,153,098
MTM swap	14,054,282
Deferred taxes relating to MTM swap	(2,389,228)
Price-level restatement of easements	(23,613,154)
Accumulated amortization of easements	9,713,839
Deferred taxes relating to easements	2,362,884
Deferred taxes relating to easements (opening value)	(11,669,875)
Deferred taxes relating to land (opening value)	18,740
Deferred taxes relating to property, plant and equipment (opening value)	523,065
Debt at amortized cost	3,604,098
Deferred taxes relating to debt at amortized cost	(612,697)
Actuarial value of staff severance indemnities	(1,581,848)
Deferred taxes relating to actuarial value of staff severance indemnities	268,914
FV amortization of easements	540,431
Reversal of MTM swap	(12,171,532)
Deferred taxes relating to reversal of MTM swap	2,069,160
Price-level restatement of equity	19,732,725
Deferred taxes relating to easements	(876,649)
Translation adjustment	(1,281,266)
Non controlling interest	(869)
Difference between Chilean GAAP and IFRS	19,472,267
Effect of IFRS transition	18,163,287
Net Equity as of December 31, 2009, IFRS	918,316,385

Note 28 - IFRS Transition (continued)

28.4 Reconciliation of Net Equity, Income and Cash and Cash Equivalents as of Date of Most Recent Yearly Financial Statements (Chilean GAAP to IFRS) (continued)

	Reconciliation ThCh$
Net Income as of December 31, 2009, Chilean GAAP	47,238,270
Provisions and withholding	(178,996)
Depreciation of property, plant and equipment	(823,487)
Price-level restatement of property, plant and equipment	22,407,015
Amortization of easements	3,784,840
Price-level restatement of easements	3,518,913
Adjustment to investment value	12,049,878
Adjustment to goodwill	16,404,007
Deferred taxes	(2,876,119)
Reversal of capitalized expenses for compensation of administrative personnel	(385,388)
Price-level restatement paid-in capital	(20,654,485)
Interest on debt at amortized cost	(1,949,434)
MTM swap	(2,368,782)
Translation adjustment	(7,355,402)
Non controlling interest	23
Effect of IFRS transition	**21,572,583**
Net Income as of December 31, 2009, IFRS	**68,810,707**

	Reconciliation ThCh$
Ending Balance of Cash and Cash Equivalents as of December 31, 2009, Chilean GAAP	137,896,487
Ending Balance of Cash and Cash Equivalents as of December 31, 2009, IFRS	137,896,487

Note 28 - IFRS Transition (continued)

28.5 Reconciliation of Net Equity, Income and Cash and Cash Equivalents (under Chilean GAAP as of March 31, 2009):

	Reconciliation ThCh$
Net Equity as of 03/31/2009, Chilean GAAP	898,437,348
MTM swap	14,054,282
Deferred taxes MTM swap	(2,389,228)
Price-level restatement of easements	(23,613,154)
Accumulated amortization of easements	9,713,839
Deferred taxes relating to easements	2,362,884
Deferred taxes relating to easements (opening value)	(11,669,875)
Deferred taxes relating to land (opening value)	18,740
Deferred taxes relating to property, plant and equipment (opening value)	523,065
Debt at amortized cost	3,604,098
Deferred taxes relating to debt at amortized cost	(612,697)
Actuarial value of staff severance indemnities	(1,581,848)
Deferred taxes relating to actuarial value of staff severance indemnities	268,914
Price-level restatement of equity	19,732,725
Minimum dividend adjustment	(4,467,107)
Other	1,408,863
Non controlling interest	(537)
Effect of IFRS transition	7,352,964
Net Equity as of 03/31/2009, IFRS	905,790,312

Note 28 - IFRS Transition (continued)

28.5 Reconciliation of Net Equity, Income and Cash and Cash Equivalents (under Chilean GAAP as of March 31, 2009) (continued):

	Reconciliation ThCh$
Net Income as of 03/31/2009, Chilean GAAP	15,108,142
Provisions and withholding	(14,719)
Depreciation of property, plant and equipment	(400,944)
Price-level restatement of property, plant and equipment	22,672,346
Amortization of easements	950,550
Price-level restatement of easements	3,571,929
Adjustment to investment value	4,106,452
Adjustment to goodwill	9,869,603
Deferred taxes	(1,486,436)
Reversal of capitalized expenses for compensation of administrative personnel	(91,593)
Price-level restatement paid-in capital	(20,750,231)
Interest on debt at amortized cost	(259,456)
MTM swap	(13,032,073)
Translation adjusment	(2,865,256)
Non controlling interest	431
Effect of IFRS transition	**2,270,603**
Net Income as of 03/31/2009, IFRS	**17,378,745**

	Reconciliation ThCh$
Ending Balance of Cash and Cash Equivalents as of 03/31/2009, Chilean GAAP	93,072,132
Ending Balance of Cash and Cash Equivalents as of 03/31/2009, IFRS	93,072,132

Note 28 - IFRS Transition (continued)

28.6 Explanation of principal adjustments for IFRS transition

28.6.1 Non controlling interest.

Accounting principles generally accepted in Chile applied in preparing prior financial statements (hereinafter "Chilean GAAP") recognized non controlling interests in the equity of subsidiaries as a separate account in liabilities and net equity in the Company's consolidated financial statements. Likewise, the consolidated statement of income under Chilean GAAP excluded non controlling interest in the net income of subsidiaries as a separate line item.

Under IFRS, minority shareholders are part of the economic conglomerate and, therefore, their shares are considered to form part of the Statement of Changes in Net Equity and the Statement of Comprehensive Income.

28.6.2 Valuation of property, plant and equipment

Chilean GAAP values property, plant and equipment at price-level restated acquisition cost less accumulated depreciation and realized impairment.

The Company decided to value its assets at their revalued amount—its subsidiary opted for fair value—as of the transition date, applying the accounting policy described in Note No. 2.7, which allows assets to be valued at cost less accumulated depreciation and accumulated impairment losses in accordance with IAS 16.

28.6.3 Goodwill

Goodwill balances originated before January 1, 2004 were determined in accordance with SVS Circular No. 368 and SVS Official Circular No. 150 dated January 31, 2003, which amortized goodwill using the straight-line method based on aspects such as the nature and characteristics of each investment, the estimated life of the business and period of return, which did not exceed 20 years.

Goodwill balances originated after January 1, 2004 were determined in accordance with Technical Bulletin No. 72 of the Chilean Association of Accountants and amortized in the same way.

Note 28 - IFRS Transition (continued)

28.6 Explanation of principal adjustments for IFRS transition (continued)

28.6.3 Goodwill (continued)

Under IFRS 3, goodwill is initially valued at cost, which is defined as the difference between the cost of the business combination and the purchaser's share of the net fair value of the purchased assets, liabilities and contingent liabilities. Goodwill is not amortized, but rather tested for impairment at least once per year. In accordance with IFRS 1, the Company has discontinued amortization and price-level restatement of these accounts as of the transition date and reversed the effects on income for the year ended December 31, 2008.

In accordance with the option provided under IFRS, business combinations prior to the transition date have not been restated, and therefore no adjustments have been made to goodwill.

28.6.4 Post-employment benefits and service awards

As described in Note No. 2.17, Transelec has granted benefits to certain employees such as staff severance indemnities (guaranteed for certain termination causes).

These benefits were accounted for under Chilean GAAP at present value using the accrued benefit cost method. Under IFRS, such obligations are valued using actuarial methods (projected unit credit method).

28.6.5 Price-level restatement

Chilean GAAP calls for application of the price-level restatement mechanism to express the financial statements in constant currency as of period end by adjusting for the effects of inflation. IAS 29 (“Financial Reporting in Hyperinflationary Economies”) applies such a mechanism only in cases where the entity is exposed to a hyperinflationary economy. Therefore, as Chile is not considered a hyperinflationary country, the effects of price-level restatement included in the financial statements have been eliminated.

Note 28 - IFRS Transition (continued)

28.6 Explanation of principal adjustments for IFRS transition (continued)

28.6.6 Deferred taxes

As described in Note 2.16, under IFRS the effects of deferred taxes for all temporary differences existing between the tax and accounting balance sheets should be recorded using the liability method.

Although the method established in IAS 12 is similar to Chilean GAAP, the following IFRS adjustments need to be made:

i) Determination of deferred taxes on items not considered in the calculation under TB 60 (permanent differences), but that qualify as temporary differences under IFRS; and

ii) Calculation of the tax effect of IFRS transition adjustments.

28.6.7 Minimum dividend

In accordance with Chilean GAAP, dividends are recorded in the Company's financial statements when paid.

Article 79 of Law 18,046 on Corporations establishes that a publicly-held corporation must distribute at least 30% of its net income for the year as dividends to shareholders, unless shareholders of all shares issued with voting rights unanimously decide otherwise. In accordance with the provisions of IAS 37, the minimum dividend according to the regulations in force has been accounted for.

Note 28 - IFRS Transition (continued)

28.6 Explanation of principal adjustments for IFRS transition (continued)

28.6.8 Hedge derivative instruments

In accordance with Technical Bulletin No. 57, for hedges of forecasted transactions the hedge instrument must be presented at fair value with changes recorded as an unrealized gain or loss in assets or liabilities until it is settled.

Under Chilean GAAP, there are no requirements for hedge accounting. Chilean GAAP only requires that the hedged item expose the Company to a risk, that no other instrument exists to mitigate that risk and that it is highly probable that the hedge instrument effectively reduces the risk.

IAS 39 establishes that changes in fair value are accounted for based on the type of hedge. For fair value hedges, changes in fair value of the hedged item and the derivative instrument are recorded symmetrically in the income statement.

For cash flow and net investment hedges, changes in the fair value of the instrument are recorded in equity.

Likewise, IAS 39 sets forth requirements that must be fulfilled to be able to use hedge accounting. In order to use hedge accounting, certain documentation requirements must be met, such as formally designating the hedging relationship at inception; identifying the item to be hedged, the hedging instrument, the risk and the hedging strategy; and demonstrating - prospectively and retrospectively - that the hedge is effective. If these formal documentation requirements are not met, the fair value changes of hedge derivatives must be recorded in income.

TRANSELEC S.A. AND SUBSIDIARY

REASONED ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2010

INTRODUCTION

In the reading of this reasoned analysis corresponding to the period ended March 31, 2010 it is important to note that the financial statements for Transelec S.A. and its subsidiary Transelec Norte S.A. have been prepared in accordance with IFRS, issued by the International Accounting Standards Board ("IASB") and Chilean IFRS issued by the Chilean Association of Accountants.

A) SUMMARY

In the three-month period ended March 31, 2010 TRANSELEC S.A. and subsidiary recorded net income of ThCh$15,560,915, which is 10.46% less than the same period in 2009. This net income is derived from operating income of ThCh$22,508,973, a non-operating loss of ThCh$4,313,395 and a net charge to income for first category income taxes and deferred taxes of ThCh$2,634,662. In the three-month period ended March 31, 2009, the Company recorded net income of ThCh$17,378,745, with operating income of ThCh$26,626,621, a non-operating loss of ThCh$5,421,266, and a net charge to income for first category income taxes and deferred taxes for ThCh$3,826,610.

In the period from January 1 to March 31, 2010, sales reached ThCh$41,653,400 (ThCh$43,684,731 in the same period in 2009), which represents a decrease of ThCh$2,031,331. It is important to note that revenues are mainly obtained from sales of the transmission capacity of the Company's facilities but also include sales related to its principal activity. Among these services, the Company has provided engineering services related to hydroelectric plants in Aysen since July 2008, generating in 2010 a positive difference of ThCh$1,883,952; however, services to the company Centrales Hidroeléctricas de Aysen S.A. ended in January of the current year. Another difference in the revenue obtained in 2010 is explained by increased income from subtransmission since, despite the fact that the decree which regulates these tariffs was published January 9, 2009, this revenues were collected during the first quarter according the previous methodology and settled in the following months.

In the three-month period ended March 31, 2010, cost of sales reached ThCh$17,425,508 (ThCh$15,260,245 in 2009). These costs are due primarily to maintaining and operating the Company's facilities, in addition to costs incurred in providing engineering services to hydroelectric power plants in Aysen since July 2008. In percentage terms, the Company's costs consist of: 68.8%, depreciation of property, plant and equipment (61.2% in 2009), personnel costs, 12.5% (14.4%% in 2009); and 18.7%, supplies and services hired (24.3% in 2009).

Administrative and selling expenses amounted to ThCh$1,718,919 (ThCh$1,797,865 in 2009) and consist of: 53.9%, personnel expenses (49.1% in 2009); 40.5%, supplies and services hired (34.7% in 2009); and 5.5% depreciation (16.2% in 2009).

The Company recorded a non-operating loss of ThCh$4,313,396 for the current period (ThCh$5,421,266 in 2009), generated mainly by interest expense of ThCh$2,492,526, considering that interest of the debt was offset by a reversal in the fair value of the Series B1 and B2 bonds, amortized in March, resulting in a credit to income of ThCh$7,894,347. Other important accounts that affected the non-operating loss during the period were financial income of ThCh$320,986 (ThCh$1,096,023 in 2009), foreign currency translation produced a loss of ThCh$870,128 (a gain of ThCh$238,509 in 2009), price-level restatement produced a loss of ThCh$1,475,867 (a gain of ThCh$15,932,385 in 2009), and other non-operating income reached ThCh$204,139 (a loss of ThCh$13,060,974 in 2009).

B) INCOME

CONCEPTOS	March 2010 M$	March 2009 M$	Variation March 2010/2009	Variation March 2010-2009
				M$
Sales	41.653.400	43.684.731	-4,65%	-2.031.331
Toll income	39.734.272	39.885.982	-0,38%	-151.710
Work and Services	1.919.128	3.798.749	-49,48%	-1.879.621
Cost of sales	-17.425.508	-15.260.245	14,19%	-2.165.263
Fixed costs	-5.433.546	-5.914.897	-8,14%	481.351
Depreciation	-11.991.962	-9.345.348	28,32%	-2.646.614
Admin. and selling expenses	-1.718.919	-1.797.865	-4,39%	78.946
Operating Income	**22.508.973**	**26.626.621**	**-15,46%**	**-4.117.648**
Non-Operating Loss	**-4.313.396**	**-5.421.266**	**-20,44%**	**1.107.870**
Income before Income Taxes	**18.195.577**	**21.205.355**	-14,19%	-3.009.778
Income taxes	-2.634.662	-3.826.610	-31,15%	1.191.948
Net Income	**15.560.915**	**17.378.745**	**-10,46%**	**-1.817.830**
EBITDA	48.710.837	51.106.329	-4,69%	-2.395.492

(1) The decrease in income taxes in 2010 is mainly explained by the tax revalorization of the paid-capital which do not have an accounting equivalent.

PROFITABILITY

INDICES	March 2010 M$	March 2009 M$	Variación March 2010/2009
Return on equity	1,67%	1,92%	-13,02%
Return on assets	0,88%	0,99%	-11,11%
Return on operating assets	2,03%	2,47%	-18,13%
Earnings per share (Ch$)	15.561	17.379	-10,46%

C) BALANCE SHEET ANALYSIS

	March 2010 M$	March 2009 M$	Variation March 2010/2009	Variation March 2010-2009
	M$	M$		M$
Current assets	119.266.804	135.839.620	-12,20%	-16.572.816
Non-current assets	1.649.019.044	1.627.275.144	1,34%	21.743.900
Total Assets	**1.768.285.848**	**1.763.114.764**	**0,29%**	**5.171.084**
Current liabilities	42.160.006	67.106.215	-37,17%	-24.946.209
Non-current liabilities	792.375.920	790.218.235	0,27%	2.157.685
Equity	933.749.922	905.790.312	3,09%	27.959.610
Total liabilities and shareholders' equity	**1.768.285.848**	**1.763.114.762**	**0,29%**	**5.171.086**

With respect to liabilities, it is important to mention that in March 2010 the Company amortized its series B bonds in the amount of UF3,0 million (6.2% annual interest), which meant a reverse in the fair value associated with these bonds in the amount of ThCh$7,894,347. Refinancing of this debt was carried out in early December 2009 when the Company issued UF-denominated bonds in the amount of UF 3.1 million (UF1.5 million, 3.5% annual; and, UF 1.6 million, 3.9% annual).

VALUE OF MAIN OPERATING PROPERTY, PLANT AND EQUIPMENT

Fixed Assets	March 2010 M$	March 2009 M$	Variation March 2010/2009	Variation March 2010-2009
	M$	M$	%	M$
Land	19.461.387	18.894.720	3,00%	566.667
Buildings and infrastructure	857.031.340	797.438.797	7,47%	59.592.543
Machinery and equipment	372.832.983	355.465.365	4,89%	17.367.618
Other property, plant and equipment	463.260	1.565.773	-70,41%	-1.102.513
Accumulated depreciation	-138.285.305	-96.966.136	42,61%	-41.319.169
Total	**1.111.503.665**	**1.076.398.519**	**3,26%**	**35.105.146**

LIQUIDITY AND INDEBTEDNESS

INDICES	March 2010 M$	March 2009 M$	Variation March 2010/2009
Current liquidity	2,83	2,02	40,10%
Acid ratio	1,75	1,39	26,48%
Total liabilities/equity	0,89	0,95	-6,32%
% short-term debt	5,05	7,83	-35,46%
% long-term debt	94,95	92,17	3,01%
Financial expense coverage ratio	4,69	5,31	-11,66%

The decrease in financial expense coverage observed in 2010 is explained by the double indebtedness until bonds serie B were prepaid, taking into account that the impact of the amortization of the fair value of these bonds, which positively impacted the interest expenses, was adjusted for this calculation.

With respect to the Company's liquidity it is also important to note that, 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 Sudamericano	US$ 15,000,000	11-06-2010	Working capital
DnBNnor	US$ 30,000,000	02-28-2010	Working capital
Scotiabank Sudamericano	US$ 15,000,000	03-31-2011	Working capital
Scotiabank Sudamericano – Corpbanca	UF 3,206,453	09-15-2010	Project financing and refinancing liabilities

D) MOST IMPORTANT CHANGES IN THE COMPANY'S MARKET

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

Transelec's business mainly centers on commercializing the capacity of its facilities to transport and transform electricity, in accordance with established quality standards. The transmission system of

Transelec S.A. and subsidiary, which stretches 2,900 kilometers between Arica in the 1st Region to the Island of Chiloé in the 10th Region, encompasses the majority of the trunk transmission lines and substations in the SIC and the SING. This transmission system transports the electricity that supplies approximately 99% of Chile's population. The Company owns 100% of the 500 kV electricity transport lines, 51.1% of the 220 kV lines and 94.5% of the 154 kV.

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

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

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

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

E) <u>MARKET RISK FACTORS</u>

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 mechanisms 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. With respect to tolls for subtransmission facilities, although some application-related aspects of the new calculation method are still to be defined in the electricity regulations, which have not yet been prepared, the decree that sets subtransmission tariffs and indexation formulas, published in January 2009, contains provisions that are in the process of being applied and that allow payment amounts and mechanisms for the facilities to be established.

Operating Risks

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

Application of Environmental Standards and/or Policies

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

Delays in Construction of New Transmission Facilities

The success of the program for extending the transmission network and building new facilities will depend on numerous factors, including financing cost and availability. 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 disasters; 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 annual valuation of the existing facilities (AVI). Any important technological changes in the equipment at its facilities could lower this valuation, which could in turn prevent full recovery of the investments made.

Foreign Exchange Risk

Transelec carries out transactions in foreign currencies and consequently is exposed to fluctuations in exchange rate. Exposure to exchange rate risk is managed through an approved policy, which includes:

a) fully hedging the net exposure of the balance sheet, which is done through various instruments such as dollar positions, forward contracts and cross currency swaps.

The total amounts of monetary assets and liabilities at the end of the period are as follows:

	Liabilities		Assets	
	03-31-2010	12-31-2009	03-31-2010	12-31-2009
	MCh$	MCh$	MCh$	MCh$
Dollar (Amounts associated with balance sheet items)	128.038	11.751	126.946	118.808
Dollar (Amounts associated with income statement items)	14.318	27.688		
Local Currency	725.907	803.708	1.676.167	1.701.882

b) Given that a significant portion of the Company's revenues are fixed in United States dollars (which are indexed every 6 months) and that operating costs are in local currency, the Company periodically sells, in advance, a portion of its half-yearly dollar-denominated revenues.

EXCHANGE RATE

MONTH	Average 2010 (Ch$)	Last day 2010 (Ch$)	Average 2009 (Ch$)	Last day 2009 (Ch$)
January	500.66	531.75	623.01	612.43
February	532.56	529.69	606.00	595.76
March	523.16	526.29	592.93	582.10
Average for the Period	**518.79**	**529.24**	**607.31**	**596.76**

The indexation formulas, applied twice yearly, that are incorporated into toll contracts and subtransmission fees, as well as the those applied monthly for regulated trunk income, take into account variations in the value of the facilities and of operating, maintenance and administration costs. In general, those indexations formulas take into consideration variations in the international prices of equipment, materials and local labor.

For the period from January 1 to March 31, 2010, indexation increased the value of tolls by an average of 6.5% over the same period in 2009.

Credit Risk

Credit risk corresponding to accounts receivable from electricity transmission business is historically very limited, given the limited number of customers and their risk classification. Moreover, the reduced billing term prevents customers from accumulating significant individual amounts.

However, there is a concentration of income from transmission in one single customer (approximately 69.7% as of March 31, 2010), the company Empresa Nacional de Electricidad S.A., "Endesa", (BBB according to S&P, Baa3 according to Moody's).

The toll agreements signed with Endesa and its subsidiaries Pangue and Pehuenche will generate a large part of Transelec'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.

The Company does not expect to require a provision for uncollectible accounts as of the period end.

In addition, Treasury policy establishes certain limits to risk associated with holding deposited funds (demand and time deposits) in banks and derivative instruments with these banks. Such limits depend on the risk classification and capital of each bank. Investments in mutual funds must also have a risk classification.

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet the demand for cash or payment on a maturing debt. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure that Transelec is able to react quickly to investing opportunities as well as pay obligations on maturity dates, apart from its available cash and short-term accounts receivable the Company holds Committed Credit Lines for Working Capital (US$60 million) and Investments (US$130 million). To date these lines have not been used and will be renewed upon maturity.

The Company is exposed to risk associated with indebtedness, including the risk of refinancing maturing debt.

These risks are mitigated through the use of long-term debt and the structure of extended maturities over time.

The following table outlines capital amortizations for the Company's financial liabilities according to their maturity:

In thousands of Ch$ Maturities	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Bonds issued in UF, Ch$ and US$	-	128,565,075	134,392,896	506,064,332	769,022,303

Interest Rate Risk

Significant impacts on the fair value and future cash flows of financial instruments, which are directly attributable to interest rate risk, include changes in net income from financial instruments whose cash flows are determined by referencing interest rates and changes in the value of financial instruments with fixed cash flows.

The Company's assets are primarily fixed and long-term. As a result, financial liabilities consist mainly of long-term debt at a fixed interest rate. Debt is recorded in the statement of financial position at its amortized cost.

The objective of managing this risk is to achieve equilibrium in the debt structure, reducing the impact on cost as a result of fluctuations in interest rate and thus reducing volatility in our income statement.

As of March 31, 2010 the Company recorded debt with a fixed interest rate. Debt denominated in U.S. dollars has a fixed interest rate equal to 7.785% annually. All UF-denominated debts are set at fixed interest rates, which vary between 3.5% and 6.2%, depending on the bond. Debt denominated in Chilean pesos is also at a fixed rate of 5.7%.

Mercantile current accounts that the Company holds with related companies are denominated in U.S. dollars and accrue interest at a variable rate. Due to the insignificant amount of net assets that accrue interest at a variable rate, the Company is not exposed to risk that could affect its results due to a change in market interest rates.

However, increases in inflation could have an impact on the costs associated with UF-denominated debt, and in turn, on the Company's financial expenses. These impacts are mitigated by the Company's income indexation which is also adjusted according to inflation through indexation polynomials.

G) PRINCIPAL CASH FLOWS FOR THE PERIOD

In the period from January 1 to March 31, 2010, the Company recorded net negative cash flows of ThCh$63,942,215; operating activities generated positive cash flows of ThCh$27,663,601 and financing activities generated negative cash flows of ThCh$72,126,221, while investing activities required disbursements of ThCh$19,479,595. In the same period in 2009, the Company recorded net positive cash flows of ThCh$26,280,915, attributable to positive cash flows from operating activities of ThCh$24,440,912, positive cash flows from financing activities of ThCh$26,280,915, offset by negative cash flows from investing activities of ThCh$7,984,703.

The net negative cash flows from financing activities during the period from January 1 to March 31, 2010 of ThCh$72,126,221 are primarily due to the amortization of the debt of ThCh$63,597,893 (series B1 and B2 bonds). In addition, the Company paid interest in the amount of ThCh$8,525,328. From January to March of 2009, the Company recorded net positive cash flows from financing activities of ThCh$9,824,705 principally as a result of loans with related companies.

In the current period, investing activities generated net negative cash flows of ThCh$19,479,595 because of the additions to property, plant and equipment. In the same period in 2009, investing activities generated negative cash flows of ThCh$7,984,595 also as a result of additions to property, plant and equipment.

The final balance of cash and cash equivalents as of March 31, 2010 amounted to ThCh$73,954,272, from an opening balance of ThCh$137,896,487. In the same period in 2009, the final balance of cash and cash equivalents amounted to ThCh$93,072,132 from an initial balance of ThCh$66,791,217.